



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Second District

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Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 11, 2010

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2009-10 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$200.4 million, and for all budgetary funds combined is \$247.1 million. In the General Fund, positive balances are projected for all five groups. While positive, the projection for the Public Safety Group reflects the impact of Proposition 172 sales tax and vehicle license fee revenue shortfalls that are driven by the economic recession and lagging consumer spending. In addition, the projected fund balance reflects the conservation of management and contingency reserves and projects that general purpose revenues will do better than estimated in the adopted budget.

This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. In the Public Safety Group, adjustments include recommendations to establish appropriations for the Rancho San Diego Sheriff's Patrol Station capital project based on fund balance available in the Sheriff's Asset Forfeiture Fund and in the Sheriff's Department for the Prescription Drug Take Back Operation. Other significant adjustments include the use of fund balance to partially mitigate the shortfall in Proposition 172 revenues in the Sheriff's Department.

In the Land Use and Environment Group, significant adjustments include a request to amend the Department of Public Works Detailed Work Program by changing the funding source for the South Santa Fe Avenue North road widening project from TransNet revenue to Proposition 1B revenue, amend the Fiscal Year 2009-10 Equipment Operations ISF Spending Plan by substituting fund balance for equipment rental operating fees as the funding source for maintenance, fuel and interdepartmental expenses and amend the budgets in the Capital Outlay Fund and the Parks and Recreation Department to properly account for the acquisition of an open space easement pursuant to the Multiple Species Conservation Program (MSCP). In

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addition, a request is submitted to increase the fund balance designation within the General Fund for Environmental Health based on the Land Use and Environment Group's Fiscal Year 2008-09 fund balance.

In the Community Services Group, a recommendation would establish appropriations for election-related costs in the Registrar of Voters for conducting the Oceanside Special Recall Election.

In the Finance and General Government Group, an adjustment would establish appropriations for the one-time purchase of information technology hardware and software.

In the Capital Program, it is recommended that savings from lower than anticipated construction and development costs for the Medical Examiner and Forensic Center project be redirected to help fund the Phase 1B portion of the County Operations Center and Annex Redevelopment Project that is included in the CAO's Proposed Operational Plan for Fiscal Years 2010-12. Other recommendations include adjustments to cancel the remaining appropriations and related revenue for 25 projects that are anticipated to be completed and capitalized at the end of the fiscal year.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2009-10 third quarter report on projected year-end results.
2. Cancel appropriations in salaries and benefits and related Proposition 172 revenue of \$9,000,000 in the Sheriff's Department due to reduced sales tax receipts supporting critical regional law enforcement services as a result of the national economic recession.
3. Establish appropriations of \$9,000,000 in the Sheriff's Department, salaries and benefits, for critical regional law enforcement services based on Public Safety Group's Fiscal Year 2008-09 fund balance available. (4 VOTES)
4. Transfer appropriations of \$7,000 within the Sheriff's Asset Forfeiture Fund, from services and supplies to Operating Transfer Out, to fund overtime in the Sheriff's Department associated with the Prescription Drug Take Back Operation.
5. Establish appropriations of \$7,000 in the Sheriff's Department, salaries and benefits, for overtime costs associated with the Prescription Drug Take Back Operation based on an operating transfer from the Sheriff's Asset Forfeiture Fund. (4 VOTES)
6. Establish appropriations of \$3,000,000 in the Sheriff's Asset Forfeiture Fund, Operating Transfer Out, for transfer to the Justice Facility Construction Fund for

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Capital Project 1006584, Rancho San Diego Station based on fund balance available. (4 VOTES)

7. Establish appropriations of \$3,000,000 in the Justice Facility Construction Fund for Capital Project 1006584, Rancho San Diego Station based on an Operating Transfer from the Sheriff's Asset Forfeiture Fund. (4 VOTES)
8. Amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF Spending Plan by canceling \$15,000 in fixed assets and related revenue from interest on deposits and investments due to a decline in revenue.
9. Amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF Spending Plan by \$15,000, fixed assets, to provide funds for transportation equipment based on fund balance available.
10. Amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF by \$30,000, other charges, to provide funds for equipment depreciation costs based on unanticipated revenue from equipment rental fees.
11. Amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF Spending Plan by \$60,000, fixed assets, to provide funds for a truck replacement and a truck modification based on fund balance available.
12. Amend the Fiscal Year 2009-10 Department of Public Works Equipment Operations ISF Spending Plan by canceling \$450,000 in services and supplies and related revenue from equipment rental operating fees due to a decline in revenue.
13. Amend the Fiscal Year 2009-10 Department of Public Works Equipment Operations ISF Spending Plan by \$450,000, services and supplies, to provide funds for auto maintenance, fuel and inter-departmental expenses based on fund balance available.
14. Cancel appropriations in services and supplies and related TransNet revenue of \$3,500,000 in the Department of Public Works Detailed Work Program for the South Santa Fe Avenue North Project due to unanticipated Prop 1B funding.
15. Establish appropriations of \$3,500,000 in the Department of Public Works Detailed Work Program, services and supplies, for construction of the South Santa Fe Avenue North project based on unanticipated Prop 1B revenue. (4 VOTES)
16. Establish appropriations of \$50,000 in Blackwolf Stormwater Maintenance Zone 349781 Fund, services and supplies, for taxpayer refunds and to adjust for

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unanticipated expenses based on fund balance available. (4 VOTES)

17. Establish appropriations of \$100,000 in the Campo Sewer District, services and supplies, for emergency repair of equipment based on fund balance available. (4 VOTES)
18. Cancel appropriations of \$20,137 in East Otay Mesa Sewer District, other charges, and related Sanitation Sewer Service Charge revenue due to lower than anticipated collections resulting from a reduced customer base.
19. Establish appropriations of \$20,137 in East Otay Mesa Sewer District, other charges, for infrastructure depreciation based on fund balance available. (4 VOTES)
20. Amend the Fiscal Year 2009-10 Airport Enterprise Fund Spending Plan by \$500,000, fixed assets, to provide funds for the Palomar Airport Runway 6/24 Rehabilitation Project based on fund balance available.
21. Establish appropriations of \$225,000 in the Department of Public Works Road Fund, Operating Transfer Out, to provide funding to the Department of Public Works Road Fund Equipment Acquisition ISF based on unanticipated grant revenue from the Indian Gaming Special Distribution Fund. (4 VOTES)
22. Amend the Fiscal Year 2009-10 Department of Public Works Road Fund Equipment Acquisition ISF Spending Plan by \$225,000, fixed assets, to provide funding for the purchase of a street sweeper based on an operating transfer from the Department of Public Works Road Fund.
23. Authorize the Auditor and Controller to discharge an accounts receivable of \$2,569.42 in the Capital Outlay Fund for Capital Project 1000249, Escondido Creek Acquisition to correct the accounts receivable balance from the federal Transportation Equity Act grant award.
24. Authorize the Auditor and Controller to discharge an accounts receivable of \$3,603.54 in the Capital Outlay Fund for Capital Project 1000029, Otay Lakes Park Restoration for project activities that will not be reimbursed by the State.
25. Cancel appropriations of \$1,016,500 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1000012, Multiple Species Conservation Program (MSCP), to comply with new GASB rules regarding capitalization of intangible assets, including easements.
26. Transfer appropriations of \$1,016,500 from the Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services

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and supplies, for acquisition of an open space easement.

27. Cancel appropriations of \$245,000 and related Land and Water Conservation grant revenue in the Capital Outlay Fund for Capital Project 1011723, Tijuana River Trail due to grant funds that were not awarded.
28. Establish appropriations of \$45,000 in County Service Area 83 San Dieguito Local Park District Fund, services and supplies, for a landscaping maintenance contract at 4S Ranch Community Park based on unanticipated property tax revenue. (4 VOTES)
29. Cancel appropriations of \$122,000 in services and supplies and related operating transfers from County Service Area 26– Rancho San Diego Local Park District Fund (\$57,000), Landscape Maintenance District Zone No. 1 (LMDZ1) Fund (\$15,000) and County Service Area 83A (\$50,000) in the Department of Parks and Recreation due to the need for the districts’ resources to be redirected to pay for unanticipated increases in costs for water and utilities at local parks.
30. Transfer appropriations of \$57,000 within the County Service Area 26 – Rancho San Diego Local Park District Fund from Operating Transfer Out to services and supplies to provide funds for increases in costs for water and utilities.
31. Transfer appropriations of \$15,000 within the Landscape Maintenance District Zone No. 1 (LMDZ1) Fund from Operating Transfer Out to services and supplies to provide funds for increases in costs for water and utilities.
32. Transfer appropriations of \$50,000 within the County Service Area 83A 4S Ranch Park from Operating Transfer Out to services and supplies to provide increases in costs for water and utilities.
33. Establish appropriations of \$20,000 in County Service Area 81 Fallbrook Local Park District Fund, services and supplies, to provide funds for park maintenance based on fund balance available. (4 VOTES)
34. Establish appropriations of \$66,200 in the Department of Parks and Recreation, salaries and benefits, for the County of San Diego and SDG&E Energy Initiative Partnership Agreement based on unanticipated revenue from the 2010-2012 San Diego San Diego Gas & Electric Initiative. (4 VOTES)
35. Cancel appropriations of \$41,231.86 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1000196, Agua Caliente Campground, to provide funding for the Mountain Empire/Campo Playground project.

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36. Cancel appropriations of \$24,484.23 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1004980, Potrero Park Playground, to provide funding for the Mountain Empire/Campo Playground project.
37. Cancel appropriations of \$53,983.93 and related Operating Transfer from the General Fund in the Capital Outlay Fund for Capital Project 1010593, Heise Well Replacement, to provide funding for the Mountain Empire/Campo Playground project.
38. Establish appropriations of \$119,700.02 in the Capital Outlay Fund for Capital Project 1013750, Mountain Empire/Campo Playground project, based on an Operating Transfer from the General Fund. (4 VOTES)
39. Cancel appropriations of \$15,226.35 and related Community Development Block Grant Program revenue in the Capital Outlay Fund for Capital Project 1011387, Lincoln Acres ADA Ramp, due to accounting thresholds for the capitalization of fixed assets.
40. Authorize the Auditor and Controller to increase the fund balance designation within the General Fund for Environmental Health by \$402,628 based on Land Use and Environment Group's Fiscal Year 2008-09 fund balance available.
41. Establish appropriations of \$230,000 in the Land Use and Environment Group Executive Office, services and supplies, for the purchase of a Fleet Management Logic Routing system based on overrealized revenue from charges for services to non-general fund departments. (4 VOTES)
42. Establish appropriations of \$477,810 in the Registrar of Voters Department, salaries and benefits (\$375,000) and services and supplies (\$102,810), for election-related costs based on unanticipated election revenue from the Oceanside Special Recall Election. (4 VOTES)
43. Establish appropriations of \$600,000 in the Treasurer-Tax Collector's Department, services and supplies, for the one-time purchase of information technology hardware and software based on Banking Services Pooled Revenue. (4 VOTES)
44. Cancel appropriations of \$12,000,000 and related Operating Transfer from the General Fund in the Justice Facility Construction Fund for Capital Project 1006566, Medical Examiner and Forensics Center, to reflect cost savings resulting from lower than anticipated construction and development costs.

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45. Transfer appropriations of \$12,000,000 within the Contributions to Capital Outlay Fund from Operating Transfers Out to services and supplies to correspond with the cancellation of the \$12,000,000 Operating Transfer from the General Fund to the Justice Facility Construction Fund in order to reallocate these appropriations to the County Operations Center and Annex Redevelopment Project Phase 1B project in Fiscal Year 2010-11.
46. Cancel appropriations and related revenue of up to \$191,276.93 in the Capital Outlay Fund for projects completed in Fiscal Year 2009-10.
47. Cancel appropriations and related revenue of up to \$161,407.81 in the County Health Complex Fund for projects completed in Fiscal Year 2009-10.
48. Cancel appropriations and related revenue of up to \$70,946.99 in the Justice Facility Construction Fund for projects completed in Fiscal Year 2009-10.

Fiscal Impact

The funds for a portion of these requests are not budgeted. If approved, in the General Fund, these actions will cancel budgeted appropriations and the related sources of funding in the amount of \$9,122,000 and will establish additional appropriations of \$10,381,010, resulting in a net increase in appropriations of \$1,259,010. The funding sources include over-realized revenue from charges for current services, unanticipated election revenue, the General Fund Fiscal Year 2008-09 fund balance, banking services pooled revenue, and miscellaneous other revenue sources.

In all other funds combined, these actions will cancel budgeted appropriations and the related funding sources in the amount of \$17,805,195 and will establish additional appropriations of \$11,359,837 resulting in a net decrease in appropriations of \$6,445,358. Funding sources include unanticipated revenue from Sheriff's Asset Forfeiture Fund available fund balance, unanticipated Proposition 1B revenue, Airport Enterprise Fund available fund balance, unanticipated property tax revenue, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$200.4 million. This projected one-time resource is a combination of expecting to

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end the year with General Purpose Revenue above budget by \$19.8 million, along with a net positive variance of \$133.6 million from departmental operations, and a positive variance of \$47.0 million in unspent contingency and management reserves. Of the \$133.6 million positive variance from departmental operations, \$62.5 million is related to one-time projects that for various reasons will need to be rebudgeted for next year, \$12.0 million is from savings from the Medical Examiner and Forensic Center project that are being redirected to the COC and Annex Redevelopment Project Phase 1B in the proposed budget for Fiscal Year 2010-11, \$26.0 million is pension stabilization resources, and \$33.1 million is the net savings in various departments from measures being taken to conserve resources or manage the transition to lower resource levels in Fiscal Year 2010-11.

The projected balance for all other funds combined is \$46.7 million. Schedule A summarizes the fund balance projections by Group and department. The Notes to Schedules A and B explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through March 2010 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$200.4 million is based on the estimate that expenditures will be a net \$349.7 million less than budgeted in the Fiscal Year 2009-10 Amended Budget and revenues will be a net \$149.3 million less than budgeted in the Fiscal Year 2009-10 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year to date changes that have been either approved by the Board or Chief Financial Officer where permitted.

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

- \$52.6 million in appropriation savings, predominantly in the Public Safety Group and Health and Human Services Agency (HHSA), but also in Land Use and Environment Group, Community Services Group, and Finance and General Government Group, from lower than budgeted salaries and employee benefits costs due to staff turnover, department management of vacancies, and reductions in overtime to mitigate current and anticipated revenue shortfalls. Savings in salaries and benefits in HHSA are also associated with the return of Childcare Stage 2 and 3 to the State.
- \$209.8 million in appropriation savings in services and supplies across the County.
 - In the Public Safety Group, a net positive expenditure variance of \$5.5 million is a combination of over expenditure in certain categories offset by savings in others. Over expenditures are attributed to increased costs for utilities and facilities management in Contributions to Trial Courts. Savings are anticipated in special departmental expense and major maintenance in the Executive Office, in automotive and fuel costs in the Sheriff's Department, in facility improvements in Child Support Services due to delays, and various services and supplies accounts in Probation as a result of efforts to reduce overall expenditures.

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- In the Health and Human Services Agency, savings of \$90.8 million are projected primarily in contracted services (e.g., in Behavioral Health Services related to un-awarded and delayed Mental Health Services Act (MHSA) contracts; in Alcohol and Drug Services due to reductions in State Proposition 36 funding; and in Early Periodic Screening, Diagnosis and Treatment (EPSDT) services due to lower service levels than projected); in the Community Action Partnership program due to the slow start up of contracts associated with the new American Recovery and Reinvestment Act (ARRA) of 2009 grant; in Aging and Independence Services as a result of revised estimates of growth trends in In Home Supportive Services (IHSS); in Public Health Services associated with under spending of the H1N1 allocation, a reduction in HIV contracts, and gradual implementation of Economic Reality Plan phase two; in emergency appropriations for bio-terrorism; in glide slope reserves; and because of efforts to reduce spending to align with available revenue.
- In the Land Use and Environment Group, anticipated savings are in consultant contracts in the Department of Planning and Land Use related to the multi-year funded grant for the Hazardous Fuels Reduction Program and the Energy Conservation Block Grant as well as in Public Works, primarily due to delays for the Woodside Avenue Drainage, Watershed Protection Program, and for the Business Case Management System (BCMS) project that will be re-budgeted in Fiscal Year 2010-11. Savings are also in Environmental Health due to delays in the BCMS project, one-time Information Technology projects and Homeland Security exercises and equipment purchases.
- In the Community Services Group, savings are primarily in the Registrar of Voters due to the execution of a contract settlement agreement as well as in the Department of Housing and Community Development related to program administration costs for projects that are being funded by ARRA that will not be completed this year and will be re-budgeted next fiscal year, as well as savings from lower fuel usage.
- In the Finance and General Government Group, the positive expenditure variance of \$43.2 million is primarily in the Executive Office due to delays associated with the development and implementation of the Integrated Property Tax System. These appropriations will be rebudgeted in Fiscal Year 2010-11.
- \$37.4 million in appropriation savings in other charges primarily reflects net variances from budgeted caseload and aid payments in Health and Human Services Agency. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care costs in the California Children's Services (CCS) program, in Behavioral Health Services due to an increase in fees for service for support and hospital care, and in Regional Operations because of increased demand for CalWORKs Assistance Payments. These costs are offset by savings in Regional Operations due to the return of Child Care Stage 2 and 3 to the State, and savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Severely Emotionally Disturbed, Foster Care, and KinGap

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programs. In the Public Safety Group, savings are projected in the Office of Emergency Services related to grant supported activities that will carry over to next fiscal year, and in Contributions to Trial Courts based on the required expenditure level to support revenue sharing requirements related to Trial Court Funding. These savings are partially offset by increased Foster Care costs and court ordered increased rates for group home placement in the Probation Department. In addition, savings occur from lower than budgeted TRANs borrowing costs in Finance Other and from savings from various lease payments.

- \$1.7 million in appropriation savings primarily in the Health and Human Services Agency in operating transfers out to the In-Home Supportive Services (IHSS) Public Authority related to health benefit costs for providers being less than budgeted and in Finance Other from savings related to closed capital projects.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$27.0 million in management reserves in the Health and Human Services Agency (\$20.0 million), Land Use and Environment Group (\$0.1 million), the Community Services Group (\$3.3 million), and the Finance and General Government Group (\$3.6 million) that are projected to be unspent at year-end.

The projected revenue under-realization to budget consists of primarily negative variances, with partially offsetting positive variances. Of the overall net negative revenue variance in the General Fund of \$149.3 million, \$161.7 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs mentioned above, as well as a projected reduction in Realignment revenues of \$15.3 million due to shortfalls in sales tax and vehicle license fees and a reduction of \$2.3 million in recording program revenue. The negative revenue variance is also due to Proposition 172 sales tax revenues that are projected to be below budget by \$25.9 million, and a drop of \$1.0 million in AB 2890 Recovered Costs in charges for current services due to continued declines in sales and permitting activity offset by an anticipated increase of \$2.8 million in Property Tax Administration (SB2557) charges. A positive revenue variance of \$30.7 million is expected in the following categories: taxes current property (\$5.3 million); taxes other than current secured (\$8.8 million); licenses permits and franchises (\$1.3 million); revenue from use of money and property (\$3.5 million); charges for current services (\$2.8 million); and miscellaneous revenue (\$9.0 million).

The projected shortfall of \$25.9 million in Proposition 172 revenues is being mitigated through a combination of managing current year expenditures and the use of prior year fund balance as described below in the background information related to recommendations 2 and 3.

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

Fiscal Year 2009-10 Budget Adjustments

The budget adjustment recommendations in this letter are explained below.

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Recommendations 2 & 3

Revenues associated with Proposition 172, the one half cent sales tax for public safety, have been impacted by the severe economic slowdown in the national, state and local economy and the reduction in consumer spending and retail activity. This sales tax based revenue provides ongoing support for critical regional law enforcement and public safety services in the Sheriff's Department, the Office of the District Attorney and the Probation Department. Your Board received information in the First and Second Quarter Operational Plan Status Reports that these revenues have been projected at lower than budgeted levels. Current available information leads us to project that Proposition 172 revenues will be below the budgeted level of \$210.9 million by \$25.9 million in Fiscal Year 2009-10. This shortfall can be absorbed in the current year through a combination of projected operating savings and the appropriation of \$9.0 million in Public Safety Group's fund balance available as included in these recommendations.

Recommendations 4 & 5

These requests will establish appropriations of \$7,000 in the Sheriff's Department based on an operating transfer from the Sheriff's Asset Forfeiture Fund. On October 24, 2009, a program for residents to drop off unwanted and unneeded prescription drugs was conducted in which Asset Forfeiture Funds provided funding for the associated overtime costs. Due to the success of the first program, a second program was held. On April 17, 2010, the Sheriff's Department, with the assistance of the Drug Enforcement Agency (DEA), conducted a program for residents to drop off unwanted and unneeded prescription drugs. The Asset Forfeiture Fund will provide funding for the overtime costs associated with the program.

Recommendations 6 & 7

These requests will establish appropriations of \$3,000,000 in the Justice Facility Construction Fund for Capital Project 1006584, Rancho San Diego Sheriff's Patrol Station, based on an Operating Transfer from the Sheriff's Asset Forfeiture Fund. The total estimated project cost for the land and construction is \$17,500,000, of which \$2,096,555 (Note: \$2,097,370 minus a subsequent refund of \$815) is the cost of the land that was previously purchased. These new appropriations will be used for construction of the new Patrol Station, bringing total appropriations available for the construction component to \$11,902,630.

Recommendations 8 & 9

These requests will replace revenue of \$15,000 with fund balance available in the Airport Equipment Acquisition ISF Fund due to revenue that will not be received due to lower interest rates. These funds will be used to support transportation equipment purchases needed in this fiscal year.

Recommendation 10

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This request will amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF by \$30,000 based on equipment rental fees. New equipment purchased, including mandated emissions control equipment during the year, has increased the depreciation costs.

Recommendation 11

This recommendation will amend the Fiscal Year 2009-10 Airport Equipment Acquisition ISF Spending Plan by \$60,000 based on fund balance available. Funds in the amount of \$28,000 will be used to provide funding for the replacement of an existing truck (vehicle D62324) in the Airports Division that has reached the end of its useful life. A newer truck (vehicle D82670) is no longer needed in the Liquid Waste Division and can be used to replace the existing truck in the Airports Division. This recommendation will also provide funding in the amount of \$32,000 for a another truck in the Airports Division (vehicle D62540) which requires modification through the installation of a utility body in order to meet the needs of maintenance workers for secure storage of tools and repair parts on the vehicle.

Recommendations 12 & 13

These requests will replace equipment rental operating fees revenue of \$450,000 with fund balance available in the Equipment Operations ISF Fund due to reduced rates in the Road Fund. These funds will be used to offset auto maintenance, fuel, and inter-departmental expenses.

Recommendations 14 & 15

These requests will replace TransNet revenue of \$3,500,000 with Prop 1B revenue. On August 5, 2009 (13), the Board approved establishing appropriations \$22,917,126 for construction of South Santa Fe Avenue North Project. Funding in the amount of \$16,767,370 was based on unanticipated TransNet revenue. On October 14, 2009 (5), the Board approved a resolution entitled Resolution of the Board of Supervisors, County of San Diego, Designating up to \$41,510,000 in Proposition 1B Funding for Local Streets and Roads to be Used for Specific Local Streets and Road Projects. The South Santa Fe Avenue North Project was included in the spending plan. On February 17, 2010 Prop 1B funding became available for this project.

Recommendation 16

If approved, this request will establish appropriations of \$50,000 in Blackwolf Stormwater Maintenance Zone 349781 Fund based on fund balance available. Staff has determined that a technical adjustment is needed to align the budget with unanticipated expenditures. In addition, this assessment district over collected property tax revenue and will return the excess collections to taxpayers.

Recommendation 17

This request will establish appropriations of \$100,000 in the Campo Sewer District to provide funds for costs associated with the emergency repair of equipment. The system's aging wastewater treatment plant had mechanical problems that resulted in discharge that does not meet current quality standards and it was necessary for staff to perform emergency repairs.

Recommendations 18 & 19

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These recommendations replace Sanitation Sewer Service Charge revenue of \$20,137 with fund balance available in the East Otay Mesa Sewer District due to lower revenue collections. The funds will be used for depreciation costs.

Recommendation 20

This request will amend the Fiscal Year 2009-10 Airport Enterprise Fund Spending Plan in the amount of \$500,000 for unanticipated work for the Palomar Airport Runway 6/24 Rehabilitation Project. The project, which requires the periodic closure of the single runway at Palomar Airport, impacts local airport businesses and the flying public. This request will provide additional funds for surveying, materials testing, project management and construction inspection work in order to provide continued support services in the event of any unforeseen conditions on this project, minimizing delays and maintaining the accelerated work schedule.

On June 17, 2009 (15), the Board approved the advertisement and award of construction contract for the Palomar Airport Runway 6/24 Rehabilitation project. On August 5, 2009 (21), the Board approved the amendment of the Airport Enterprise Fund Fiscal Year 2009-2010 Spending Plan based on an unanticipated grant from the Federal Aviation Administration (FAA) for this project for a total project cost of \$10,275,000.

Recommendations 21 & 22

These recommendations establish appropriations in the Department of Public Works Road Fund for an operating transfer to the Road Fund Equipment Acquisition ISF for the purchase of a street sweeper. The funding source for the street sweeper is a grant from the Barona Indian Tribe. The County of San Diego utilizes a fleet of ten sweepers to accomplish street sweeping throughout the unincorporated areas including the numerous roads providing access to the various Tribal Casinos. It is estimated that the incremental street sweeping requirement associated with increased travel to and from Tribal Casinos exceeds 10% of the overall County street sweeping workload. The county received an Indian Gaming Special Distribution Fund grant for 100% of the cost of one of San Diego County's ten sweepers to help the County maintain the roads providing access to San Diego Tribal Casinos cleaner and in better operating condition, and also help protect the environment by removing litter and debris that could migrate to drainage systems and habitat areas.

Recommendation 23

The requested action will authorize the Auditor and Controller to discharge an accounts receivable in the amount of \$2,569.42 for Capital Project 1000249, Escondido Creek Acquisition to correct an accounts receivable balance related to the capital project. The discharge is needed to make a correction between the amount billed to the granting agency and the amount established in the accounts receivable account. The General Fund is one of the funding sources for the capital project and will be used to pay for this project cost. No additional funds will be needed to complete the project.

Recommendation 24

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The requested action will authorize the Auditor and Controller to discharge an accounts receivable in the amount of \$3,603.54 for Capital Project 1000029, Otay Lakes Park for project activities that will not be reimbursed by the State. Administration fees did not fall under the scope of the grant requirements and were disallowed. The General Fund is one of the funding sources for the capital project and will be used to pay for this project cost. No additional funds will be needed to complete the project.

Recommendations 25 & 26

Governmental Accounting Standards Board Statement 51 (GASB 51) provides guidance for capitalization of intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. In June 2007, GASB 51 was revised with an effective date of June 15, 2009. Upon interpretation of this pronouncement, the Auditor and Controller determined that park open space easements do not meet the criteria for capitalization. This action will correct the January 13, 2010 (1), Board action which used funds of \$1,016,500 in Capital Project 1000012, Multiple Species Conservation Program (MSCP) to fund the acquisition of a 33-acre open space easement at Volcan Mountain. The requested action will also ensure that the acquisition will be funded and in compliance with GASB 51.

Recommendation 27

On March 25, 2009 (5), the Board adopted a resolution approving the application and acceptance of a \$245,000 grant from the Land and Water Conservation Fund (LWCF) for Phase I of the Tijuana River Valley Regional Park Trails Enhancement Project which includes the development of a 22.5 mile multi-use recreational trail network. The County was not awarded the LWCF grant. Therefore, the appropriations and related revenue of \$245,000 must be cancelled.

Recommendation 28

The requested action will establish appropriations of \$45,000 in the County Service Area 83 San Dieguito Local Park District Fund due to an increase in costs related for the renewal of a landscape maintenance contract at 4S Ranch Community Park.

Recommendations 29 - 32

These requested actions will cancel appropriations of \$122,000 and related operating transfers from the County Service Area (CSA) 26 – Rancho San Diego Local Park District Fund (\$57,000), Landscape Maintenance District Zone No. 1 (LMDZ1) Fund (\$15,000) and County Service Area 83A (\$50,000) due to unanticipated increases in costs for water and utilities at local parks. CSA26 and LMDZ1 will transfer appropriations of \$57,000 and \$15,000 respectively from Operating Transfer Out to services and supplies for additional costs associated with a full year of operation at Hilton Head Park coupled with recent increases in water rates by local water districts. CSA83A will transfer appropriations of \$50,000 from Operating Transfer Out to services and supplies for an increase in utilities costs based on electricity usage at the Recreation Center at 4S Ranch.

Recommendation 33

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

The requested action will establish appropriations of \$20,000 in the County Service Area 81 Fallbrook Local Park District Fund based on fund balance available. This adjustment is necessary due to a revenue shortfall which resulted from the decrease in property values.

Recommendation 34

On April 4, 2006 (10), the Board approved the 2006-2008 County of San Diego and SDG&E Energy Initiative Partnership Agreement (Agreement), including future agreement extensions and amendments. The Partnership has provided financial reimbursement of staff time, staff training, community outreach and consulting services to improve energy efficiency and conservation in County facilities and promotes energy efficiency and conservation throughout the region. On September 22, 2009 (10), the Board authorized the County to enter into a new agreement with SDG&E. The new Agreement increased the County's funding to \$2,900,000 (2010-2012) of which the Department of Parks and Recreation (DPR) was allocated \$550,000. The requested action will cover DPR expenditures, estimated at \$66,200, through the end of the fiscal year for temporary help related to the Agreement. Remaining funds, estimated at \$483,800, will be included in the CAO Proposed Operational Plan for Fiscal Year 2010-11.

Recommendations 35 - 38

This request will transfer remaining appropriations of \$119,700.02 from completed Capital Projects 1000196, Agua Caliente Campground (\$41,231.86), 1004980, Potrero Park Playground (\$24,484.23) and 1010593, Heise Well Replacement (\$53,983.93) to provide funds for Capital Project 1013750, Mountain Empire/Campo Playground. Funding is needed for construction of park facility enhancements which include the junior and tot-lot playground, a shaded picnic area with barbecues and related improvements at Mountain Empire/Campo Park.

Recommendation 39

On September 18, 2007 (10), the Board authorized the reallocation of \$25,000 in Community Development Block Grant (CDBG) Program funds to Capital Project 1011387, Lincoln Acres ADA Ramp for replacement of the wooden ramp, railings and stairs at the Lincoln Acres Community Center with an ADA-compliant concrete ramp, stairs and appropriate metal railings. The expenditures related to the capital project cannot be capitalized due to accounting thresholds for the capitalization of fixed assets. The total expenditures and revenue recognized of \$9,773.65 will be transferred to the Department of Parks and Recreation. The remaining appropriations and CDBG revenue of \$15,226.35 will be cancelled in the capital project.

Recommendation 40

On February 24, 2004 (23), the fund balance designation for the Department of Environmental Health (DEH) was established. This designation ensures that revenue from fees and permits over the cost paid by Environmental Health customers are used only to fund fee-related expenses in DEH. On January 27, 2010 (4), the Board approved the Director of Purchasing and Contracting to negotiate and award a contract to Accela for Business Case Management System Phase 3 implementation which includes the Department of Environmental Health. Additionally in that same item, a decrease in the Environmental Health fund balance designation of \$3,545,000 was

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

requested. However, the remaining balance at that time was \$3,142,372. If approved, this action will correct the \$402,628 discrepancy and bring the fund balance designation to \$0.

Recommendation 41

If approved, this request will provide funding of \$230,000 for the purchase of a fleet management logic routing system for various departments in the Land Use & Environment Group (LUEG). The implementation of the GPS vehicle devices and the fleet management system will provide departments with the ability to monitor service delivery and safety, monitor vehicle operations and performance, enhance fleet preventive maintenance, and provide data integration into GIS. The routing and fleet management system will improve employee safety, reduce fuel usage, and provide continuous smog monitoring to help identify and reduce pollution problems.

Recommendation 42

This request will establish appropriations of \$477,810 based on unanticipated revenue for conducting the Oceanside Special Recall Election. The Registrar of Voters included funding in the Fiscal Year 2009-10 Operational Plan for the only scheduled election for this fiscal year, the June 8, 2010 Gubernatorial Primary Election. The Registrar of Voters certified the Oceanside recall petition in July 2009 and the City of Oceanside requested that the Registrar of Voters conduct a special recall election on its behalf.

Recommendation 43

This request will establish appropriations of \$600,000 in the Treasurer-Tax Collector's Office based on Banking Services Pooled Revenue. Pursuant to Government Code Section 27013, the Treasurer may deduct from interest or income, the actual administrative cost of investing, depositing or handling of funds. This funding will support the one-time acquisition of information technology hardware and software to enhance the processing of property tax payments by increasing functionality of the Web Integrated Tax System application. This highly specialized software will provide real-time and historical property tax payment information, reduce duplicate payments and the resultant need to issue refunds by eliminating the need for payment stubs, electronically deposit checks to the bank reducing the need for manual deposits, and to provide taxpayers with the ability to pay property taxes with multiple credit card type payments. Overall, expansion of this system's functionality will increase operational efficiency, enhance the environment through reduced paper consumption, reduce costs, provide customer-first self service through the web and promote the vision of the County's Information Technology Strategic Plan.

Recommendations 44 & 45

Capital Project 1006566, Medical Examiner and Forensics Center, which began construction in spring 2008, is nearing completion. Construction and development costs were lower than anticipated, and this recommendation will cancel \$12,000,000 of appropriations, based on an Operating Transfer from the General Fund, in the Justice Facility Construction Fund that will not be needed to complete the project. The \$12,000,000 budgeted as an Operating Transfer Out in

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

the Contributions to Capital Outlay Fund will be transferred to services and supplies and will remain unspent at the end of this year. The savings will be used to help fund the Phase 1B portion of the County Operations Center and Annex Redevelopment Project that is included in the CAO Proposed Operational Plan for Fiscal Years 2010-12.

Recommendations 46 – 48

At the end of the Fiscal Year 2009-10, a total of 25 projects are anticipated to be completed and capitalized. These projects will have remaining appropriations and related revenue of up to \$423,631.73. The appropriations will be canceled at the end of the fiscal year and the related funding will be returned to the respective funding sources, which include the General Fund, Park Land Dedication, federal grants, and AB 189 Penalty Assessments, where applicable. These projects are listed in Schedule C.

Linkage to the County of San Diego Strategic Plan

The County of San Diego is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2009-10 Operational Plan and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

Schedule A

Schedule B

Schedule C

Notes to Schedules A and B

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

February 23, 2010 (12) Fiscal Year 2009-10 Second Quarter Operational Plan Status Report and Budget Adjustments; January 27, 2010 (4) Contract For Implementation of Land Permitting System and Establish Appropriations for Phase Iii of Business Case Management System in Land Use and Environment Group; January 13, 2010 (1) Noticed Public Hearing – Acquisition of an Open Space Easement over Approximately 33 Acres of Land in Lakeside (Endangered Habitats Conservancy); December 8, 2009 (33) Fiscal Year 2009-10 First Quarter Operational Plan Status Report and Budget Adjustments; October 14, 2009 (5) Adopt a Resolution Designating Proposition 1b Local Streets and Roads for Specific County Projects; September 22, 2009 (10) Approve Strategic Energy Plan 2009–2012; Amend Board Policy G-15; Delete Board Policy F-50; Authorize Extension of Energy Initiative Partnership Agreement; Authorize Energy Services Contracts; and Establish Appropriations Contingent upon Award of the American Recovery and Reinvestment Act (ARRA) Energy Efficiency and Conservation Block Grant; August 5, 2009 (21) Amend the Airport Spending Plan for McClellan-Palomar Airport Runway 6/24 Rehabilitation Project Based On Unanticipated Grant from the Federal Aviation Administration; August 5, 2009 (13) Advertise and Award Contract for Construction of South Santa Fe Avenue North Reconstruction Project near the City Of Vista; Approval Of Related Agreements; August 4, 2009 (17) County of San Diego Fiscal Year 2009-10 Adopted Budget Resolution for Family of Funds, Enterprise Funds and Internal Services Funds, Prior Year Encumbrances and Penalty Assessment Resolution; On June 17, 2009 (15) Advertise and Award A Construction Contract for McClellan-Palomar Airport Runway 6/24 Rehabilitation; March 25, 2009 (5) Adopt a Resolution to Apply For and Accept Grant for Tijuana River Valley Regional Park Trails Enhancement Project; September 18, 2007 (10) Public Hearing on Reallocation and Appropriation of Community Development Block Grant Funds and 2005-10 Consolidated Plan Revision; April 4, 2006 (10) 2006 Energy Project Status Report, County Of San Diego/SDDG&E Energy Initiative Partnership Agreement, And Participation In Tax Exempt Customer Incentive Program; February 24, 2004 (23) Fiscal Year 2003-04 Second Quarter Operational Plan Status Report, Firestorm 2003 Update, Contract Amendments, Ratification / Execution / Acceptance Of Revenue / Grant Agreements, Early Redemption Of Bonds, Adopt Resolution Re Community Services Block Grant, CHDP/EPSTDT Subvention Certification And Budget Adjustments.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

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

N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial Planning

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SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

(continued)

CONCURRENCE(S):

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/>	Yes			
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	N/A	
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	N/A	
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
Group/Agency Human Resources Director	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
Other Concurrence(s):		N/A			

**AUTHORIZED
REPRESENTATIVE:**

Donald F. Steuer, Chief Financial Officer



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 11, 2010

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

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report recommends budget adjustments for capital improvement projects in the Alpine Sanitation District. In addition, funds for depreciation will be appropriated in the Spring Valley and Lakeside Sanitation Districts.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$352,212 in the Alpine Sanitation Maintenance District, fixed assets, for Capital Improvement Project 1000129, Galloway Pump Station Force Main, based on fund balance available. (4 VOTES)
2. Transfer appropriations of \$167,766 within the Alpine Sanitation Maintenance District from Capital Improvement Project 1006580, Galloway Pump Station Improvement, to Capital Improvement Project 1000129, Galloway Pump Station Force Main to close out Galloway Pump Station Force Main.
3. Establish appropriations of \$49,408 in the Spring Valley Sanitation Maintenance District, other charges, for increased depreciation costs based on fund balance available. (4 VOTES)
4. Establish appropriations of \$115,350 in the Lakeside Sanitation Maintenance District, other charges, for increased depreciation costs based on fund balance available. (4 VOTES)

Fiscal Impact

Funds for this request are not budgeted. If approved, these actions will establish additional appropriations of \$516,970.

**SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)**

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

Recommendation 1

This request will establish appropriations of \$352,212 in the Alpine Sanitation District for Capital Improvement Project 1000129, Galloway Pump Station Force Main, to true up for final contract cost and for additional labor costs of the litigation and the resulting delay in project close out.

Recommendation 2

This request will transfer appropriations of \$167,766 within the Alpine Sanitation Maintenance District from Capital Improvement Project 1006580, Galloway Pump Station Improvement to Capital Improvement Project 1000129, Galloway Pump Station Force Main. This technical adjustment will transfer appropriations from the Galloway Pump Station Improvement project into Galloway Pump Station Force Main for final closeout of Galloway Pump Station Force Main.

Recommendation 3

This request will establish appropriations of \$49,408 in Spring Valley Sanitation District to cover the full cost of various completed capital improvement projects. The Department of Public Works has been working with the Auditor and Controller to capture the full depreciation cost of the completed capital improvement projects in the Spring Valley Sanitation District for Fiscal Year 2008-09.

Recommendation 4

This request will establish appropriations of \$115,350 in Lakeside Sanitation District based on fund balance available. Funds in the amount of \$18,350 will be used to cover increased depreciation costs for various completed capital improvement projects. In addition Capital Improvement Project 1003124 PWR Mission Via Monstrat 2C7004 (Mission Road Via Monserate 2C7004) was fully depreciated in March 2010 and \$97,000 will be used for increased depreciation costs for this project.

Linkage to the County of San Diego Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2009-10 Operational Plan and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

December 8, 2009 (1) Board of Directors, Spring Valley Sanitation District: Fiscal Year 2009-10 First Quarter Operational Plan Budget Adjustments; August 4, 2009 (1) Sanitation District Board: Adoption of Final Fiscal Year 2009-10 Budget for the Sanitation Districts.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

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

N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial Planning

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**SUBJECT: FISCAL YEAR 2009-10 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (District: All)**

AGENDA ITEM INFORMATION SHEET

(continued)

CONCURRENCE(S):

COUNTY COUNSEL REVIEW	<input checked="" type="checkbox"/>	Yes			
Written Disclosure per County Charter Section 1000.1 Required	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No	
GROUP/AGENCY FINANCE DIRECTOR	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	N/A	
CHIEF FINANCIAL OFFICER	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	N/A	
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
COUNTY TECHNOLOGY OFFICE	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
Group/Agency Human Resources Director	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	N/A	
Other Concurrence(s):		N/A			

**AUTHORIZED
REPRESENTATIVE:**

Donald F. Steuer, Chief Financial Officer

**FY 2009-2010 3rd Quarter
Projected Year-End Results**
(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
	Favorable/(Unfavorable)		

General Fund

Public Safety	\$ 36,796	\$ (28,692)	\$ 8,104
Health & Human Services Agency	160,817	(131,752)	29,066
Land Use & Environment	29,464	(10,061)	19,404
Community Services	10,269	418	10,687
Finance & General Government	50,413	419	50,831
Total Agency/Group	287,759	(169,667)	118,092
General Revenues	0	19,805	19,805
Finance Other	61,904	566	62,470
Total General Fund	\$ 349,663	\$ (149,296)	\$ 200,367

Special Revenue Funds

Public Safety	\$ 27,021	\$ (25,452)	\$ 1,568
Health & Human Services Agency	3,300	0	3,300
Land Use & Environment	28,939	(10,594)	18,345
Community Services	42,628	(40,884)	1,744
Total Special Revenue Funds	\$ 101,888	\$ (76,931)	\$ 24,957

Capital Program

Finance Other	424	(424)	(0)
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Internal Service Funds Departments

Public Safety Group	\$ 15	\$ 1	\$ 16
Health & Human Services Agency	0	0	0
Land Use & Environment	3,668	(640)	3,029
Community Services	33,989	(32,210)	1,779
Finance & General Government	1,136	0	1,136
Finance Other	9,106	0	9,106
Total Internal Service Funds	\$ 47,915	\$ (32,849)	\$ 15,066

Enterprise Fund Departments

Land Use & Environment	\$ 5,359	\$ (4,075)	\$ 1,284
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Special District Funds Departments

Public Safety Group	\$ 11	\$ (6)	\$ 6
Health & Human Services Agency	272	(63)	209
Land Use & Environment	17,550	(13,127)	4,423
Total Special District Funds	\$ 17,834	\$ (13,196)	\$ 4,637

Other County Funds Departments

LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	901	(158)	743
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	\$ 901	\$ (158)	\$ 743

Debt Service - Pension Obligation Bonds	\$ 1,828	\$ (1,828)	\$ 0
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Total County Projected Operating Balance	\$ 525,811	\$ (278,757)	\$ 247,054
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**FY 2009-2010 3rd Quarter
Projected Year-End Results**
(in thousands)

PUBLIC SAFETY GROUP

	Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
	Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 3,529	\$ (3,106)	\$ 424
Contributions for Trial Courts	1,534	(1,534)	0
Defense Attorney Contract Admin.	103	144	247
District Attorney	4,512	739	5,251
Emergency Services	3,846	(3,462)	383
Law Enforcement Review Board	159	0	159
Medical Examiner	89	41	131
Probation	2,459	(7,579)	(5,120)
Public Defender	2,571	(437)	2,134
Public Safety Executive Office	1,666	(3,852)	(2,186)
Sheriff	16,328	(9,647)	6,681
Total General Fund	\$ 36,796	\$ (28,692)	\$ 8,104

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	0	0	0
Probation - Asset Forfeiture	1	0	1
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	196	196
Sheriff - Inmate Welfare Program	1,102	270	1,372
Public Safety - Proposition 172	25,918	(25,918)	0
Total Special Revenue Funds	27,021	(25,452)	1,568

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	15	1	16
Total Internal Service Funds	15	1	16

Special District Funds

Sheriff (Regional 800 MHz)	11	(6)	6
Total Group Projected Fund Balance	\$ 63,843	\$ (54,149)	\$ 9,694

**FY 2009-2010 3rd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 35,017	\$ (8,373)	\$ 26,645
Aging & Independence Services	28,081	(27,409)	672
Behavioral Health Services	47,137	(47,137)	(0)
Child Welfare Services	17,611	(17,611)	0
Public Administrator/Public Guardian	151	(151)	0
Public Health Services	5,196	(4,839)	357
Regional Operations	27,283	(25,891)	1,392
Strategic Planning & Operational Support	341	(341)	0
Total General Fund	\$ 160,817	\$ (131,752)	\$ 29,066

Special Revenue Funds

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

Internal Service Funds

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

Ambulance Districts	272	(63)	209
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Total Health & Human Services Agency	\$ 164,389	\$ (131,815)	\$ 32,574
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**FY 2009-2010 3rd Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 633	\$ 1,208	\$ 1,841
Environmental Health	8,608	(1,801)	6,808
Land Use & Environment Group Exec Office	235	583	818
Parks & Recreation	1,184	7	1,191
Planning & Land Use	9,337	(8,879)	458
Public Works	9,466	(1,178)	8,289
Total General Fund	\$ 29,464	\$ (10,061)	\$ 19,404

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	6	701	708
DPW - Aviation Funds	110	(108)	2
DPW - Road Funds	26,157	(8,713)	17,445
DPW - Inactive Waste	2,665	(2,475)	190
Total Special Revenue Funds	28,939	(10,594)	18,345

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	3,668	(640)	3,029
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Enterprise Funds Departments

Airport Enterprise Fund	4,594	(3,624)	969
Liquid Waste Enterprise Fund	765	(451)	315
Total Enterprise Funds:	5,359	(4,075)	1,284

Special District Funds Departments

Air Pollution Control District	14,345	(11,096)	3,249
Parks and Recreation	220	13	233
Planning and Land Use - CSAs	284	18	302
DPW - Sanitation Districts & Sewer Maintenance	2,466	(1,929)	537
DPW - CSAs	0	0	0
DPW - PRDs	0	0	0
DPW - Flood Control	102	0	102
DPW - Street Lighting Districts	133	(133)	0
Total Special Districts Funds:	17,550	(13,127)	4,423

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 84,981	\$ (38,497)	\$ 46,485
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**FY 2009-2010 3rd Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 224	\$ 157	\$ 381
Community Services Group Exec Office	3,725	45	3,770
General Services	0	0	0
Housing & Community Development	868	(600)	268
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	5,452	815	6,268
Total General Fund	\$ 10,269	\$ 418	\$ 10,687

Special Revenue Funds Departments

Library Services	4,389	(2,645)	1,744
Housing & Community Development	38,238	(38,238)	0
Total Special Revenue Funds	42,628	(40,884)	1,744

Internal Service Funds Departments

Facilities Management	2,345	(2,677)	(332)
Major Maintenance ISF	21,345	(21,345)	0
Fleet Management	9,325	(6,370)	2,955
Purchasing & Contracting	974	(1,818)	(844)
Total Internal Service Funds	33,989	(32,210)	1,779

Other County Funds Departments

Redevelopment Agency	901	(158)	743
Total Community Services Group	\$ 87,787	\$ (72,834)	\$ 14,953

**FY 2009-2010 3rd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY09-10 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 1,238	\$ (351)	\$ 887
Auditor & Controller	1,091	101	1,192
Board of Supervisors	248	0	249
CAC-Major Maintenance	0	0	0
Chief Administrative Officer	208	0	208
Civil Service Commission	31	0	31
Clerk of the Board of Supervisors	33	40	73
County Counsel	558	407	965
County Technology Office	46	0	46
Finance & GG Exec Office	44,936	0	44,936
Grand Jury	36	0	36
Human Resources	1,640	(247)	1,394
Media and Public Relations	214	1	215
Treasurer-Tax Collector	133	466	599
Total General Fund	\$ 50,413	\$ 419	\$ 50,831

Internal Service Funds Departments

CTO - Information Technology	1,136	0	1,136
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**Total Finance & General
Government Group**

\$ 51,548	\$ 419	\$ 51,967
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**FY 2009-2010 3rd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL REVENUES &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter
		FY09-10 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Revenues:

All Current Property Taxes	\$ 0	\$ 5,290	\$ 5,290
All Other Taxes-Local	0	8,851	8,851
Licenses, Permits & Franchises	0	800	800
Fines, Forfeitures & Penalties	0	(946)	(946)
Revenue for Use of Money & Property	0	2,424	2,424
Intergovernmental Revenue	0	2,543	2,543
Charges for Current Services	0	843	843
Miscellaneous Revenue	0	(0)	(0)

Total General Revenues

\$ 0 \$ 19,805 \$ 19,805

General County Expenses:

Cash Borrowing Program	\$ 2,700	\$ 0	\$ 2,700
Community Enhancement	0	0	0
Contingency Reserve	20,000	0	20,000
Lease Payments - Capital Projects	980	(17)	963
Contributions to the Capital Outlay Fund	12,198	0	12,198
Contributions to Library Fund	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	26,026	584	26,610

Total Finance Other Expenses

\$ 61,904 \$ 566 \$ 62,470

Total General Fund

\$ 61,904 \$ 20,371 \$ 82,275

Capital Program Funds

Capital Program \$ 424 \$ (424) \$ (0)

Total Capital Program Funds

\$ 424 \$ (424) \$ (0)

Internal Service Funds Departments

Workers Compensation	\$ 3,691	\$ 0	\$ 3,691
Unemployment Insurance	0	0	0
Public Liability	5,416	0	5,416
Total ISF Funds	9,106	0	9,106

Other County Funds Departments

Majestic Pines \$ 0 \$ 0 \$ 0

Debt Service Funds Departments

Pension Obligation Bonds \$ 1,828 \$ (1,828) \$ 0

Total General Revenues & Finance Other

\$ 73,262 \$ 18,119 \$ 91,381

**FY 2009-2010 3rd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY09-10 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 8,104	\$ 8,104
Health and Human Services Agency	20,000	9,066	29,066
Land Use and Environment	89	19,315	19,404
Community Services	3,250	7,437	10,687
Finance & General Government	3,629	47,202	50,831
Agency/Group Totals	\$ 26,968	\$ 91,124	\$ 118,092
General Revenues	0	19,805	19,805
General County Expenses	0	42,470	42,470
Contingency Reserve	20,000	0	20,000
Total Gen'l. Revs & Gen'l. County Exp.	\$ 20,000	\$ 62,275	\$ 82,275
Total General Fund	\$ 46,968	\$ 153,399	\$ 200,367

**Fiscal Year 2009-10 3rd Quarter
Completed Capital Projects**

Oracle Project Number	Account	Project Name	Total Appropriations	Amount Capitalized	Amount Canceled
** Capital Outlay Fund (Fund 26000 Org 73050) **					
1013478*	54068	SLR Bonsall Land Project	2,103,500.00	2,103,500.00	-
1010184	54769	Lakeside Linkage Habitat Enhancement	120,800.00	117,684.46	3,115.54
1005338	54457	KN7915 Rancho Guajome Adobe Restoration	1,889,085.00	1,889,034.05	50.95
1011441	54815	Fire Erosion Control El Capitan	67,500.00	67,500.00	-
1000263	54635	KK3458 Bonita History Museum	1,275,000.00	1,274,523.15	476.85
1005991	54722	KN5491 Fallbrook Community Center Interior Remodel Design	355,435.00	326,030.48	29,404.52
1000232	54509	KN8045 Oakoasis log House Restoration	265,000.00	265,000.00	-
1010592	54785	Stelzer Well Replacement	250,000.00	250,000.00	-
1000213	54580	KN9032 Collier Park Facility Design	117,954.00	117,954.00	-
1011472	54807	Julian Jess Martin Paving Improvements	112,800.00	111,026.63	1,773.37
1011450	54804	Fallbrook Community Center Playground Shade Structures	135,000.00	127,577.14	7,422.86
1011454	54805	Ramona Collier Park Playground Shade Structures	180,000.00	141,772.02	38,227.98
1011462	54806	Spring Valley Community Park ADA Perimeter Path	200,000.00	188,389.18	11,610.82
1012118	54834	Campo Community Center	210,000.00	188,526.36	21,473.64
1000068	54601	KK1953 Valley Center Museum	255,000.00	244,358.26	10,641.74
1000218	54529	KK6100 Underground Fuel Storage Tank Replacement	3,177,532.00	3,160,170.11	17,361.89
1011719	54819	Clemmens Lane Park Design*	807,000.00	757,283.23	49,716.77
1000196	54603	Aqual Caliente Campground	1,245,768.14	1,245,768.14	-
1004980	54668	Potrero Park Playground	354,211.77	354,211.77	-
1010593	54786	Heise Well Replacement	196,016.07	196,016.07	-
TOTAL			13,317,601.98	13,126,325.05	191,276.93
** County Health Complex (Fund 26025 Org 73600) **					
1012284	54847	North Central Public Health Clinic	15,495,000.00	15,333,592.19	161,407.81
TOTAL			15,495,000.00	15,333,592.19	161,407.81
** Justice Facility Construction Fund (Fund 26050 Org 74150) **					
1000167	54335	KK4901 Downtown Courthouse Remodel	2,158,514.00	2,095,488.52	63,025.48
1005348	54050	KA5485 Rancho San Diego Sheriff Station Land Acquisition	2,096,554.50	2,096,554.50	-
1000085	54628	KK2994 Sheriff Crime Lab Remodel	2,596,618.00	2,588,696.49	7,921.51
TOTAL			6,851,686.50	6,780,739.51	70,946.99
** Library Projects Capital Outlay Fund (Fund 26075 Org 74700) **					
1000109	54120	KA2987 Ramona Senior Center Predevelopment/Acquisition	2,904,394.83	2,904,394.83	-
TOTAL			2,904,394.83	2,904,394.83	-
TOTAL FOR CAPITAL PROJECTS			38,568,683.31	38,145,051.58	423,631.73

This attachment represents a listing of 25 capital projects that are anticipated to be completed and capitalized at the end of Fiscal Year 2009-10. See recommendations 46-48 of the Fiscal Year 2009-10 3rd Quarter Status Report.

* Project has already been capitalized.

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
FY 2009 -10 3rd QUARTER

GENERAL NOTES

Projected Fund Balance

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

Contingency Reserve and Management Reserves

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

Variance Reporting

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

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

PUBLIC SAFETY GROUP (PSG)

General Fund

Child Support Services

A net positive variance of \$0.4 million is projected for the Department of Child Support Services.

A net positive expenditure variance of \$3.5 million is projected. A positive variance of \$2.3 million is projected in salaries and benefits due to delays in hiring to fill current vacancies and a positive \$1.2 million variance in services and supplies as a result of business process reengineering efforts, reduced purchases in information technology, and reductions in expenditures due to decreased staffing.

A net negative revenue variance of \$3.1 million is projected due to a decrease in reimbursable expenditures and a projected decline in public assistance child support collections.

Contributions for Trial Courts

No net variance is projected for the Contributions for Trial Courts.

A net positive expenditure variance of \$1.5 million is projected. This is comprised of a net negative variance of \$0.5 million in services and supplies of which \$0.2 million is in utilities and \$0.3 million is due to increased Facility Management costs. This is offset by a projected positive variance of \$2.0 million in other charges, to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court Funding.

A negative revenue variance of \$1.5 million is projected. This is comprised of a negative variance of \$0.7 million in fines, forfeitures & penalties to recognize the anticipated levels of revenues to be received and a \$0.8 million decrease in charges for current services. The decrease in the charges for current services is comprised of \$0.6 million in Traffic School Fines and Other Court Costs and a reduction of \$0.2 million in recording fees. The lingering effects of the economic recession are still being endured by state and local governments. This has contributed to the decline of revenues allocated to the County to support statutory Contributions to Trial Courts.

District Attorney

A net positive variance of \$5.2 million is projected for the District Attorney's Office.

A net positive variance of \$4.5 million is projected for total expenditures. This positive variance is primarily due to projected savings in salaries and benefits of \$4.9 million due to vacancies created through normal attrition and savings from modified positions. A negative expenditure variance of \$0.4 million is projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A net positive revenue variance of \$0.7 million is attributable to the one-time increase for the Automobile Insurance Fraud Program of \$0.6 million, a one-time increase for the Southwest Border Prosecution Initiative of \$0.5 million, a one-time increase for the Jurisdictions Unified for Drug Gang Enforcement (JUDGE) of \$0.5 million, a one-time increase for the State Urban Grant Auto Fraud Program of \$0.4 million, a one-time increase for the Worker's Compensation Insurance Fraud Program of \$0.2 million and a one-time increase in miscellaneous revenues of \$0.3 million. These are offset by negative revenue variances that include a reduction in State Grants of \$1.0 million (High Technology Prosecution Program \$0.8 million, Vertical Prosecution Block Grant \$0.2 million), a reduction of \$0.5 million due to the transfer of U.S. Department of Justice,

Bureau of Justice Assistance Project Safe Neighborhoods program contracts to the San Diego Association of Governments and a reduction of the Citizen's Option For Public Safety (COPS) program of \$0.3 million.

Office of Emergency Services

A net positive variance of \$0.4 million is projected for the Office of Emergency Services.

A net positive expenditure variance of \$3.8 million represents grant supported activities and expenditures that will carry over to next fiscal year.

A net negative revenue variance of \$3.4 million is projected. These projected shortfalls are mitigated by the expenditure variances shown above. The Buffer Zone Protection program is projected to be \$0.4 million under budget and the Homeland Security program is projected to be \$3.1 million under budget. There is a positive variance of \$0.1 million projected for Emergency Management Performance Grant program revenue due to additional grant money that has been received for emergency preparedness programs.

Probation

A net negative variance of \$5.1 million is projected for the Probation Department. The mitigation for the \$5.1 million projected shortfall includes a combination of achieving current year expenditure savings and the use of fund balance.

A net positive expenditure variance of \$2.5 million is projected. This is comprised of a \$2.3 million positive variance in salaries and benefits associated with vacant positions and decreased overtime. A \$1.8 million positive variance in services and supplies is projected from efforts to reduce overall expenditures. A negative variance of \$1.6 million in other charges is due to increased Foster Care costs and court ordered increased rates for group home placement, which will be mitigated from a transfer of funds realized from savings in services and supplies.

A net negative revenue variance of \$7.6 million is projected. A negative variance of \$3.0 million is projected in Proposition 172 revenue (see explanation in the Proposition 172 section below). Also, funding for certain public safety programs was shifted from State general funds to a vehicle license fee increment in Fiscal Year 2009-10. Due to a shortfall in vehicle license fee receipts for the first three quarters, a negative variance of \$4.1 million is projected in the Juvenile Justice Crime Prevention Act program (\$2.5 million) and the Juvenile Probation Programs and Camps Funding (\$1.6 million). In addition, Title IV-E revenue is projected to be \$1.0 million under budget due to less staff time claimed to this activity. These funds support multiple programs and staff will be provided continuing training to increase Title IV-E revenue reimbursement for qualified project costs. Funds for SB618, the Prisoner Reentry Program, are projected to be \$1.1 million under budget due to revised allocations. Furthermore, Cost of Supervision (\$0.4

million) and Work Crew Revenues (\$0.4 million) are projected to be under-realized, primarily due to the economic situation. The Youthful Offender Block Grant is projected to be \$1.5 million over budget due to revised allocations. An additional \$0.9 million will be over-realized in various other revenue sources, such as ARRA for Targeted Case Management and Foster Care.

Public Defender

A net positive variance of \$2.1 million is projected for the Public Defender.

A positive expenditure variance of \$2.5 million is projected. A \$2.2 million savings in salaries and benefits is projected due to staff turnover and vacant positions. There is a positive variance of \$0.3 million projected in services and supplies which represents positive variances for conflict defense costs and negative variances for ancillary expenses such as payment to expert witnesses.

A net negative revenue variance of \$0.4 million is projected. A negative variance of \$0.6 million in Court Appointed Attorney fee collections is projected due to an overall decline in collections resulting from the current economic situation, offset by an unanticipated \$0.2 million in SB90 reimbursement revenue for representation of Sexually Violent Predators.

Public Safety Group Executive Office

A net negative variance of \$2.2 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$1.7 million is projected due to \$1.6 million in anticipated savings in special departmental expense for one time moving expenses and major maintenance costs, and savings of \$0.1 million in salaries and benefits due to vacant positions.

A net negative revenue variance of \$3.9 million is projected due to a negative variance of \$13.9 million in operating transfers out which represents a portion of under-realized Proposition 172 revenue throughout the Public Safety Group. The shortfall in this revenue and the planned mitigation is explained in the Proposition 172 section below. A portion of this shortfall is offset with the use of \$9.0 million of Public Safety's Group fund balance. A recommendation for this action is included in the 3rd Quarter Operational Plan Status Report. Other revenue variances in the Executive Office include a positive revenue variance of \$1.0 million due to additional revenues in rents and concessions representing lease revenue for county owned facilities.

Sheriff

The Sheriff's Department projects a net positive variance of \$6.7 million.

An overall positive expenditure variance of \$16.3 million is projected. Salaries and benefits are projected to be \$15.3 million under budget due to a substantial reduction in overtime and salary savings as a result of 21 vacant sworn staff positions and 38 vacant professional staff positions. This projection includes expected new hires of eight sworn staff from forthcoming academies, 20 professional staff, and 24 retirements/departures, for a net increase of four staff by the end of the fiscal year. A net positive expenditure variance of \$1.0 million is projected in services and supplies primarily due to savings in automotive fuel and software maintenance, which is offset by increased expenditures in equipment and vehicle maintenance.

A net negative revenue variance of \$9.6 million is projected. A negative variance of \$9.0 million is projected in Operating Transfer from the Proposition 172 Fund due to a projected shortfall in Proposition 172 revenue. Due to the shortfall in vehicle license fee receipts for the third quarter, a negative variance of \$0.8 million is projected in Local Detention Facility Revenue (Booking Fees), as well as a negative variance of \$1.0 million in COPS Program AB 3229 (Brulte). A negative variance of \$0.5 million is projected in Contract City Revenue due to reduced law enforcement services for contract cities. A positive variance of \$0.6 million is projected in State Criminal Alien Assistance Program (SCAAP) due to increased efforts to identify and verify undocumented criminal aliens for which incarceration costs can be claimed. A positive variance for \$0.4 million is projected in recovered expenditures, due to revenue from bullet shell recycle and helicopter services provided to the State. A positive variance for \$0.4 million is projected due to unanticipated SB90 reimbursement revenue received this year. There is an additional positive variance of \$0.3 million in various other miscellaneous revenue accounts.

Special Revenue Funds

Proposition 172

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

The Proposition 172 Special Revenue Fund finished Fiscal Year 2008-09 with no balance in the fund. Actual realized revenues for Fiscal Year 2008-09 were \$40.3 million less than the Adopted Operational Plan amount. In Fiscal Year 2009-10, the lingering effects of the severe nationwide economic recession are resulting in reduced consumer spending and reduced sales tax revenues which are the basis for Proposition 172 receipts. As a result, current year revenues are projected to be \$25.9 million under budget. Expenditures from the Special Revenue Fund will be capped to match anticipated revenues and are therefore projected to be \$25.9 million under budget for no net variance in the fund. Three public safety departments receive Proposition 172 revenues, the Sheriff, District Attorney and the Probation Department. The mitigation for the \$25.9 million projected shortfall includes current year projected operational savings and the requested appropriation of fund balance. The Third Quarter

Operational Plan Status Report includes a request to replace \$9.0 million of Proposition 172 revenues as a funding source in the Sheriff's Department with Public Safety Group fund balance to sustain current service levels in public safety.

Sheriff's Inmate Welfare Fund

A net positive variance of \$1.4 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$1.1 million includes projected savings of \$1.0 million in fixed assets for planned expenditures that did not occur and \$0.1 million in various services and supplies accounts. A portion of the fixed assets will be rebudgeted in Fiscal Year 2010-11.

A positive revenue variance of \$0.3 million is due to an unanticipated \$0.5 million for recovered expenditures from a reimbursement from the Grossmont Union High School District for overpayment of contracted educational services offset by a \$0.2 million projected shortfall in interest earnings.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

HHSA is projecting an overall positive fund balance of \$29.1 million. The economy continues to have an adverse impact on revenues even as caseloads and service demands escalate. Realignment projections have improved a bit from 2nd quarter estimates; however, they continue to be down from the prior year and HHSA is projecting a shortfall of \$15.3 million from budget. Realignment revenues consist of Sales Tax and Vehicle License Fees (VLF). Current projections reflect that Sales Tax could be down by 6.8% and VLF down by 6.0% statewide by year-end. The Agency is managing these financial and caseload challenges by executing a multi-phase "Economic Reality Plan" which holds positions vacant, and brings spending into alignment with available funding for Fiscal Year 2009-10 and to prepare for the Fiscal Year 2010-11 Operational Plan. The Agency has developed Phase II of the plan that focuses on consolidation, outsourcing, reengineering, revenue solutions and elimination of programs that are not mandated, core functions. Pursuant to Board direction, the County has relinquished contractual responsibility for the non-mandated State Child Care Stage 2 and Stage 3 programs which reverted to the State effective January, 2010. Recipients of these programs will continue to receive services through new and/or existing service providers who contract with the state.

Administrative Support

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

A net positive variance of \$26.6 million is projected for Administrative Support. The variance is the result of \$35.0 million in expenditure savings and \$8.4 million in projected under-realized revenues.

The \$35.0 million expenditure savings includes \$0.7 million in salaries and benefits due to vacant positions, \$14.3 million in services and supplies and \$20.0 million in anticipated year-end management reserves. The \$14.3 million savings in services and supplies is comprised of \$7.4 million for bio-terrorism emergency appropriation savings associated with unsecuritized tobacco, \$5.0 million of appropriation savings associated with a glide slope reserve, \$1.4 million of Innovation Fund projects that will not be spent this year (and have not been rebudgeted in the Fiscal Year 2010-11 CAO Proposed Operational Plan) and \$0.5 million savings in various miscellaneous services and supplies accounts.

The \$8.4 million under-realized revenue includes \$7.4 million of unsecuritized tobacco settlement revenue, \$0.6 million of Realignment revenue and \$0.4 million of miscellaneous revenues.

Aging and Independence Services

A net positive variance of \$0.7 million is projected for Aging & Independence Services. The variance is the result of \$28.1 million in expenditure savings and \$27.4 million in projected under-realized revenues.

The \$28.1 million expenditure savings include \$1.4 million in salaries and benefits due to vacant positions, \$25.0 million in services and supplies, \$0.2 million in capital assets equipment that are no longer needed and \$1.5 million in operating transfers. The \$25.0 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 \$1.5 million in operating transfers out to the IHSS-Public Authority is related to health benefits costs being less than budgeted.

The \$27.4 million in under-realized revenue is mainly the result of lower projected expenditures in IHSS and decreased funding from the State including \$2.3 million in Realignment revenue.

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.

No net variance is projected for Behavioral Health Services.

The \$47.1 million in expenditure savings includes \$4.3 million in salaries and benefits throughout Behavioral Health due to vacant positions and \$43.1 million in services and supplies offset by a \$0.3 million over-expenditure in other charges primarily associated with an increase in fees for service for support and hospital care. The \$43.1 million of savings in services and supplies includes \$27.4 million in un-awarded and delayed Mental Health Services Act (MHSA) contracts, a \$10.4 million reduction in Alcohol and Drug Services contracts to align expenditures with reductions in State Proposition 36 and other various allocations, \$1.8 million in Early Periodic Screening, Diagnosis and Treatment/Medi-Cal services due to lower service levels than projected and \$3.5 million as a result of efforts to reduce spending in numerous programs to align expenditures with anticipated revenue levels.

The \$47.1 million in under-realized revenues is primarily associated with the expenditure savings in MHSA services including \$5.2 million in Realignment due to a lower match requirement for the reduced program expenditures as detailed above.

County Child Welfare Services

No net variance is projected for County Child Welfare Services (CCWS).

The \$17.6 million in expenditure savings includes \$0.9 million in salaries and benefits due to vacant positions, \$0.2 million in services and supplies due to contract savings and a reduction in Transitional Housing Program Plus (THP+) and \$16.5 million in aid payments for Severely Emotionally Disturbed (SED), Foster Care and KinGap based on revised estimates of caseload levels, growth trends, and unit cost per case.

The \$17.6 million in under-realized revenues is associated with the expenditure savings. There is \$5.1 million in Social Services Realignment which is used to partially cover the local match requirements for assistance payments. Since there is a \$16.5 million projected savings in assistance payments, the match is not required and is reflected as under-realized Realignment revenue which helps mitigate the overall Realignment shortfall the Agency is experiencing.

Public Health Services

A net positive variance of \$0.4 million is projected for Public Health Services. This is a result of a net expenditure savings of \$5.2 million offset by \$4.8 million in under-realized revenues.

The \$5.2 million in expenditure savings includes \$1.9 million in salaries and benefits due to vacant positions and \$4.2 million in services and supplies offset by a requirement for an additional \$0.9 million in support and care costs in the California Children's Services (CCS) program. The \$4.2 million of savings in services and supplies is primarily associated with under spending of the H1N1 allocation, reduction in HIV

contracts due to State funding reductions and the gradual implementation of the Economic Reality Plan phase II.

The \$4.8 million in under-realized revenue is the result of a \$6.7 million decrease in CCS, HIV testing and reduced spending of H1N1 funding. This includes \$1.1 million in reduced Realignment revenue due to a lower match requirement for these programs. This amount is offset by a \$1.9 million in increased revenues for Tuberculosis Control, Ryan White Care Act, Refugee Cash Assistance and Medi-Cal Administrative Activities/Targeted Case Management.

Regional Operations

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

A net positive variance of \$1.4 million is projected for Regional Operations. The variance is the result of \$27.3 million in expenditure savings and \$25.9 million in under-realized revenues.

The \$27.3 million in expenditure savings includes \$8.8 million in salaries and benefits due to vacant positions and savings associated with the return of Childcare Stage 2 and 3 programs to the State, \$3.6 million in services and supplies which consists of \$1.8 million in Community Action Partnership due the slow start up of contracts associated with a new ARRA grant and another \$1.8 million throughout Regional Operations in an effort to reduce spending to align with available revenue. In addition there is \$14.9 million savings in Other Charges primarily due to the return of Child Care Stage 2 and 3 to the State (\$18.9 million), offset by projected over-spending in CalWORKs assistance payments ((\$1.6 million) and Welfare to Work participant benefits (\$2.4 million).

The \$25.9 million in under-realized revenue includes \$1.0 million of Realignment and the remaining is associated with the decrease of expenditures, of which a significant amount is for Child Care Stage 2 and 3.

Strategic Planning and Operational Support

No net variance is projected for Strategic Planning and Operational Support.

The \$0.3 million savings in services and supplies is due to \$1.0 million in Health Care Policy Administration (HCPA) service cost increases, offset by \$1.3 million savings in SPOS administrative costs.

The \$0.3 million in under-realized revenues is associated with a decrease of \$2.4 million for the Coverage Initiative, \$2.1 million due to State funding cuts and \$0.7 million in cuts

in various other revenues, offset by an increase of \$4.9 million in third party reimbursements for Health Care Policy Administration.

Special Revenue Funds

Tobacco Securitization Fund

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

LAND USE AND ENVIRONMENT GROUP (LUEG)

General Fund

Agriculture, Weights & Measures

A net positive variance of \$1.8 million is projected for the Department of Agriculture, Weights and Measures. This projection assumes rebudgets of one-time only Fiscal Year 2009-10 funding of \$0.9 million for the Business Case Management System (BCMS), \$0.4 million for the purchase of spray rig vehicles and equipment and \$0.1 million for the completion of a Stormwater outreach project.

There is a \$0.6 million positive expenditure variance. Projected savings of \$0.4 million in salaries and benefits is due to vacancies. A \$0.2 million positive variance in services and supplies is due to delays in completing a Stormwater outreach web-based kiosk system and the deferred purchase of vehicles, which will be rebudgeted in Fiscal Year 2010-11 as described above.

A positive revenue variance \$1.2 million is due to unanticipated funding of \$0.4 million in the Pest Detection State contract and \$0.8 million in Unclaimed Gas Tax (UGT) state subvention in intergovernmental revenues. UGT is a reimbursement from the State that partially offsets local agricultural programs. The additional UGT is mainly due to recent legislative changes that increased the County's funding for eligible costs. Approximately \$0.9 million of this over-realized revenue will be rebudgeted in Fiscal Year 2010-11 to fund the BCMS mobile wireless upgrade and essential management reports as described above.

Environmental Health

A net positive variance of \$6.8 million is projected for the Department of Environmental Health.

A favorable expenditure variance of \$8.6 million is projected. Savings of \$1.9 million in salaries and benefits is due to on-going vacancies and under-filling of positions.

Savings of \$6.7 million in services and supplies is due to delays in implementation of BCMS (\$3.9 million), delays in completion of one-time IT projects (\$1.3 million) and delays in program activities related to a shortfall in revenue in Household Hazardous Waste events, Green Business education and outreach and Homeland Security exercises (\$0.9 million), as described below.

A net negative revenue variance of \$1.8 million is projected. This variance consists of a shortfall of \$1.0 million in Intergovernmental Revenues primarily associated with projects related to implementation of Homeland Security Grant activities, Urban Area Security Initiative, Household Hazardous Waste collection events and Green Business education and outreach. These projects span several fiscal years and will be rebudgeted in Fiscal Year 2010-11. A shortfall of \$0.8 million in revenue from the Vector Control Trust Fund is due to salaries and benefits savings in the Vector Control program. Revenue is only drawn from the Vector Trust Fund for actual costs incurred.

Land Use and Environment Group – Executive Office

A positive variance of \$0.8 million is projected for the LUEG Executive Office due to higher than anticipated reimbursement of overhead costs from non-general fund departments (\$0.6 million) and savings in services and supplies (\$0.2 million) due to delays in IT projects.

Parks and Recreation

A \$1.2 million net variance is projected for the Department of Parks and Recreation.

A positive expenditure variance of \$1.2 million is due to savings in both salaries and benefits and services and supplies offset by a reduction in expenditure transfers and reimbursements. The \$0.2 million positive variance in salaries and benefits is due to vacant and under-filled positions offset by temporary help to maintain park recreation and operational needs. The \$1.1 million savings in services and supplies is due to delays in professional services mostly for park operational needs and information technology services, and for the purchase of electric vehicles and equipment to reduce the overall cost of park operations and gasoline usage. The delay will require the funds to be rebudgeted in Fiscal Year 2010-11. The \$0.1 million negative variance for expenditure transfers and reimbursements is due to a shortfall in reimbursements for after school programs.

Planning and Land Use

A net positive variance of \$0.5 million is projected for the Department of Planning and Land Use.

A net positive expenditure variance of \$9.3 million is projected. A savings of \$8.7 million is spread over various accounts but is primarily concentrated in consultant contracts for the Hazardous Fuels Reduction program and the Energy Efficiency and

Conservation Block Grant. These items are revenue offset and will be rebudgeted in Fiscal Year 2010-11. The remaining \$0.6 million of savings is for delayed purchases of grant-funded fire apparatus, which is also revenue offset and will be rebudgeted.

A net negative revenue variance of \$8.8 million is primarily due to the \$8.7 million expenditure savings in contracted services discussed above. The remaining \$0.1 million shortfall is spread over various other miscellaneous accounts.

Public Works

A net positive variance of \$8.3 million is projected in the Public Works General Fund.

A positive variance of \$9.5 million in expenditures is projected. Savings of \$0.2 million in salaries and benefits is due to vacant & under-filled positions in SanGIS. Savings of \$9.3 million in services and supplies is mainly due to delays for projects that will be rebudgeted in Fiscal Year 2010-11. This includes \$6.0 million for the Woodside Avenue Drainage FEMA Match, \$0.5 million for the Watershed Protection Program, \$0.1 million related to the Sweetwater & Valley Center Community projects, \$1.0 million for Debris Removal, \$1.4 million for the Business Case Management System and \$0.3 million for the Indian Rail Trail grant match.

A negative revenue variance of \$1.2 million is projected. This variance, in intergovernmental revenue, consists of \$1.0 million for Firestorm 2007 debris removal that was rebudgeted, as noted above and a \$0.2 million reduction in Aid from Joint Powers Agreement for vacant and under-filled positions in SanGIS.

Special Revenue

Park Land Dedication Ordinance

A positive variance of \$0.7 million is projected for all Park Land Dedication Ordinance funds combined. The variance is due to \$0.6 million in unanticipated revenue for park land dedication fees and \$0.1 million in projected interest earnings based on current fund balances.

Public Works

Road Fund

A net positive variance of \$17.4 million is projected for the Road Fund.

A positive expenditure variance of \$26.2 million is projected. Projected savings of \$3.1 million in salaries and benefits is due to positions held vacant in Land Development and other Road Fund programs as a result of decreased funding caused by the economic downturn. The savings of \$21.6 million projected in services and supplies is the result of cancellations of remaining encumbrances for completed projects (\$1.0 million),

reduced use of consultant work (\$4.8 million), project deferrals due to the delay of Prop 42 and Prop 1B funding (\$7.3 million), construction bid savings (\$6.9 million) and combined savings in various other expenditure accounts (\$1.6 million). Projected savings of \$1.5 million in other charges is due to the cancellation of right-of-way (ROW) acquisitions for several Detailed Work Program projects funded by Prop 42 and the cancellation of encumbrances for completed projects.

A net negative variance of \$8.7 million is projected in revenue. A projected shortfall of \$7.7 million in TransNet funding is primarily due to construction bid savings for the South Santa Fe Avenue North project (\$6.6 million) as well as from projects that are complete (\$0.5 million) or near completion and under-budget (\$0.6 million). Interest earnings are projected to be under-budget by \$0.2 million based on recent interest trends. Charges for current services are projected to be under-realized by \$2.2 million due to a projected \$1.3 million decrease in Transportation Impact Fee projects and a \$2.0 million decrease in service to property owners' revenue due to slowing of new construction offset by a projected \$1.1 million in over-realized revenue for work provided to other funds. The shortfalls are offset by a positive variance of \$1.2 million in intergovernmental revenue that includes \$2.6 million in over-realized revenue for Prop 42 (\$0.5 million), Highway Users Tax (\$1.2 million), state construction and state match funding for projects (\$0.3 million), federal reimbursement for 2005 winter storm damage (\$0.1 million), unanticipated revenue in Department of Transportation ROW rental income (\$0.2 million) and unanticipated reimbursement from various other State and federal funding sources (\$0.3 million) offset by a shortfall of \$1.4 million that includes a Federal Highway Administration funding decrease of \$1.1 million due to the delay of project approvals by funding agencies and \$0.3 million in State and other government aid due to changes in funding sources for various projects and delays in approval of projects. There are also positive variances of \$0.1 million in licenses, permits and franchises due to unanticipated revenue from AT&T for the Light Speed project and \$0.1 million in miscellaneous revenue due to sale of environmental mitigation credits.

Inactive Waste

A net positive variance of \$0.2 million is projected for Inactive Waste.

A positive expenditure variance of \$2.7 million is projected. Savings of \$0.2 million in salaries and benefits is due to the retirement of a LUEG Program Manager, deletion of the position and consolidation of management as well as reduced hours of work for Recycling staff. Savings of \$2.5 million in services and supplies consists of \$1.8 million due to reductions in the Groundwater, Stormwater, and Gas contract scope as well as a re-evaluation of needs, including Capital Improvement Projects in the landfill management program, \$0.5 million due to reductions in grant contract expenditures in the recycling program and \$0.2 million due to lower than anticipated operating costs Hillsborough Maintenance and Duck Pond Cleanup.

A negative revenue variance of \$2.5 million is projected. This is comprised of \$1.2 million in decreased contributions from the Environmental Trust Fund due to the reduced expenditures noted above, \$0.2 million less in revenue from the use of money and property due to vacant properties, \$0.5 million in reduced grant funding for Alpine II and Jacumba capital improvement projects and \$0.1 million in reduced revenue from San Marcos Landfill cogeneration sales in the landfill management program. In addition there is a negative variance of \$0.5 million in grant revenue for the recycling program due to the reduction in State funding and associated with the expenditure savings noted above.

Internal Service Funds

Public Works

A net positive variance of \$3.0 million is projected in the Public Works Equipment Acquisition ISF.

A positive expenditure variance of \$3.7 million is projected due to a reduction in the purchase of vehicles (\$2.9 million) and a reduction in the total number of vehicles in the ISF that will result in reduced fuel (\$0.5 million) and depreciation costs (\$0.3 million).

A negative revenue variance of \$0.7 million is projected due to \$0.9 million in decreased interest earnings offset by \$0.2 million in over-realized revenue from a grant with the Barona Indian Tribe for a street sweeper and the sale of equipment.

Enterprise Funds

Airports

A net favorable variance of \$1.0 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$4.6 million is projected. Salaries and benefits savings of \$0.2 million is projected due to vacancies and a decrease in cash overtime. Savings of \$0.8 million in services and supplies is projected due to lower than anticipated expenditures for major maintenance and consultant and contracted road services. A \$1.4 million decrease in other charges is projected due to decreased depreciation expense for projects in progress that are not expected to be capitalized this fiscal year. Capital asset savings of \$2.2 million is projected due to decreased work on capital projects that will not receive full grant funding this fiscal year (Cajon Air Center, \$0.3 million; Fallbrook Airpark RSA, \$0.4 million; Gillespie Field Runway/Taxiway Lighting and Signage, \$0.3 million; Palomar Airport Northside Ramp Phase II, \$0.5 million; Ramona Airport Slurry Seal, \$0.1 million; Gillespie Field Taxiway Alpha/Bravo \$0.5 million; Borrego Airport Runway Protection Zone, \$0.1 million).

A negative revenue variance of \$3.6 million is projected. A projected decrease of \$0.9 million in revenue from use of money and property is due to lower than anticipated rents and leases revenue. This is the result of equity lease payment revenue that was budgeted in Fiscal Year 2009-10, but was recognized in Fiscal year 2008-09 due to changes in revenue recognition and rent credits at Palomar Airport while it has been closed for runway rehabilitation. Intergovernmental revenue is projected to be under-realized by \$2.8 million due to suspended State Aid funding (\$0.2 million), a decrease in anticipated Federal Aviation Administration grants for capital projects (\$2.0 million) and a decrease in Federal ARRA FAA revenue (\$0.6 million) due to decreased costs for the ARRA project. There is an additional \$0.1 million in unanticipated revenue for Passenger Facility Charges, a new fee not previously budgeted.

Liquid Waste

A net positive variance of \$0.3 million is projected in the Wastewater Management Enterprise Fund.

A net positive expenditure variance of \$0.8 million includes \$0.5 million in salaries and benefits due to vacant, frozen and under-filled positions and a \$0.3 million positive variance in services and supplies due to savings in major maintenance on facilities, scheduled vehicle usage, Information Technology and professional services.

A negative variance of \$0.5 million in revenue is projected due to less work provided to special district projects.

Special District Funds

Air Pollution Control District

A net positive variance of \$3.3 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$14.3 million is projected. This includes salaries and benefits savings of \$1.0 million due to vacancies and a \$13.3 million positive variance in the incentive program due to State budget constraints and delays in releasing the funds.

A net negative revenue variance of \$11.0 million is projected. There is \$10.6 million under-realized revenue in incentive program funds as mentioned above. The remaining \$0.4 million negative revenue variance is due to shortfalls of \$0.4 million in license fees resulting from decreases in permit applications and permit renewals and \$0.6 million in Federal ARRA funds resulting from delays in completion of projects, offset by over-realized revenue of \$0.5 million in fines due to unanticipated case settlements and \$0.1 million in excess interest earnings based on current fund balances.

Planning and Land Use

Planning and Land Use – CSAs

A positive variance of \$0.3 million is projected for the County Service Area special districts.

A positive expenditure variance of \$0.3 million includes savings of \$0.1 million in services and supplies due to a decreased need for consultant services and \$0.2 million savings in capital assets and equipment due to a reduction in major maintenance projects. The maintenance projects have been delayed and will be included in the Fiscal Year 2010-12 CAO Proposed Operational Plan.

Public Works

Sanitation Districts

A net positive variance of \$0.5 million is projected in the Sanitation Districts.

A positive variance of \$2.5 million is projected in services and supplies due to a decreased need for consultant services, a reduction in major maintenance projects and an adjustment in current year costs for water transportation based on an audit of the Metropolitan Sewage Transportation System.

A negative revenue variance of \$2.0 million is projected due to \$1.2 million in reduced interest on deposits due to a decrease in the earnings rate and a reduction in the amount invested and as well as a \$0.8 million reduction in services provided to other governments.

COMMUNITY SERVICES GROUP (CSG)

General Fund

Animal Services

A net positive variance of \$0.4 million is projected for the Department of Animal Services.

A positive expenditure variance of \$0.2 million is projected. This includes projected savings of \$0.3 million in salaries and benefits as a result of turnover and vacancies, offset by a negative variance of \$0.1 million in services and supplies due to major maintenance cost increases and increased usage of medical and laboratory supplies.

A positive revenue variance of \$0.2 million is projected due to unanticipated increases in animal license fees, contract revenue and other miscellaneous revenues.

Community Services Group Executive Office

A net positive variance of \$3.7 million is projected for the Community Services Group Executive Office. This is due to anticipated savings of \$0.1 million in salaries and benefits as a result of a staff vacancy, \$0.3 million in miscellaneous services and supplies accounts and a projected year-end balance of \$3.3 million in management reserves, which are held in the Group Executive Office for departments' operating contingencies during the year.

Housing and Community Development

A net positive variance of \$0.3 million is projected for Housing and Community Development.

A positive expenditure variance of \$0.9 million includes projected savings of \$0.4 million in salaries and benefits and \$0.6 million in services and supplies offset by a \$0.1 million negative variance in cost reimbursement from other agencies. The \$0.4 million variance in salaries and benefits is due to vacancies from employee turnover and normal delays in recruiting and hiring. The \$0.6 million variance in services and supplies includes savings of \$0.3 million related to program administration costs for projects that are being funded by the American Recovery and Reinvestment Act (ARRA) of 2009 that will not be completed this year and will be rebudgeted next fiscal year. The remaining savings of \$0.3 million is due to lower fuel usage and savings in other various accounts. The \$0.1 million negative expenditure variance in cost reimbursement from other agencies is due to fewer Mental Health & Substance Abuse program referrals from HHSA.

A negative revenue variance of \$0.6 million is projected. The under-realized revenue is due to revenue offset for the vacant positions noted above and a one-time grant administration cost allocation that is not anticipated to be utilized this year due to delays in projects.

Registrar of Voters

A net positive variance of \$6.3 million is projected for the Registrar of Voters.

A positive variance of \$5.5 million in expenditures is projected, primarily due to the execution of a contract settlement agreement, which will release \$5.2 million in encumbrances and result in an additional \$0.2 million in savings due to the postponing of the purchase of ADA voting booths.

A positive revenue variance of \$0.8 million is projected. The County will have net over-realized revenues of \$0.9 million from the contract settlement agreement and an additional \$0.1 million in charges for current services for special elections conducted year to date. This is offset by \$0.2 million in budgeted Help America Vote Act (HAVA)

grant revenue which will not be realized this fiscal year due to the postponing of the purchase of ADA voting booths noted above.

Special Revenue Funds

County Library

A net positive variance of \$1.7 million is projected for the Library.

A positive expenditure variance of \$4.3 million is projected. Savings of \$0.8 million is projected in salaries and benefits due to current and planned vacancies. Savings of \$2.0 million is projected in services and supplies due to lower than expected library material purchases (\$0.4 million), less than anticipated augmentation to library minor equipment that is based on donations (\$0.6 million), less than anticipated Information Technology Internal Service Fund expenses due to the reduction in workstations and other technology expenditures (\$0.6 million) and savings in interdepartmental expenses and program costs (\$0.4 million) as part of the plan to reduce expenditures to match anticipated subsequent year resources. A projected year-end balance of \$1.5 million is anticipated in Management Reserves, which is held for operating contingencies that may occur during the year.

A net negative revenue variance of \$2.6 million is projected. This is due to an anticipated decrease in current year property tax revenues of \$1.4 million, a decrease of \$0.4 million in library services revenues and a projected decrease in donations of \$0.8 million.

Housing and Community Development Special Revenue Fund

No net variance is projected for the Housing and Community Development Special Revenue Fund.

The net positive expenditure variance of \$38.2 million is offset by projected under-realized revenue of \$38.2 million related to the direct cost variance. Community Development projects eligible to receive funding are budgeted in total to facilitate the multi-year project cost expenditure request process. Revenues are projected to equal expenditures as project costs budgeted are 100% revenue offset.

Internal Service Funds

Facilities Management

A net negative variance of \$0.3 million is projected for the Facilities Management ISF. The department will mitigate the projected variance with continued cost control measures and the use of fund balance.

A positive expense variance of \$2.3 million is due to projected savings of \$1.8 million in salaries and benefits primarily associated with staff vacancies, \$0.4 million in services and supplies primarily due to services that were expected to be provided to the courts and \$0.1 million in combined other charges and capital assets equipment due to less than anticipated costs associated with the acquisition of new mail sorting equipment.

A net negative revenue variance of \$2.6 million is projected. This is the result of a combined positive variance of \$0.4 million in miscellaneous revenues associated with reimbursement from SDG&E Partnership for energy project administration costs (\$0.3 million) and greater than anticipated rents and concessions (\$0.1 million). This is offset with negative variances of \$0.4 million in revenue from the State associated with facilities maintenance services that were expected to be provided to courts, \$1.1 million in charges for services that were expected to be provided to courts associated with contract services and the inability to recover costs associated with the late public liability insurance cost allocation (the insurance premium costs were allocated subsequent to DGS rate development and actuals came in higher than the estimated allocations used) and \$1.5 million in other financing sources related to operating transfers from the Major Maintenance fund for project management services due to fewer projects than originally projected.

Major Maintenance

The Major Maintenance ISF projects no net variance.

A net positive expense variance of \$21.3 million includes \$19.8 million of savings in services and supplies due to fewer new projects than originally projected and \$1.5 million of savings in operating transfers out to the Facilities Management ISF for project management services. Since costs incurred in this fund are reimbursed by operating departments, the negative revenue variance of \$21.3 million is due to the delays in new projects noted above.

Fleet Management

A net positive variance of \$2.9 million is projected for the Fleet Management Internal Service Fund.

A net positive expense variance of \$9.3 million is the result of savings of \$0.5 million in salaries and benefits due to staff vacancies, \$2.4 million in services and supplies due to less than anticipated costs for vehicle fuel, \$0.1 million in unspent reserves and \$7.1 million in vehicle purchases due to lower demand from operating departments. This is offset with an unfavorable expense variance of \$0.8 million in other charges associated with depreciation bookings being higher than anticipated.

A net negative revenue variance of \$6.4 million is projected. A negative revenue variance of \$6.5 million is projected in charges for current services which includes \$1.3

million from the Internal Service Fund, \$5.0 million from the General Fund, and \$0.2 million from Other Services to Government. This variance is due to less than anticipated fuel costs and maintenance/repair requirements by clients. The remaining negative revenue variance consists of interest earnings which are projected to be under budget by \$0.4 million based on recent interest trends, \$0.4 million due to a projected net loss on the sale of County vehicles and \$0.1 million in miscellaneous revenues associated with third party recovery for vehicle accident claims. The shortfalls are offset by a positive variance in Capital Contributions of \$1.0 million for vehicles (i.e. fire engines) that were purchased by operating departments using departmental appropriations and then transferred to Fleet for management.

Purchasing and Contracting

A negative variance of \$0.8 million is projected for the Purchasing and Contracting ISF. It is the department's intent to use Fund Balance to mitigate this shortfall.

Due to the continuing downward trend in overall spending by County departments on goods and services as well as reduced rebates and interest revenues received to date, Purchasing and Contracting is projecting a revenue shortfall of \$1.8 million. To help mitigate this shortfall, the department is implementing cost cutting measures that include not filling positions as they become vacant, reducing services and supplies expenditures and delaying special projects. As a result, a \$1.0 million favorable expenditure variance is projected that includes \$0.6 million in salary savings and \$0.4 million savings in services and supplies accounts.

Other County Funds

San Diego County Redevelopment Agency

A positive variance of \$0.7 million is projected for the Redevelopment Agency, mainly due to delayed spending in the Upper San Diego Improvement Project Area.

A positive expenditure variance of \$0.9 million is attributed primarily to delayed payments, including the payment of \$0.5 million due to the Lakeside Fire Protection District that is expected to be made in Fiscal Year 2010-11. The payment, made according to a multi-year agreement, is due on June 30, 2010 and payable within 60 days after verification that conditions of the agreement have been met. Additional projected variances are \$0.2 million for less than budgeted support for housing activities which will be available for housing opportunities in future years and \$0.1 million in miscellaneous other accounts. In addition, a positive variance in services and supplies of \$0.1 million is projected.

The negative revenue variance of \$0.2 million is due to lower than budgeted tax increment revenues.

FINANCE AND GENERAL GOVERNMENT GROUP (FGG)

General Fund

Assessor/Recorder/County Clerk

An overall net positive variance of \$0.9 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A net positive expenditure variance of \$1.2 million is projected. This is due to anticipated savings of \$1.2 million in salaries and benefits as a result of vacant positions that will remain unfilled.

A net negative revenue variance of \$0.3 million is projected. Over-realized revenues of \$2.1 million include \$1.8 million in Property Tax Administration revenue due to higher than anticipated recovery costs for the property tax program. Rents and Concessions revenue (\$0.1 million) and Property Data Information fees (\$0.2 million) are also anticipated to exceed budget due to conservative assumptions used to develop the budget. These are offset by revenue shortfalls of \$2.4 million. Projections for AB 2890 Recovered Cost revenues continue to indicate a shortfall of \$0.3 million due to reduced real estate market activity and a corresponding reduction in the level of supplemental property assessed value increases which are the primary driver of this revenue source. Projected shortfalls of \$1.9 million in revenues associated with the recorder function are also being driven by current economic conditions but are also reflective of the department's goal to reduce operational reliance on several of these revenue categories. The remaining revenue shortfall of \$0.2 million is projected in various miscellaneous revenue categories.

Auditor and Controller

An overall net positive variance of \$1.2 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$1.1 million is projected due to anticipated savings in salaries and benefits from normal staff attrition, vacant positions and the use of modified positions.

A net positive revenue variance of \$0.1 million is projected. This variance includes anticipated over-realized revenue of \$0.5 million for A-87 Cost reimbursements for Superior Court due to the courts continued utilization of County services. This is offset by anticipated shortfalls in miscellaneous revenue of \$0.3 million due to the use of cost-applied accounting to recognize reimbursement for certain collection activity and an anticipated shortfall of \$0.1 million in AB 2890 Recovered Cost revenue due to reduced real estate market activity and a corresponding reduction in the level of supplemental property assessed value increases which is the primary driver of this revenue source.

County Counsel

A net positive variance of \$1.0 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.6 million is projected primarily due to savings in salaries and benefits due to staff retirements, turnover and a delay in hiring for vacant positions.

A net positive variance of \$0.4 million in revenue is projected due to increases in workloads associated with condemnation and other Road liability matters, unanticipated advisory work generated by the consolidation of sanitary districts and in-house work in connection with a construction defect litigation matter.

Finance & General Government Group Executive Office

A net positive variance of \$45.0 million is projected for the Finance & General Government Group Executive Office.

A net positive expenditure variance of \$45.0 million is primarily comprised of \$41.3 million associated the development and implementation of the Integrated Property Tax System. The competitive selection process has begun, however, it is not anticipated that a contract will be awarded within the current fiscal year. As such, these funds have been rebudgeted in the Fiscal Year 2010-12 CAO Proposed Operational Plan. Additionally, management reserves of \$3.7 million are expected to remain unspent. These reserves were budgeted to mitigate unforeseen revenue shortfalls and other unanticipated needs.

Human Resources

A net positive variance of \$1.4 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.6 million includes projected savings in salaries and benefits of \$0.4 million due to vacant positions that will remain unfilled. The projected savings in services and supplies of \$1.2 million is due to positive claims experience associated with the County insurance policies, managing work requests for application services and lower than anticipated expenses related to the Workers' Compensation Internal Service Fund.

A negative revenue variance of \$0.2 million is due to the less than budgeted reimbursed costs from the Workers' Compensation Internal Service Fund, attributable to the expenditure savings described above.

Treasurer-Tax Collector

An overall net positive variance of \$0.6 million is projected for the Treasurer-Tax Collector.

A net positive expenditure variance of \$0.1 million is projected due to savings in salaries and benefits as a result of normal staff attrition and savings in services and supplies as a result of the department's efforts to reduce costs.

A net positive revenue variance of \$0.5 million is projected. This variance is due to anticipated under-realized AB2890 Recovered Costs revenues of \$0.6 million due to reduced real estate market activity and a corresponding reduction in the level of supplemental property assessed value increases which is the primary driver of this revenue source. This is offset by anticipated over-realized Property Tax Administration revenues of \$1.0 million for the property tax program which were conservatively budgeted and \$0.1 million of over-realized revenue in various miscellaneous revenue categories.

Information Technology Internal Service Fund

A positive variance of \$1.1 million is projected for the Information Technology Internal Service Fund. The variance is due to expenditure savings for unmet MASL's (Minimum Acceptable Service Levels) and Critical Milestones associated with the outsourcing supplier's performance including break/fix response times, Help Desk Services, Desktop Services and Application Services. These savings will be used to fund future enterprise-wide information technology initiatives.

GENERAL PURPOSE REVENUES & COUNTYWIDE EXPENSES

A net positive variance of \$82.3 million is projected for these two categories combined, comprised of an estimated additional \$19.8 million in General Purpose Revenues (GPR) compared to budget (\$970.5 million projected vs. \$950.7 million budgeted) and a \$62.5 million net positive variance in General County Expense activities. While the anticipated improvement in GPR is a positive sign, it is important to note that the projected amount of \$970.5 million is still \$49.9 million below the actual GPR received in Fiscal Year 2008-09 and \$19.4 million below the actual for Fiscal Year 2007-08.

General Purpose Revenues

The San Diego economy continues to feel the effects of broad statewide, national and global turmoil from the national recession, 2008 credit crisis, and negative trends in the financial markets, housing and construction, and consumer and business to business sales. The County's GPR, particularly those related to property transactions, are impacted by these conditions. Property tax revenues, including current secured, current supplemental and prior year supplemental, have felt the impact of declining assessed

values and construction activity over the last two years. Sales and Use Tax revenues, although a smaller percentage of the County's GPR, have been impacted substantially by the year over year decline in retail sales activity. Interest earnings have also declined substantially because of low interest rates. However, 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 funding sources. The 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 April 2009 and March 2010 was 10.3%, with a March 2010 rate of 11.0%. This compares to a State of California average unemployment rate of 12.0% for the same 12 month period, with a March 2010 rate of 13.0%.
- Unadjusted local sales tax revenues declined by 11.8% for the October through December 2009 period in the unincorporated area compared to the same time period in 2008. For that same time period, sales tax revenues have declined at the statewide level by an estimated 6.0%, southern California region by 5.6% and San Diego regional level by 5.9%. This decline is attributed to the ongoing economic volatility, housing market declines and continued consumer confidence concerns. Early indications for the first three months of 2010 suggest some improvement in retail sales, which supports various economists' projections of a moderate recovery beginning in 2010.
- There are mixed signals in the housing market in the County:
 1. Slight improvement in deeds recorded (down 4.8% for January through March 2010 compared to the same time period for 2009);
 2. Increase in median housing prices (up 15.8% in the San Diego region for March 2010 compared to March 2009);
 3. Slight improvement in the number of homes sold for January through March 2010 compared to January through March 2009 (San Diego region up 0.8%);
 4. Decline in the notices of default (down 39.2% for January through March 2010 compared to the same time period for 2009);
 5. Slight increase in foreclosure activity (the foreclosure rate has increased 1.0% for January through March 2010 compared to the same time period for 2009).

Current Property Taxes – All Categories

The three categories of Current Property Taxes combined are estimated to show a net positive variance to budget of \$5.3 million.

- *Property Taxes - Current Secured*
Current Secured Property Taxes are projected to be \$2.6 million higher than budget. While the actual assessed value (A.V.) declined by 2.8% compared to the projected A.V. decline of 2.5% that was used to calculate the budgeted

current secured property taxes, other significant factors influence the total amount of these revenues. These factors include delinquency rates, amount of roll corrections and refunds and the annual determination of the County's AB8 1% factor for property tax apportionment (which occurs subsequent to budget adoption). Based on year-to-date activity through apportionment nine, the amount of corrections and refunds is expected to be higher than estimated in the budget and the delinquency rate is expected to be lower. In addition, the County's AB8 1% factor was higher than the conservative estimate used for the budget. (Note: The 2.8% decline noted above represents only the net current secured property tax growth, which is different than the countywide overall decline published by the Assessor/Recorder/County Clerk on June 30, 2009 of 2.3%, which includes all assessed value components - secured and unsecured).

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$2.6 million higher than the \$0.3 million that was budgeted. This projection is based on collections through apportionment nine and estimates related to new construction and anticipated low turnover rates through Fiscal Year 2009-10. In Fiscal Year 2008-09, these revenues totaled \$2.5 million. The highest amount recorded in this account was \$31.0 million in Fiscal Year 2004-05.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.1 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base. Although the final roll was actually 2.95% higher than the roll for Fiscal Year 2008-09, resulting in a first quarter projection of \$0.7 million above budget, subsequent refunds and tax roll corrections indicate that the revenue estimate for this account should be lowered.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$8.9 million above budget.

- *Property Taxes Prior Secured Supplemental*

Property Taxes Prior Secured Supplemental is estimated to be \$0.4 million above the budgeted amount of \$2.6 million. This projection is based on the projected rate of collections of supplemental property taxes related to prior year activity that is due and payable in Fiscal Year 2009-10 along with corrections in Fiscal Year 2009-10 involving prior year activity. In Fiscal Year 2008-09, these revenues totaled \$10.2 million. The highest amount recorded in this account was \$17.1 million in Fiscal Year 2005-06.

- *Property Taxes Prior Unsecured Supplemental*
 Property Taxes Prior Unsecured Supplemental is estimated to be \$0.1 million below budget. This projection is based on the projected rate of collections of unsecured supplemental property taxes related to prior year activity that are due and payable in Fiscal Year 2009-10.
- *Sales and Use Tax*
 A negative revenue variance of \$2.6 million is projected for Sales and Use Tax revenue based on payments from the State through April 2010 and cautious estimates for anticipated revenue through the remainder of Fiscal Year 2009-10.
- *Transient Occupancy Tax*
 A negative revenue variance of \$1.0 million is estimated for Transient Occupancy Tax revenue based on year-to-date collections and recent trends. Fiscal Year 2009-10 first and second quarter collections are down considerably, continuing the trend of lower than normal collections seen in the third and fourth quarters of Fiscal Year 2008-09.
- *Real Property Transfer Taxes*
 A positive revenue variance of \$6.2 million is estimated for Real Property Transfer Taxes based on realized revenues for the first nine months of Fiscal Year 2009-10 as well as data regarding current year change in ownership and the anticipated level of new construction. This estimate is an increase from the conservatively budgeted figure; however, it represents a \$0.3 million decrease from Fiscal Year 2008-09 actuals.
- *Teeter Tax Reserve Excess*
 The Teeter Tax Reserve Excess is estimated to be approximately \$9.5 million above budget, based on current penalty and interest collections and available data on the outstanding receivable 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&C section 4703.2). For Fiscal Year 2009-10, the reserve requirement is \$30.7 million, a \$1.3 million decrease from the Fiscal Year 2008-09 requirement of \$32.0 million. Moreover, the 2009 Teeter buy-out was lower than anticipated, and all penalty and interest collections in Fiscal Year 2009-10 will be in excess of the reserve requirement.

- *In Lieu Local Sales and Use Taxes*

A negative revenue variance of \$1.1 million is estimated for In Lieu Local Sales and Use Taxes based on a lower growth rate calculated by the California Department of Finance (DOF) as identified in their August 31, 2009 letter to the County of San Diego (attributed to the continued slowing in sales and use tax revenues), combined with a negative true-up for Fiscal Year 2008-09.

- *Property Tax in Lieu of VLF*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$0.4 million under the budgeted amount of \$309.2 million. The actual assessed value adjustment factor of negative 2.6% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for Fiscal Year 2009-10 is 0.2% lower than the adjustment rate used to calculate the budgeted revenue.

- *Teeter Property Tax Prior Year and Cumulative Prior Years*

A negative revenue variance of \$2.0 million is projected for collections from taxes receivable from the prior fiscal years because the delinquency rate in Fiscal Year 2008-09 was less than anticipated at the time that the Fiscal Year 2009-10 budget was developed. Moreover, collections through apportionment nine are lower than what was estimated in the budget. Taxes paid after the fiscal year in which they are due are subject to both penalty and interest charges.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.8 million higher than budget. Beginning with this fiscal year, the restructured cable and video licenses are budgeted in the General Purpose Revenues rather than in the Cable TV Media and Public Relations Special Revenue Fund, which was dissolved last year. 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 \$0.8 million.

Fines, Forfeitures and Penalties

A net negative variance of \$0.9 million is projected. Penalties and Cost Delinquency Taxes are projected to be approximately \$0.9 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 revenues is the lower than expected delinquency rate as noted above in the paragraph regarding current secured property taxes.

Revenue from Use of Money and Property

A net positive variance of \$2.4 million is projected for interest on deposits. This is in part due to receiving a slightly higher interest rate for the first and second quarter of Fiscal Year 2009-10 compared to what was used in the budget along with maintaining a slightly higher total pool balance compared to budgetary expectations.

Intergovernmental Revenues

A net positive variance of \$2.5 million is projected for intergovernmental revenues.

A positive variance of \$2.6 million is in the Aid from Redevelopment Agencies category. This is due to an incremental A.V. growth from participating redevelopment agencies with pass through agreements (California Health and Safety Code 33401), revenue growth from redevelopment agencies that fall under AB1290 Community Redevelopment Law Reform Act of 1993 (California Health and Safety Code 33607.5) and SB211 Redevelopment Indebtedness legislation (California Health and Safety Code 33607.7), as well as a current year increase in the number of contributing agencies under AB1290 and SB211. This projection assumes a reduction of \$1.4 million in redevelopment agency payments to the County resulting from the State's redirection of redevelopment funds to the 2009-10 Supplemental Educational Revenue Augmentation Fund (SERAF).

A negative variance of \$0.1 million is projected in State Aid HOPTR based on a slight decrease in the County's share of the claim for reimbursement for the Homeowner's Exemption (the ad valorem tax loss pursuant to subdivision (k) of Article XIII of the California Constitution).

Charges for Current Services

A net positive variance of \$0.8 million is projected, primarily from charges in the Road Fund as part of the roll-forward in the A-87 Cost Plan. The final figures from the cost plan were not available until after the budget was prepared.

General County Expenses

Cash Borrowing Program

A positive expenditure variance of \$2.7 million is projected. The savings are due to lower TRANs borrowing costs compared to budget for Fiscal Year 2009-10. At the time the budget was prepared, the size and terms of the TRANs borrowing had not been finalized. The current low interest rate environment and the County's strong credit rating have reduced the borrowing cost and led to projected expenditure savings for Fiscal Year 2009-10.

Contingency Reserve

The entire \$20.0 million budgeted in the Contingency Reserve in Fiscal Year 2009-10 is expected to be unspent at year-end.

Countywide Exp. – General Misc. Expense

A positive variance of \$26.6 million is projected. In Fiscal Year 2009-10 funds were appropriated for “Pension Stabilization” in anticipation of significantly higher County payments to the retirement fund in future years as a result of the market losses experienced by the fund in Fiscal Year 2008-09. Appropriations of \$26.0 million are expected to be unspent at year-end. Approximately \$0.6 million is projected in over-realized revenues due to an additional \$0.6 million related to the escheatment of money in County Trust Funds and from an unanticipated court settlement.

Contribution to Capital Program

A net positive variance of \$12.2 million is projected for Contributions to Capital Projects. A positive expenditure variance of \$12.2 million is due to reduced General Fund contributions needed for various capital projects which are anticipated to be completed below their budgeted cost in the Capital Outlay Fund, County Health Complex Fund, and Justice Facility Construction Fund.

Lease Payments

A positive expenditure variance of \$1.0 million is projected from savings in lease payments made for the 1997 Central Jail Refunding (\$0.4 million), the 1999 East Mesa Refunding (\$0.1 million), the 2005 North & East Justice Facility Refunding (\$0.1 million), and the 2005 Regional Communication System (\$0.4 million). Total lease payments were lower than budgeted for these financings due to interest credits being higher than anticipated, thereby reducing the net expense.

Capital Program

No net variance is anticipated for the Capital Program.

A positive expenditure variance of \$0.4 million is projected. These savings in capital assets/land acquisition consist of \$0.2 million in the Capital Outlay Fund, \$0.1 million in the Health Complex Fund and \$0.1 million in the Justice Facility Construction Fund due to lower than anticipated costs for 25 capital projects anticipated to be completed and capitalized at year-end.

A negative revenue variance of \$0.4 million is projected based on the cancellation of related revenues associated with the 25 completed projects

Internal Service Funds

Employee Benefits ISF - Workers Compensation & Unemployment Insurance

An overall net positive variance of \$3.7 million is projected.

A net positive expenditure variance of \$3.7 million is projected. The variance is primarily attributable to \$2.0 million in Workers' Compensation claims costs savings and \$0.3 million in interdepartmental expenses. The remaining variance of \$1.4 million is due to anticipated contingency reserve savings.

Public Liability Internal Service Fund

An overall net positive variance of \$5.4 million is projected for the Public Liability Internal Service Fund.

A net positive expenditure variance of \$5.4 million is projected. A net positive variance of \$0.2 million in services and supplies is primarily due to lower than expected use of professional and specialized services and savings in inter-departmental expenses. These savings are partially offset by greater than anticipated litigation expenses associated with a wildfire case and a construction defect litigation case. Additionally, a positive variance of \$5.2 million is projected in other charges primarily due to the continuation of settlements resulting from litigation matters to Fiscal Year 2010-2011.

Debt Service Funds

Pension Obligation Bonds (POBs)

No overall variance is projected for the fund.

A positive expenditure variance of \$1.8 million is anticipated as the result of interest expense savings of \$1.2 million and \$0.6 million in remarketing and auction agent fees due to the pre-payment of the outstanding \$100.0 million, 2008 Taxable Pension Obligation Bonds, Series B1 and B2 Variable Rate Demand Obligations, which was completed earlier than anticipated in the budget.

A negative revenue variance of \$1.8 million reflects a reduced charge to the departments because of the expenditure savings.