



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 11, 2018

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TO: Board of Supervisors

**SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2018-19 Adopted Operational Plan, as measured by projected year-end fund balance from current year operations. The projected year-end balance for the General Fund is \$116.9 million, and \$125.1 million for all budgetary funds combined. In the General Fund, positive balances are projected for all five business groups. The projected fund balance anticipates that majority of management reserves are not used and that General Purpose Revenue will perform better than estimated in the Fiscal Year 2018-19 Adopted Operational Plan.

In the Public Safety Group (PSG), recommendations include appropriations adjustments in the Sheriff's Department for the CCA Renovation at Rock Mountain Detention project, for the purchase of Sheriff's vehicles, for program security, for the High Intensity Drug Trafficking Areas (HIDTA) program activities; in the Sheriff's Asset Forfeiture Fund and Sheriff's Asset Forfeiture State Fund to align the budget with anticipated actuals; in the Sheriff's Inmate Welfare Fund for the benefit, education and welfare of the inmates within County detention facilities; in nine County Services Areas (CSAs) 135 800 MHz funds for network operating costs, to purchase additional radios, and transfer any remaining balances into the Regional Communications System Trust (RCS) Trust Fund; in Probation's Asset Forfeiture Fund to comply with Asset Forfeiture policy requiring the segregation of funds between Asset Forfeiture from the US Department of Justice, the US Treasury Department, and State Asset forfeiture funds; in the Public Safety Group, Contribution to Trial Courts, for the State mandated County Facility Payment for the Family Court Building; in the Public Safety Group to support negotiated one-time and ongoing salary and benefit payments for Fiscal Year 2018-19; and in the Department of General Services Major Maintenance Internal Service Fund (ISF) to provide funding for various Sheriff projects.

There are no appropriation adjustments in the Health and Human Services Agency (HHS).

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments in Department of Environmental Health Fund Balance Commitment for future year fee-related expenses in the Department of Environmental Health; in the Planning and

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Development Services Building Reserve Fund Balance Commitment to stabilize fluctuations in workload, revenue and costs for processing building permits; in the Multiple Species Conservation Program Acquisitions Fund for land acquisition at San Vicente Connection and future property acquisition and improvement; in the Horse Creek Ridge CFD 13-01 Interim Maintenance special revenue fund for interim maintenance of park facilities; in the Horse Creek Ridge CFD 13-01 C Special Tax revenue fund for fire suppression, prevention and emergency medical services activities; in the Department of Parks and Recreation to support increased construction cost of Dos Picos Camping Cabins; in the Capital Outlay Fund for increased construction costs for the Sweetwater Community Garden project; in the Permanent Road Division Zone No. 104 Artesian Road for additional road maintenance services and staff labor costs; in various departments for activities related to the Proclamation of Local Emergency for the West Fire, including the Department of Public Works General Fund for debris removal, erosion control and Local Assistance Center activities, the Department of Environmental Health for Department Operations Center and Local Assistance Center activities, and for tests and consultation/field visit permit fee waivers for qualified structures rebuilt in the areas affected by the West Fire; and in the Department of Planning and Development Services for plan check review and building permit fee waivers for qualified structures rebuilt in the areas affected by the West Fire.

In the Community Services Group (CSG), recommendations include appropriations adjustments in the Department of General Services to provide funds for the transfer of ownership and management of seven plug-in hybrid electric vehicles to the Air Pollution Control District and to provide additional funding for the demolition of the Superior Court-Family Court; to fund security enhancements of the Waterfront Park Improvements project; to pay for fire protection costs and utilities of the Ramona Intergenerational Community Campus (RICC) Caltrans Replacement Property Julian Acquisition; in the Library Projects Fund to provide funding for Bonita Library Expansion; and in the Department of Animal Services to add one staff year to match the permanent full-time equivalent (FTE) staffing level included in the department's technical proposal.

In the Finance and General Government Group (FGG), recommendations include appropriations adjustments in the Board of Supervisors Districts for one-time expenses; and in the Finance and General Government Group Executive Office to align funding for County Administration Center (CAC) work under the CAC Renovations project.

Additional recommendations include appropriation adjustments for various departments across groups to account for certain major maintenance projects that are being transferred between the Major Maintenance Internal Service Fund (MMISF) and the Capital Outlay Fund (MMCOF) based on capitalization requirements and to allow departments to move forward with major maintenance projects with funding already included in the respective department's budget but without appropriations in the MMISF or MMCOF.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2018-19 first quarter report on projected year-end results.

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2. Establish appropriations of \$30,000 in the Sheriff's Asset Forfeiture State Fund, Services & Supplies, for law enforcement costs associated with federal programs and to align the budget with anticipated actuals based on available prior year fund balance. **(4 VOTES)**
3. Establish appropriations of \$791,000 in the Sheriff's Asset Forfeiture Fund, Services & Supplies, for law enforcement project costs associated with federal programs and to align the budget with anticipated actuals based on over-realized revenue due to an increase in asset seizures (\$591,000) and available prior year fund balance (\$200,000). **(4 VOTES)**
4. Establish appropriations of \$1,000,000 in the Sheriff's Inmate Welfare Fund, Operating Transfers Out, for Major Maintenance Capital Project, 1022046 CCA Renovation/Rock Mountain Detention based on available prior year fund balance. **(4 VOTES)**
5. Establish appropriations of \$6,000,000 in the Sheriff's Department, Operating Transfers Out to MMCOF, for Major Maintenance Capital Project 1022046, CCA Renovation/Rock Mountain Detention based on an Operating Transfer In from the Sheriff's Inmate Welfare Fund (\$1,000,000) and available prior year Public Safety Group General Fund fund balance (\$5,000,000). **(4 VOTES)**
6. Establish appropriations of \$6,000,000 in the Major Maintenance Capital Outlay Fund for Capital Project 1022046, CCA Renovations/Rock Mountain Detention to fund refurbishment and modernization of the facility based on an Operating Transfer In from the General Fund. **(4 VOTES)**
7. Transfer appropriations of \$706,259 from the Sheriff's Department, Capital Assets Equipment, to the General Fund Contributions to Fleet Internal Service Fund (ISF), Operating Transfers Out, for the purchase of Sheriff's vehicles.
8. Amend the Fiscal Year 2018-19 Department of General Services Fleet Internal Service Fund (ISF) Spending Plan by \$706,259 to provide funding for the purchase of various vehicles for the Sheriff's Department to support current staff activities, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
9. Establish appropriations of \$523,690 in the Sheriff's Inmate Welfare Fund, Capital Assets Equipment (\$388,000) and Operating Transfer Out (\$135,690), for the benefit, education and welfare of the inmates within detention facilities based on available prior year fund balance. **(4 VOTES)**
10. Establish appropriations of \$135,690 in the Sheriff's Department, Salaries & Benefits, for training program security based on an Operating Transfer In from the Sheriff's Inmate Welfare Fund. **(4 VOTES)**
11. Establish appropriations of \$92,800 in the Sheriff's Department, Salaries & Benefits (\$35,000) and Services & Supplies (\$57,800), for the High Intensity Drug Trafficking Areas

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(HIDTA) program activities based on unanticipated HIDTA revenue from the San Diego/Imperial Valley Southwest Border HIDTA. **(4 VOTES)**

12. Establish appropriations of \$97,746.18 in the following County Service Area (CSA) 135 800 MHz funds: CSA 135 Zone A Carlsbad 800 MHz fund (\$2,139.33), CSA 135 Zone D Imperial Beach 800MHz fund (\$4,443.90), CSA 135 Zone I Vista 800MHz fund (\$3,618.14), CSA 135 Zone K Borrego Springs Fire Protection District 800 MHz fund (\$8,000), CSA 135 Zone G San Marcos 800 MHz fund (\$78,296.59), CSA 135 Regional 800MHz Radio System fund (\$1,188.73), CSA 135 Zone C Encinitas 800MHz fund (\$2.53), CSA 135 Zone N Lemon Grove fund (\$3.92), CSA 135 Zone M Lakeside Fire Protection District fund (\$53.04), Services & Supplies, for one-time support of network operating costs, to purchase additional radios, and transfer remaining balances into the Regional Communications System Trust (RCS) Trust Fund based on available prior years' fund balance. **(4 VOTES)**
13. Authorize the Auditor and Controller, and other County departments, to take all actions necessary to close out the CSA 135 800 MHz funds and to complete the transfer of any balances for CSA 135 Regional 800MHz Radio System fund, CSA 135 Zone C Encinitas 800MHz fund, CSA 135 Zone N Lemon Grove fund and CSA 135 Zone M Lakeside Fire Protection District fund into the RCS Trust Fund.
14. Establish appropriations of \$33,114 in Probation's Asset Forfeiture Fund, Operating Transfers Out, due to the Asset Forfeiture policy which requires the segregation of funds between Asset Forfeiture from the US Department of Justice, the US Treasury Department, and State Asset forfeiture funds based on available prior year fund balance. **(4 VOTES)**
15. Establish appropriations of \$14,966 in Probation's Asset Forfeiture US Treasury Fund, Services & Supplies, due to the Asset Forfeiture policy which requires the segregation of funds between Asset Forfeiture from the US Department of Justice, the US Treasury Department, and State Asset forfeiture funds based on an Operating Transfer In from the Probation's Asset Forfeiture Fund. **(4 VOTES)**
16. Establish appropriations of \$18,148 in Probation's Asset Forfeiture State Fund, Services & Supplies, due to the Asset Forfeiture policy which requires the segregation of funds between Asset Forfeiture from the US Department of Justice, the US Treasury Department, and State Asset forfeiture funds based on an Operating Transfer In from the Probation's Asset Forfeiture Fund. **(4 VOTES)**
17. Establish appropriations of \$230,872 in the Contribution to Trial Courts, Other Charges, for the State mandated County Facility Payment for Family Court Building based on available prior year Public Safety Group fund balance. **(4 VOTES)**
18. Cancel appropriations of \$15,125,644 in Finance Other, Countywide General Expenses, Services & Supplies, for negotiated ongoing in Salaries & Benefits for Public Safety Group.
19. Establish appropriations of \$21,400,790 in Public Safety Group, Salaries & Benefits, for negotiated ongoing payments of \$19,643,693 and one-time payments of \$1,757,097 based on

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available prior year General Fund fund balance (\$1,352,965), available prior year Public Safety Group General Fund fund balance (\$559,253), General Purpose Revenue (\$15,125,644) and program revenues (\$4,362,928). These amounts will be appropriated as follows: District Attorney (\$897,123, based on of \$117,459 of available prior year General Fund fund balance, \$35,085 of available prior year Public Safety Group General Fund fund balance, \$573,326 of General Purpose Revenues and \$171,253 of program revenues) and Sheriff (\$20,503,667, based on of \$1,235,506 of available prior year General Fund fund balance, \$369,047 of available prior year Public Safety Group General Fund fund balance, \$14,552,318 of General Purpose Revenues and \$4,346,796 of program revenues). **(4 VOTES)**

20. Cancel appropriations of \$110,000 in the Major Maintenance Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Projects 1021952 Banner Site Generator, 1021956 Jojoba Hill Emergency Generator and 1021959 Sierra Rojo Emergency Generator; these projects will be cancelled and not move forward as a capital project.
21. Transfer appropriations of \$110,000 from the Sheriff's Department, Operating Transfer Out to Services & Supplies, for Major Maintenance Capital Projects 1021952 Banner Site Generator, 1021956 Jojoba Hill Emergency Generator and 1021959 Sierra Rojo Emergency Generator. These projects will not move forward as capital major maintenance and instead will be included in the Major Maintenance Internal Service Fund (ISF).
22. Amend the Fiscal Year 2018-19 Department of General Services Major Maintenance ISF by \$110,000, Services & Supplies, to provide funding for various Sheriff projects, based on charges to client departments. **(4 VOTES)**.
23. Authorize the Auditor and Controller to increase the Department of Environmental Health Fund Balance Commitment within the General Fund by \$2,417,878 based on available prior year Land Use and Environment Group General Fund fund balance for future year fee-related expenses in the Department of Environmental Health. **(4 VOTES)**
24. Authorize the Auditor and Controller to increase the Planning and Development Services Building Reserve Fund Balance Commitment within the General Fund by \$1,322,879 based on available prior year Land Use and Environment Group General Fund fund balance to stabilize fluctuations in workload, revenue and cost for processing building permits. **(4 VOTES)**
25. Establish appropriations of \$26,160 in the Multiple Species Conservation Program Acquisitions Fund for future property acquisition, based on unanticipated revenue from the sale of mitigation credits. **(4 VOTES)**
26. Establish appropriations up to \$119,421 in the Multiple Species Conservation Program Acquisition Fund for land acquisition at San Vicente Connection, based on grant funding from the State of California Habitat Conservation Fund. **(4 VOTES)**

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27. Establish appropriations of \$78,000 in the Horse Creek Ridge CFD 13-01 Interim Maintenance special revenue fund, Services & Supplies, for interim maintenance of park facilities in the Horse Creek Ridge Community Facilities District, based on revenue from the Developer through the Park Acquisition and Interim Funding Agreement, dated September 11, 2014, by and between the County and D.R. Horton Los Angeles Holding Company Inc. **(4 VOTES)**
28. Establish appropriations of \$68,966 in the Horse Creek Ridge Fire CFD 13-01 C-Special Tax special revenue fund, Services & Supplies, for fire suppression, prevention and emergency medical services activities, based on revenue from the CFD 13-01 Special Tax C. **(4 VOTES)**
29. Transfer appropriations of \$24,092 from the Department of Parks and Recreation, Services & Supplies, to the Contribution to Capital Outlay Fund, Operating Transfer Out, to return unused one-time funds for stewardship costs associated with the Oakoasis property acquisition. **(4 VOTES)**
30. Establish appropriations of \$24,092 in the Multiple Species Conservation Program Acquisitions Fund, to provide funding for future land acquisition and improvements, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
31. Transfer appropriations of \$260,000 from the Department of Parks and Recreation, Services & Supplies, to the Contributions to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1019566, Dos Picos Camping Cabins. **(4 VOTES)**
32. Establish appropriations of \$260,000 in the Capital Outlay Fund for Capital Project 1019566, Dos Picos Camping Cabins, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
33. Establish appropriations of \$97,000 in the Contribution to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1021596, Sweetwater Community Garden, based on available prior year General Fund fund balance. **(4 VOTES)**
34. Establish appropriations of \$97,000 in the Capital Outlay Fund for Capital Project 1021596, Sweetwater Community Garden, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
35. Establish appropriations of \$61,000 in the Permanent Road Division Zone No. 104 Artesian Road, Services & Supplies, for additional road maintenance services (\$56,000) and staff labor costs (\$5,000) based on available Permanent Road Division Zone No. 104Artesian Road Fund fund balance generated from benefit assessments. **(4 VOTES)**
36. Establish appropriations of \$1,104,889 in the Department of Public Works General Fund, Services & Supplies, for debris removal, erosion control and local assistance center activities related to the Proclamation of Local Emergency for the West Fire, based on available fund balance in the Firestorm 2007 Trust Fund (\$471,176) and unanticipated revenue from State

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and federal grant reimbursement for County costs related to a prior fire (\$633,713). **(4 VOTES)**

37. Establish appropriations of \$76,196 in the Department of Environmental Health, Salaries & Benefits (\$72,326) and Services & Supplies (\$3,870), for fire response and recovery, Department Operations Center, and Local Assistance Center activities related to the Proclamation of Local Emergency for the West Fire, based on available fund balance in the Firestorm 2007 Trust Fund. **(4 VOTES)**
38. Establish appropriations of \$20,941 in the Department of Planning and Development Services, Services & Supplies, for plan check review and building permit fee waivers for qualified structures rebuilt in the areas affected by the West Fire, based on available fund balance in the Firestorm 2007 Trust Fund. **(4 VOTES)**
39. Establish appropriations of \$13,854 in the Department of Environmental Health, Salaries & Benefits, for layout/percolation test and consultation/field visit permit fee waivers for qualified structures rebuilt in the areas affected by the West Fire, based on available fund balance in the Firestorm 2007 Trust Fund. **(4 VOTES)**
40. Amend the Fiscal Year 2018-19 Department of General Services Fleet Equipment Acquisition Internal Service Fund (ISF) by establishing appropriations of \$141,760, Operating Transfer Out, to provide funds for the transfer of ownership and management of seven plug-in hybrid electric vehicles to the Air Pollution Control District based on available prior year Fleet Equipment Acquisition ISF fund balance. **(4 VOTES)**
41. Transfer appropriations of \$1,450,000 from Finance Other Shared Major Maintenance, Services & Supplies, to the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for security enhancements in Capital Project 1022065, Waterfront Park Improvements. **(4 VOTES)**
42. Establish appropriations of \$1,450,000 in the Capital Outlay Fund for Capital Project 1022065, Waterfront Park Improvements, to fund security enhancements based on an Operating Transfer In from the General Fund. **(4 VOTES)**
43. Establish appropriations of \$1,500,000 in Finance Other, Countywide General Expenses, Operating Transfers Out, to fund additional costs for the demolition of Superior Court-Family Court based on available prior year General Fund fund balance. **(4 VOTES)**
44. Amend the Fiscal Year 2018-19 Department of General Services Major Maintenance Internal Service Fund (ISF) by \$1,500,000 to provide additional funding for the demolition of the Superior Court-Family Court based on an Operating Transfer In from the General Fund. **(4 VOTES)**
45. Establish appropriations of \$600,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for Capital Project 1021161, Bonita Library Expansion, based on available prior year General Fund fund balance. **(4 VOTES)**

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46. Establish appropriations of \$300,000 in the County Library Fund, Operating Transfer Out, to provide funding for Capital Project 1021161, Bonita Library Expansion, based on available prior year County Library Fund fund balance. **(4 VOTES)**
47. Establish appropriations of \$900,000 in the Library Projects Fund for Capital Project 1021161, Bonita Library Expansion, based on Operating Transfers In from the General Fund and County Library Fund. **(4 VOTES)**
48. Transfer appropriations of \$200,000 from the Community Services Group Executive Office, Management Reserves, to the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for Capital Project 1018659, Ramona Intergenerational Community Campus (RICC) Caltrans Replacement Property Julian Acquisition. **(4 VOTES)**
49. Establish appropriations of \$200,000 in the Capital Outlay Fund for Capital Project 1018659, RICC Caltrans Replacement Property Julian Acquisition, to pay for fire protection costs and utilities based on an Operating Transfer In from the General Fund. **(4 VOTES)**
50. Approve the request to add 1 staff year in the Department of Animal Services to match permanent full-time equivalent (FTE) staffing levels included in the department's technical proposal, which was selected as the winning proposal, for the County's managed competition process in September 2018.
51. Establish appropriations of \$200,000 in Board of Supervisors District 1, Services & Supplies, for one-time expenses based on available prior year Finance and General Government Group General Fund fund balance. **(4 VOTES)**
52. Establish appropriations of \$95,698 in Board of Supervisors District 2, Services & Supplies, for one-time expenses based on available prior year Finance and General Government Group General Fund fund balance. **(4 VOTES)**
53. Establish appropriations of \$200,000 in Board of Supervisors District 3, Services & Supplies, for one-time expenses based on available prior year Finance and General Government Group General Fund fund balance. **(4 VOTES)**
54. Establish appropriations of \$200,000 in Board of Supervisors District 4, Services & Supplies, for one-time expenses based on available prior year Finance and General Government Group General Fund fund balance. **(4 VOTES)**
55. Establish appropriations of \$200,000 in Board of Supervisors District 5, Services & Supplies, for one-time expenses based on available prior year Finance and General Government Group General Fund fund balance. **(4 VOTES)**
56. Transfer appropriations of \$1,722,000 from Finance and General Government Group Executive Office (32150), Management Reserves, to the Contributions to Capital Outlay Fund, Operating Transfer Out, to align funding for County Administration Center (CAC) work under the CAC Renovations project (1021162). **(4 VOTES)**

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57. Establish appropriations of \$1,722,000 in the Capital Outlay Fund for Capital Project 1021162, County Administration Center (CAC) Renovations, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
58. Ratify the establishment and cancellation of appropriations in Fiscal Year 2017-18 for a net decrease of \$2,060,532 in the Major Maintenance Capital Outlay Fund and related Operating Transfer In from the General Fund, Operating Transfer In from the County Library Fund, Operating Transfer In from the Purchasing Internal Service Fund and on revenue from other funding source for capital projects listed in Appendix D-1 that were subsequently reclassified as operating expenses for financial reporting purposes. **(4 VOTES)**
59. Ratify the transfer of appropriations in Fiscal Year 2017-18 for a net of \$1,985,838 within the departments' Operating Transfers Out to Services & Supplies for certain capital projects listed in Appendix D-1 that were subsequently reclassified as operating expenses for financial reporting purposes. **(4 VOTES)**
60. Ratify the amendment of the Fiscal Year 2017-18 Department of General Services Major Maintenance Internal Service Fund (ISF) Spending Plan by a net of \$2,642,580 to provide funding for projects listed in Appendix D-1 that were subsequently reclassified as operating expenses for financial reporting purposes, based on Operating Transfer In from the General Fund, Operating Transfer In from the County Library Fund and revenue from other funding source. **(4 VOTES)**
61. Ratify the establishment and cancellation of appropriations in Fiscal Year 2018-19 for a net increase of \$1,461,317 in the Major Maintenance Capital Outlay Fund and related Operating Transfer In from the General Fund and Operating Transfer In from the County Library Fund for capital projects listed in Appendix D-2 that were subsequently reclassified as capital projects for financial reporting purposes. **(4 VOTES)**
62. Ratify the transfer of appropriations in Fiscal Year 2018-19 for a net of \$1,461,317 within the departments' Services & Supplies to Operating Transfers Out for certain capital projects listed in Appendix D-2 that were subsequently reclassified as capital projects for financial reporting purposes. **(4 VOTES)**
63. Ratify the amendment of the Fiscal Year 2018-19 Department of General Services Major Maintenance Internal Service Fund (ISF) Spending Plan by a net of \$59,450 to provide funding for projects listed in Appendix D-2 that were subsequently reclassified as operating expenses for financial reporting purposes, based on Operating Transfer In from the General Fund and Operating Transfer In from the County Library Fund. **(4 VOTES)**

FISCAL IMPACT

Funds for a portion of these requests are not included in the Fiscal Year 2018-19 Operational Plan. If approved, these actions will result in a net increase in appropriations of \$10,138,788 in the General Fund. The funding sources include the Sheriff's Asset Forfeiture Fund, Sheriff's

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Asset Forfeiture State Fund, Operating Transfer In from the Sheriff's Inmate Welfare Fund, San Diego/Imperial Valley Southwest Border HIDTA revenue, Program Revenues, General Purpose Revenue, Firestorm 2007 Trust Fund, federal and State revenues, available prior year Public Safety Group General Fund fund balance, available prior year Finance and General Government Group General Fund fund balance and available prior year General Fund fund balance.

In all other funds combined, these actions will result in a net increase in appropriations of \$2,387,310. The funding sources are Operating Transfers and miscellaneous other sources.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

For the General Fund, the first quarter projection of year-end fund balance from current year operations is \$116.9 million. This projected one-time resource is a combination of anticipated year-end General Purpose Revenue (GPR) greater than budget by \$18.5 million along with a net positive variance of \$77.4 million from operations and a positive variance of \$21.0 million in unspent management reserves. The projected \$18.5 million anticipated in GPR is primarily due to increase in interest revenue from higher than expected interest earnings; an increase in former redevelopment project area tax increment pass-through distributions in Aid from Redevelopment Successor Agencies due to an increase in the County's tax sharing percentage for the San Marcos project area and lower debt service for certain bonds; and higher Real Property Transfer Taxes based on prior year receipts as well as data regarding current year change in ownership and the anticipated level of new construction.

The projected balance for all other funds combined is \$8.2 million. Schedule A summarizes the fund balance projection by business 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 business group split between operating and reserve balances.

As shown in Schedule A, the General Fund year-end fund balance projection of \$116.9 million is based on the estimate that expenditures will be approximately \$140.1 million less than the Fiscal Year 2018-19 Amended Budget and revenues will be a net \$23.2 million less than the Fiscal Year 2018-19 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 your Board or the Deputy Chief Administrative Officer/Auditor and Controller, when permitted.

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

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- \$34.8 million in positive salary and benefit appropriation variance in all groups due to staff turnover and department management of vacancies.
- \$40.8 million in positive appropriation variance in Services & Supplies across the County.
 - In PSG, projected overall positive variance of \$4.9 million primarily due to lower than anticipated costs for IT asset refresh and decreased contract costs due to new contracts with lower rates in the Department of Child Support Services and Medicines, Drugs & Pharmaceuticals and Contracted Services, offset by higher costs in Auto Fuel and Vehicle Lease in the Sheriff's Department.
 - In HHSA, projected overall positive variance of \$26.4 million primarily in Behavioral Health Services associated with various mental health and substance abuse programs to align to current service utilization, partially offset by negative variance tied to the San Diego County Psychiatric Hospital (SDCPH) expansion of bed capacity; in Housing & Community Development Services due to projected loans to be issued and Multi-Year Projects of community development and affordable housing implementation that overlap across fiscal years; in Child Welfare Services due to continued ramp up in various contracts, updated procurement timelines, and updated caseload trends in the Transitional Housing Program contracts; and in Public Health Services due to available as needed funds for support during an emergency outbreak and contract savings associated with grant reductions in Maternal Child and Family Health Services.
 - In LUEG, projected overall positive variance of \$0.7 million is primarily related to the Vector Control Program due to a reduction in payments for the Vector Habitat Remediation Program in Environmental Health.
 - In CSG, projected positive variance of \$1.6 million in Registrar of Voters resulting from expenditures that did not materialize during the June 2018 Gubernatorial Primary election, including printing services, temporary labor, and equipment rental costs.
 - In FGG, projected positive variance of \$3.1 million is primarily due to savings in contracted services and workers compensation administration costs in the Department of Human Resources and less than anticipated Information Technology costs in the Finance and General Government Executive Office.
 - In FO, a projected positive variance of \$4.0 million is primarily due to Information Technology projects that are anticipated to extend beyond the current fiscal year.
- A projected net positive appropriation variance of \$43.4 million in Other Charges reflects variances primarily in HHSA and PSG. In HHSA, the projected positive variance of \$42.7 million is mainly due to revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) program (Self-Sufficiency Services), in foster care and adoptions assistance programs (Child Welfare Services) and in California Children's Services (CSS) program (Public Health Services). In PSG, the projected positive variance of \$0.7 million is due to savings in the cost of medical support and care of persons in detention facilities (Sheriff's Department).
- \$21.0 million positive appropriation variance in management reserves in HHSA (\$20.0 million) and FGG (\$1.0 million) that are projected to be unspent at year-end.

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The projected under realized revenue of \$23.2 million includes positive variances totaling \$13.3 million and negative variances of \$36.5 million. The projected positive revenue variance of \$13.3 million is primarily attributable to the following categories: Revenue From Use of Money & Property (\$10.6 million) mainly due to interest revenue from higher than expected interest earnings; Miscellaneous Revenue (\$1.1 million) mainly due to due to unanticipated HOME Program Income based on loan repayments; Taxes Other Than Current Secured (\$1.0 million) mainly due to higher turnover in ownership and new construction activity; Licenses, Permits & Franchises (\$0.4 million) due to fee revenue for external overheads; and Charges For Current Services (\$0.1 million) primarily for A-87 billing to departments offset by staff vacancies to provide the services to property owners. The projected negative variance of \$36.5 million is largely in Intergovernmental Revenue (\$29.5 million) related to assistance payments primarily due to revised CalWORKs caseload projections, federal and State assistance revenues to align with projected caseload levels, and expenditure savings associated with behavioral services programs; in Other Financing Sources (\$5.4 million) mainly due to decreased collections in Penalty Assessment revenue; in Fines, Forfeitures & Penalties (\$1.7 million) mainly due to lower than expected Penalties and Cost Delinquency Taxes.

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

Fiscal Year 2018-19 Budget Adjustments

The recommendations for budget adjustments are explained as follows:

Recommendations 2 & 3

These requests will establish appropriations of \$821,000 in the Sheriff's Asset Forfeiture Program, Services & Supplies, based on over-realized revenue due to an increase in asset seizures (\$591,000), and available prior year fund balance (\$230,000) to align the budget with anticipated actuals. These funds may be used for various costs allowed by the federal Equitable Sharing Program, most commonly these costs are related to law enforcement equipment or donations to non-profit organizations.

Recommendations 4 - 6

On September 29, 2015 (12), the Board of Supervisors established appropriations of \$9,700,000 in the Sheriff's Department for the East Mesa Complex Detention Facility renovation and improvement project. On April 24, 2016 (2), the Board of Supervisors adopted a resolution to name a portion of the East Mesa Detention Facility Complex formerly leased by the Correction Corporation of America (CCA) to the Rock Mountain Detention Facility.

These requests will establish appropriations of \$1,000,000 in the Sheriff's Inmate Welfare Fund, Operating Transfers Out, for MP 16719 - 1022046 CCA Renovation/Rock Mountain Detention facility refurbishment and modernization project to include a culinary arts staff serving room and recreation yard fencing. The funding source is available prior year fund balance.

These requests will also establish appropriations in the Sheriff's Department, Contributions to Capital Outlay Fund, Operating Transfer Out, to increase the funding by \$6,000,000 for MP 16719 - 1022046 CCA Renovation/Rock Mountain Detention Facility refurbishment and

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modernization project for interior updates to toilet systems, lighting, and modifications to the kitchen, housing units, and inmate cells as well as site fencing. The additional \$6,000,000 will be added to the existing \$9,700,000 for an estimated total project cost of \$15,700,000.

Additional appropriations of \$6,000,000 will be established in the Major Maintenance Capital Outlay Fund (MMCOF) to fund refurbishment and modernization for 1022046 CCA Renovation/Rock Mountain Detention Facility. The funding sources are available prior year Sheriff's Inmate Welfare Fund fund balance (\$1,000,000) and available prior year Public Safety Group General Fund fund balance (\$5,000,000).

Recommendations 7 & 8

These requests will transfer appropriations of \$706,259 from the Sheriff's Department, Capital Assets Equipment, to the General Fund, Contributions to Fleet ISF, and amend the Department of General Services (DGS) Fleet Services ISF Spending Plan for the purchase of 22 vehicles to support current staff activities including senior volunteers, unincorporated area patrol, and special event teams. The DGS Fleet ISF facilitates the procurement, standardization, maintenance, and overall quality control of County vehicles.

Recommendations 9 & 10

These requests will establish appropriations of \$523,690 in the Sheriff's Inmate Welfare Fund, Capital Asset Equipment (\$388,000) and Operating Transfer Out (\$135,690), to fund programs approved by the Inmate Welfare Committee for the benefit, education and welfare of the inmates within detention facilities and includes the purchase of augmented reality welding equipment and vehicles based on Inmate Welfare Fund available prior year fund balance. These requests will also establish appropriations of \$135,690 in the Sheriff's Department, Salaries & Benefits, to provide program security for inmates participating in a healthcare services assistant training program based on an Operating Transfer In from the Inmate Welfare Fund.

Recommendation 11

On June 20, 2006 (3), the Board of Supervisors authorized the Sheriff's Department to serve as the fiscal agent for High Intensity Drug Trafficking Areas (HIDTA) funding along the Southwest Border of the United States. In May and September 2018, the San Diego/Imperial Valley Southwest Border HIDTA Executive Board approved additional funding for the Sheriff's Department for overtime (\$35,000) and investigative expenses (\$57,800). This request will establish appropriations of \$92,800 in the Sheriff's Department based on unanticipated HIDTA revenue.

Recommendation 12 & 13

These requests will establish appropriations of \$97,746.18 in nine County Services Areas (CSAs) 135 800 MHz funds based on available prior years' fund balance, and authorize county departments to take all actions necessary to close out the funds once the balances are spent or transferred. The CSA funds are limited in use, and may be used to support Network Operating Costs or equipment costs. And these requests will establish appropriations of \$2,139.33 in the CSA 135 Zone A Carlsbad 800 MHz fund, \$4,443.90 in the CSA 135 Zone D Imperial Beach 800MHz fund, \$3,618.14 in the CSA 135 Zone I Vista 800MHz fund, \$8,000 in the CSA 135 Zone K Borrego Springs Fire Protection District 800 MHz fund for Regional Communications

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System (RCS) Network Operating Costs on a one-time basis (\$18,201.37); (\$78,296.59) in the CSA 135 Zone G San Marcos 800 MHZ fund to purchase additional radios; and \$1,188.73 in the CSA 135 Regional 800MHZ Radio System fund, \$2.53 in the CSA 135 Zone C Encinitas 800MHZ fund, \$3.92 in the CSA 135 Zone N Lemon Grove, and \$53.04 in the CSA 135 Zone M Lakeside Fire Protection District to transfer remaining balances into the RCS Trust Fund (\$1,248.22).

Recommendations 14 - 16

These requests will establish appropriations of \$33,144 in Probation's Asset Forfeiture Fund, Operating Transfers Out, based on available prior year fund balance. The Asset Forfeiture policy requires the segregation of funds between Asset Forfeiture from the US Department of Justice, the US Treasury Department, and State Asset forfeiture funds. Approval of this action will enable the transfer of funds from Probation's Asset Forfeiture Fund to Probation's Asset Forfeiture US Treasury Fund (\$14,966) and Probation's Asset Forfeiture State Fund (\$18,148).

Recommendation 17

On September 16, 2008 the County of San Diego (County) entered into a Transfer Agreement with the Judicial Council of California (JCC) for the use of the Family Court Building until a new courthouse facility was constructed and occupied. The JCC vacated the Family Court Building on March 31, 2018, transferring the responsibility to the County. This recommendation will establish appropriations of \$230,872 in the Contribution to Trial Courts based on available prior year Public Safety Group fund balance. Funds will be used for the first mandated County Facility Payment of the Family Court Building pursuant to Government Code section 70353. This Family Court Building Facility Payment was determined by the State in May 2018.

Recommendation 18 & 19

The Board of Supervisors approved changes to the Compensation Ordinance as a result of negotiated Memoranda of Agreement (MOAs) between the County and the Deputy Sheriffs' Association of San Diego County on July 24, 2018 (12) and the District Attorney Investigators Association on September 25, 2018 (19). These recommendations cancel appropriations of \$15,125,644 in Finance Other and establish the necessary appropriations of \$21,400,790 in Salaries & Benefits in the Public Safety Group to support negotiated one-time (\$1,757,097) and ongoing (\$19,643,693) salary and benefit payments for Fiscal Year 2018-19 pursuant to the respective MOAs. The funding sources are General Purpose Revenues (\$15,125,644), available prior year General Fund fund balance (\$1,352,965), available prior year Public Safety Group General Fund fund balance (\$559,253) and program revenues (\$4,362,928).

Recommendation 20 - 22

These recommendations are adjustments to allow for accurate financial reporting of major maintenance projects, which sometimes are capital in nature as determined by accounting requirements. It has been determined that the projects included in these recommendations are not capital in nature, and are being canceled in the MMCOF, and instead will be included in the Major Maintenance ISF. These recommendations will transfer appropriations of \$110,000 in the Sheriff's Department, Operating Transfer Out to MMCOF to Services & Supplies for Major Maintenance ISF needs, cancel appropriations in the Major Maintenance Capital Outlay Fund for Major Maintenance Capital Projects 1021952 Banner Site Generator, 1021956 Jojoba Hill

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Emergency Generator and 1021959 Sierra Rojo Emergency Generator. These projects that will not move forward as capital major maintenance and instead will be included in the Major Maintenance ISF. These recommendations will amend the Fiscal Year 2018-19 Department of General Service Major Maintenance Internal Service Fund (ISF) Plan by \$110,000.

Recommendation 23

On February 24, 2004 (23), the Fund Balance Commitment for the Department of Environmental Health (DEH) was established within the General Fund. This Commitment ensures that revenue received from fees and permits that exceeds costs paid by Environmental Health customers in any fiscal year is used only to fund fee-related expenses in DEH in future years when costs may exceed revenue. For Fiscal Year 2017-18, this excess revenue equaled \$2,417,878. This action authorizes the Auditor and Controller to increase the General Fund Commitment for Environmental Health in Fiscal Year 2018-19 by \$2,417,878 based on available prior year Land Use and Environment Group (LUEG) General Fund fund balance and does not move funds into DEH. If approved, the total amount in the DEH Fund Balance Commitment will be \$4,416,113. Consistent with Board direction on April 25, 2018 (1), DEH is working to rebuild its committed fund balance over the next several years to respond to uncertainty of future regulatory changes in environmental health programs, public or environmental health emergency response needs, and/or changes in economic conditions that influence permit volumes. The proposed increase to the fund balance commitment also is to comply with Proposition 26, which requires DEH to align fees to the services provided to fee payers in each fee category.

Recommendation 24

The Department of Planning and Development Services (PDS) Building Reserve Fund Balance Commitment within the General Fund was established in 1984 to stabilize fluctuations in workload, revenue and cost for processing building permits. At the close of each fiscal year, actual cost, and the related work anticipated over the following 18 to 24 months, and revenue are used to calculate the amount to be placed into or withdrawn from the commitment. For Fiscal Year 2017-18, this amount equaled \$1,322,879. If approved, this recommendation will authorize the Auditor and Controller to increase the Building Reserve Commitment within the General Fund in Fiscal Year 2018-19 by \$1,322,879 based on available prior year LUEG General Fund fund balance. The total amount in the PDS Building Reserve Fund Balance Commitment will be \$3,774,353.

Recommendation 25

Pursuant to Board Policy I-138, *Mitigation On County-Owned Land Managed by the Department of Parks and Recreation*, revenue obtained from the sale of mitigation credits will be used to purchase additional lands within the county that meet the criteria for mitigating environmental impacts to sensitive biological resources and/or species. On September 14, 2018, as a part of Capital Project 1014142, Santa Ysabel Nature Center, 1.47 acres of non-native grassland habitat and 1.8 acres of Engelmann oak woodland habitat mitigation credits at Santa Ysabel Open Space Preserve were purchased as mitigation for the Santa Ysabel Nature Center project impacts at a cost of \$26,160. This request will establish appropriations of \$26,160 in the Multiple Species Conservation Program (MSCP) Acquisitions Fund for future property acquisition based on unanticipated revenue from the DPR Trust Fund for the sale of mitigation credits.

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Recommendation 26

On September 14, 2016 (1), the Board authorized application and acceptance of grant funds up to \$125,000 from the State of California Habitat Conservation Fund for land acquisition of 22 acres near San Vicente Reservoir, known as San Vicente Connection, which is within the South County MSCP Pre-Approved Mitigation Area. Grant funds were awarded to the County in an amount equal to half of the \$238,842 total land acquisition and transaction costs but were unable to be included in the Fiscal Year 2018-19 Operational Plan. If approved, this request will establish appropriations up to \$119,421 for land acquisition at San Vicente Connection based on Habitat Conservation Fund grant funding. The remaining \$119,421 needed to complete the property acquisition is included in the Fiscal Year 2018-19 Operational Plan in the MSCP Acquisitions Fund based on available prior year MSCP Acquisitions Fund fund balance.

Recommendations 27 & 28

On February 26, 2014 (3), the Board established Communities Facilities District (CFD) No. 2013-01 Horse Creek Ridge Maintenance, approved the execution and delivery of separate joint community facilities agreements with North County Fire Protection District and the San Diego County Flood Control District, and authorized the levy of a special tax to fund needed public services in the Horse Creek Ridge community of Fallbrook. On March 22, 2017 (FL2), the Board approved a Park Acquisition and Interim Funding Agreement with D.R. Horton Los Angeles Holding Company Inc. (Developer) to provide for interim maintenance of park facilities until sufficient special tax revenue is generated by the Horse Creek Ridge CFD to support maintenance of the facilities by DPR. The creation of new funds necessary for accounting of the Horse Creek Ridge CFD was not completed prior to the development of the Fiscal Year 2018-19 Operational Plan. If approved, these requests will establish appropriations of \$78,000 in Horse Creek Ridge CFD 13-01 Interim Maintenance Fund, Services & Supplies, for interim maintenance of park facilities in the Horse Creek Ridge CFD, based on revenue from the Developer through the Park Acquisition and Interim Funding Agreement, and will establish appropriations of \$68,966 in the Horse Creek Ridge Fire CFD 13-01 C-Special Tax Special Revenue Fund, Services & Supplies, for fire suppression, prevention, and emergency medical services activities, based on revenue from the Horse Creek Ridge CFD 13-01 Special Tax C.

Recommendations 29 & 30

On February 25, 2014 (14), the Board approved the transfer of appropriations of \$36,500 from the MSCP Acquisitions Fund to DPR for one-time stewardship costs related to the Oaokasis property acquisition. Stewardship activities have been completed for this property. This request will cancel total remaining unused appropriations of \$24,092 in DPR and return the funds to the MSCP Acquisitions Fund for future land acquisition.

Recommendations 31 & 32

On November 15, 2017 (11), the Board authorized the Department of Purchasing and Contracting to advertise and award a contract for the construction of cabins at Dos Picos County Park. Subsequently, the estimated costs for construction in the bids received for this project were higher than anticipated. If approved, these recommendations would establish appropriations of \$260,000 in Capital Project 1019566 Dos Picos Camping Cabins, to support increased costs of construction, based on a transfer from DPR, Services & Supplies. This will bring the total estimated project cost to \$760,000.

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Recommendations 33 & 34

On July 11, 2018 (5), the Board authorized the Department of Purchasing and Contracting to advertise and award a contract for the construction of the Sweetwater Community Garden project. Subsequently, the estimated costs for construction in the bids received for this project were higher than anticipated. If approved, these recommendations would establish appropriations of \$97,000 in Capital Project 1021596 Sweetwater Community Garden, to support increased costs of construction, based on available prior year General Fund fund balance. This will bring the total estimated project cost to \$712,000.

Recommendation 35

A culvert in Permanent Road Division (PRD) Zone No 104 – Artesian Rd has an emergent need for repairs to maintain stormwater and roadway health and safety. Based on prior year benefit assessments, PRD Zone No. 104 – Artesian Rd has sufficient funds available to complete the necessary repairs. This recommendation will establish appropriations of \$61,000 in the PRD Zone No. 104 – Artesian Rd Fund based on available prior year fund balance, to complete the unanticipated culvert repair.

Recommendations 36 & 37

On July 10, 2018 (16) the Board ratified a Proclamation of Local Emergency for the West Fire affecting the Alpine area. To date, several County departments in LUEG have participated in the West Fire response and recovery efforts, including the Air Pollution Control District (APCD), Agriculture, Weights, and Measures (AWM), Public Works (DPW), DEH, LUEG Executive Office and PDS. It is projected that in Fiscal Year 2018-19, LUEG departments will expend a total of \$1,344,587 on West Fire response and recovery activities, including APCD (\$2,900), AWM (\$3,635), DPW (\$1,180,329), DEH (\$76,196), LUEG Executive Office (\$4,698), and PDS (\$76,829). To ensure a rapid response to the West Fire local emergency, these departments already have committed resources and have begun to realize expenditures. In October 2018, the County DPW received \$633,713 in State and federal grant funding for reimbursement of costs incurred for the County's response and recovery efforts associated with the Lilac Fire in December of 2017, and this funding can be used for West Fire costs. To ensure that department core services are not adversely impacted by the additional costs of responding to and recovering from the West Fire, these requests will establish appropriations totaling \$1,181,085: in DPW (\$1,104,889) based on unanticipated revenue from grant reimbursements related to the Lilac Fire (\$633,713) and available fund balance in the Firestorm 2007 Trust Fund (\$471,176); in DEH (\$76,196) based on available fund balance in the Firestorm 2007 Trust Fund. The remainder of the projected amount to be expended is included in the Fiscal Year 2018-19 Operational Plan in the various departments.

Recommendations 38 & 39

On July 25, 2018 (5), the Board authorized the waiver of plan check review and building permit fees related to the rebuilding of legal structures that had been damaged or destroyed by the West Fire in July 2018. PDS has estimated the cost of plan check review and building permit fees for these rebuilt structures to be \$234,639, of which, \$213,698 will be funded by unused appropriations from the 2017 Lilac Fire. DEH has estimated the cost of layout/percolation tests and consultation/field visits for these permits to be \$13,854. If approved, these requests will establish appropriations of \$20,941 in PDS, Services & Supplies, to fund plan check review and

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building permit fee waivers and \$13,854 in DEH, Salaries & Benefits for associated permit costs based on available fund balance in the Firestorm 2007 Trust Fund.

Recommendation 40

This request will amend the Department of General Services Fleet Equipment Acquisition Internal Service Fund (ISF) Spending Plan by \$141,760 for the transfer of ownership and management of seven plug-in hybrid electric vehicles to the Air Pollution Control District (APCD) based on available prior year fund balance. The seven vehicles were recorded in the Department of General Services Fleet Equipment Acquisition ISF and will be transferred to properly record the capital assets. The vehicles were purchased with a combination of available prior year Community Services Group General Fund fund balance and available prior year APCD fund balance.

Recommendations 41 & 42

These requests will establish appropriations of \$1,450,000 in the Capital Outlay Fund for Capital Project 1022065, Waterfront Park Improvements, to fund security enhancements based on an Operating Transfer In from the General Fund. These security enhancements are a part of a countywide security initiative, to ensure the safety of the public, County workers and property from active threats. County staff have determined that the transfer of appropriations to the Capital Outlay Fund is necessary for the capitalization of improvements once the project is complete.

Recommendations 43 & 44

On February 13, 2018 (8), the Board authorized a competitive solicitation process for the development of affordable housing units under a ground lease of the Sheriff Regional Crime Lab, located at 5255 Mt. Etna Drive, San Diego, CA and the Superior Court-Family Court, located at 1501/1555 Sixth Avenue, San Diego, CA. On May 8, 2018 (10), the Board established appropriations of \$2,500,000 for the demolition of the Superior Court-Family Court. These requests will establish additional appropriations of \$1,500,000 in General Miscellaneous Expense, Operating Transfers Out, for transfer to the Major Maintenance Internal Service Fund to provide additional funding for disposition and demolition to prepare the Superior Court-Family Court site for the development of affordable housing units. Additional demolition requirements have been identified, including structural support of the demolition site to ensure stability of structures adjacent to the site.

Recommendations 45 - 47

Appropriations of \$3,500,000 were included in the Fiscal Year 2017-18 Operational Plan for Capital Project 1021161, Bonita Library Expansion, to provide funding for a 3,200 square foot expansion to accommodate a larger children's area. These recommendations will establish additional appropriations of \$900,000 in the Library Projects Fund for the capital project in order to pay for costs related to revised project requirements, primarily for required upgrades in the existing structure to accommodate the planned expansion.

Recommendations 48 & 49

On November 5, 2013 (12), the Board approved a Memorandum of Understanding between the State of California, Department of Transportation (Caltrans) and the County of San Diego for

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two parcels owned by Caltrans. On December 3, 2013 (31), the Board established appropriations of \$37,500 in Capital Project 1018659, RICC Caltrans Replacement Property Julian Acquisition, to fund predevelopment activities for acquisition and improvement of a parcel in Julian to exchange for one of the Caltrans-owned parcels on Main Street adjacent to the Ramona Intergenerational Community Campus. The Board established additional appropriations of \$1,072,136 on May 3, 2016 (7) and \$48,437 on March 14, 2017 (7). These recommendations will establish additional appropriations of \$200,000 in the Capital Outlay Fund for Capital Project 1018659, RICC Caltrans Replacement Property Julian Acquisition, to pay for fire protection costs, including the connection of utilities, to the 1,600 square foot sand barn structure required to meet revised Caltrans site requirements.

Recommendation 50

On March 14, 2017 (5), the Board of Supervisors authorized County staff to issue a Request for Interest (RFI) for the provision of animal welfare, enforcement, and related services in the unincorporated area of the county, and to conduct a competitive solicitation for such services if interest was found to exist. A Request for Proposals (RFP) was issued in March 2018 under the County's Managed Competition process, generating responses from two qualified entities, including the Department of Animal Services. The department prevailed in the managed competition, proposing 61 staff years to implement its service model. The Fiscal Year 2018-19 Adopted Operation Plan currently includes 60 staff years, and must be increased by 1 staff year to align with the department's winning technical proposal. Based on current projections, sufficient appropriations exist in the department's budget to fund the additional staff year.

Recommendations 51 - 55

These recommendations will establish appropriations of \$895,698 based on prior year savings to provide funding for one-time needs in the Board of Supervisors' offices for various Services & Supplies costs. Funding is based on available prior year Finance and General Government Group General Fund fund balance.

Recommendations 56 & 57

These recommendations will transfer appropriations of \$1,722,000 based on Finance and General Government Group Executive Office Management Reserves to align funding for CAC related work that will now be done through the Capital Project 1021162, County Administration Center (CAC) Renovations. The funding source is available prior year Finance and General Government Group General Fund fund balance.

Recommendations 58 - 63

These recommendations will allow for the accurate financial reporting of major maintenance projects, which sometimes are capital in nature as determined by certain accounting requirements. These projects and the respective adjustments are listed in Appendix D-1 (Fiscal Year 2017-18) & D-2 (Fiscal Year 2018-19).

In Fiscal Year 2017-18, there was a net decrease of appropriations in the Major Maintenance Capital Outlay Fund (MMCOF) of \$2,060,532. These recommendations will cancel appropriations for projects that are being transferred to the Major Maintenance Internal Service

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Fund offset by projects with increases in Spending Plans, which are supported by existing department budgets.

In Fiscal Year 2018-19, there was a net increase of appropriations in the MMCOF of \$1,461,317. These recommendations will establish appropriations in MMCOF for new walk-in requests and for increases in Spending Plans, which are supported by existing department budgets and. These increases are offset by several projects that are being transferred to the Major Maintenance Internal Service Fund.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Building Better Healthy, Living Safely, Sustainable Environments/Thriving and Operational Excellence in the County of San Diego's 2018-2023 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

- Schedule A
- Schedule B
- Notes to Schedules A and B
- Appendix D-1
- Appendix D-2

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

June 26, 2018 (12), County of San Diego Fiscal Year 2018-19 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds, and Prior Year Encumbrances

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT: Finance & General Government Group

OTHER CONCURRENCE(S): N/A

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**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2018-19 1st Quarter**

GENERAL NOTES

Projected Fund Balance

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

Management Reserves

Besides the General Fund Reserve, which is comprised of unassigned General Fund fund balance, County business groups may establish Management Reserves. Management Reserves are appropriations that are established at the group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by group/agency that distinguishes between projected management reserve balances and operating balances.

Variance Reporting

Departments project variances from the Operational Plan based either on revised expectations or on actual revenues/expenditures to date. The significant variances (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance from plan are discussed below and categorized by fund.

PUBLIC SAFETY GROUP

General Fund

Public Safety Executive Office—Contribution for Trial Courts

A positive variance of \$0.8 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.5 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is projected due to temporary staff and \$0.4 million in Services & Supplies is associated with lower than anticipated contracts expenditures and other projects.

A positive revenue variance of \$0.3 million is projected. This positive variance is due to higher than anticipated receipts of \$0.2 million in Fines, Forfeitures & Penalties from collections in Contribution to Trial Courts, and \$0.1 million in Charges For Current Services from court fees.

District Attorney

A positive variance of \$4.2 million is projected for the District Attorney's Office.

A positive expenditure variance of \$3.1 million is projected in Salaries & Benefits due to normal attrition, and vacant and modified positions.

A positive revenue variance of \$1.1 million is projected in Intergovernmental Revenues due to unanticipated grant funding from the State of California, Department of Insurance programs.

Sheriff

A positive variance of \$7.2 million is projected for the Sheriff's Department.

A positive expenditure variance of \$12.6 million is projected. A positive variance of \$10.7 million in Salaries & Benefits is projected due to vacant positions. A positive expenditure variance of \$1.3 million is projected in Services & Supplies primarily due to Medicines, Drugs & Pharmaceuticals and Contracted Services, offset by negative variances in Auto Fuel and Vehicle Lease. A positive expenditure variance of \$0.7 million is projected in Other Charges due to savings in the cost of medical support and care of persons in detention facilities. A negative expenditure variance of \$0.1 million is projected in Expenditure Transfer & Reimbursements due to lower than anticipated reimbursements from the Probation Department for food services.

A negative revenue variance of \$5.4 million is projected. A negative variance of \$0.1 million is projected in Licenses Permits & Franchises due to lower than anticipated collections from license fees. A negative variance of \$0.1 million is projected for Fines, Forfeitures & Penalties due to a decrease in planned expenditures in the Cal-ID program. A negative variance of \$0.2 million is projected in Charges For Current Services due to various revenues from services provided by the department. A negative variance of \$0.4 million is projected in Miscellaneous Revenues due to a decrease in planned expenditures for Regional Communications System. A negative variance of \$5.4 million is projected in Other Financing Sources due to decreased collections in Penalty Assessment revenue. A positive variance of \$0.8 million is projected in Intergovernmental Revenues due to over-realized revenue in State Aid for reimbursement of costs to provide a jail-based competency treatment program.

Department of Child Support Services

A positive variance of \$1.0 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$3.9 million is projected. This is comprised of: positive variances of \$1.6 million in Salaries & Benefits from vacant and modified positions, \$2.7 million in Services & Supplies due to lower than anticipated costs for IT asset refresh and decreased contract costs due to new contracts with lower rates, and \$0.1 million in Capital Assets Equipment due to a reduced number of vehicles that need to be purchased, offset by a negative variance of \$0.5 million in Expenditure Transfer &

Reimbursements due to lower than anticipated operational expenses in the Bureau of Public Assistance Investigation.

A negative revenue variance of \$2.9 million in Intergovernmental Revenues is projected due to lower than anticipated State and Federal reimbursement claims.

Office of Emergency Services

A positive variance of \$0.5 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$0.6 million is projected. Positive variance of \$0.1 million in Salaries & Benefits is due to vacant positions and \$0.5 million in Services & Supplies is related to major maintenance projects that will be delayed and completed in the following fiscal year.

A negative revenue variance of \$0.1 million in Intergovernmental Revenues is projected due to reimbursements related to vacancies in grant funded positions mentioned above.

Medical Examiner

A positive variance of \$0.6 million is projected for the Medical Examiner.

A positive expenditure variance of \$0.6 million is projected in Salaries & Benefits due to vacant and modified positions.

No revenue variance is projected.

Special Revenue Funds

Proposition 172

A positive variance of \$2.5 million is projected for Proposition 172 Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$2.5 million in Intergovernmental Revenues is projected due to higher than anticipated sales tax receipts.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

Administrative Support

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial & Support Services Division, Human Resources, Management Information Support, First Five Commission, Office of Strategy & Innovation, Community Action Partnership, Regional Administration, and Office of Military & Veterans Affairs.

A positive variance of \$20.6 million is projected for Administrative Support.

A positive expenditure variance of \$21.5 million is projected and includes \$1.5 million in Salaries & Benefits due to staff vacancies and retirements and \$20.0 million in Management Reserves held for operating contingencies during the year.

A negative revenue variance of \$0.9 million is projected and includes a negative variance of \$0.5 million in Charges for Current Services and a negative variance of \$0.4 million in Intergovernmental Revenues. The negative variance of \$0.5 million in Charges for Current Services includes \$0.3 million due to lower collection estimates for dispute resolution fees and \$0.2 million in due to decreased First Five revenue. The negative variance of \$0.4 million in Intergovernmental Revenue is tied to expenditure savings in Salaries & Benefits as noted above.

Aging & Independence Services

A positive variance of \$1.8 million is projected for Aging & Independence Services.

A positive expenditure variance of \$0.8 million is projected and includes a positive variance of \$0.4 million in Salaries & Benefits due to attrition and vacant positions and \$0.9 million in Operating Transfers Out due to reduced funding needs for the In-Home Support Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services, partially offset by a negative variance of \$0.5 million in Services & Supplies. The negative variance of \$0.5 million in Services & Supplies includes \$1.2 million in contracted services primarily driven by additional allocated federal funding for Older Americans Act (OAA) programs, partially offset by a positive variance of \$0.4 million in information technology (IT) costs for IT systems upgrades that will not be completed this year, and \$0.3 million primarily tied to operational savings in Public Conservatorship program with no impact to services.

A positive revenue variance of \$1.0 million is projected and includes \$0.6 million in Miscellaneous Revenues for the Alzheimer's Disease Initiative grant revenue from the prior year and \$0.4 million in Intergovernmental Revenues. The \$0.4 million positive variance in Intergovernmental Revenues is primarily associated with increased OAA funding tied to updated allocations, partially offset by a decrease in realignment funding

based on expenditure savings in the IHSS Public Authority and other various operating costs noted above.

Behavioral Health Services

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital (SDCPH) and Edgemoor Distinct Part Skilled Nursing Facility.

Behavioral Health Services (BHS) is projected to have a zero variance.

A positive expenditure variance of \$12.3 million is projected and includes negative variance of \$0.6 million in Salaries & Benefits offset by \$12.9 million in Services & Supplies. The \$0.6 million negative variance in Salaries & Benefits includes \$4.1 million tied to the San Diego County Psychiatric Hospital (SDCPH) expansion of bed capacity offset by a \$3.5 million positive variance due to staff vacancies and attrition. The \$12.9 million positive variance in Services & Supplies includes \$18.9 million in various mental health and substance abuse programs to align to current service utilization, partially offset by a \$6.0 million negative variance tied to the SDCPH expansion of bed capacity.

A negative revenue variance of \$12.3 million is projected and includes negative variances of \$12.2 million in Intergovernmental Revenues and \$0.2 million in Charges For Current Services based on current caseload revenue trends in Edgemoor Distinct Part Skilled Nursing Facility, offset by a positive variance of \$0.1 million in Miscellaneous Revenues mainly due to recoupment of prior year contractor overpayments. The \$12.2 million negative variance in Intergovernmental Revenues is primarily tied to expenditure savings associated with behavioral services programs as noted above.

County Child Welfare Services

A positive variance of \$5.6 million is projected for County Child Welfare Services.

A positive expenditure variance of \$19.8 million is projected and includes a positive variance of \$4.3 million in Services & Supplies, and a positive variance of \$15.5 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in foster care and adoptions assistance programs. The positive variance of \$4.3 million in Services & Supplies is due to continued ramp-up in the Child and Family Team (CFT) contract and the Developmental Screening Enhancement Program contract, updated procurement timelines for expanded Cultural Broker services, and updated caseload trends in the Transitional Housing Program contracts.

A negative revenue variance of \$14.2 million is projected and includes \$12.8 million in Intergovernmental Revenues, \$1.5 million in Miscellaneous Revenues primarily associated with savings in the CFT contract, \$0.3 million in Revenue From Use of Money & Property revenue to align with revenue collection trends for the use of the San Pasqual Academy property, and \$0.1 million in Licenses Permits & Franchises revenues primarily from an increase from marriage license fees, partially offset by a

positive variance of \$0.5 million in Charges for Current Services tied to reimbursement from birth certificate fees for services within Child Abuse and Neglect Prevention and Intervention programs. The negative variance of \$12.8 million in Intergovernmental Revenues consists of \$10.6 million in assistance payment revenues to align with projected caseload levels, and \$2.2 million in social services administrative revenues primarily associated with a revised funding allocation timeline.

Housing & Community Development Services

Housing & Community Development Services (HCDS) consists of the following: HCDS Operations, Administration, and HCDS Multi-Year Projects.

HCDS is projecting a \$5.5 million positive variance. This amount includes \$0.4 million of unrestricted fund balance and \$5.1 million of restricted fund balance associated with reclassification of expenditures to long term loans.

A positive expenditure variance of \$8.1 million is projected and includes \$1.1 million in Salaries & Benefits due to attrition and vacant positions and \$7.0 million in Services & Supplies. The \$7.0 million positive variance in Services & Supplies includes \$5.1 million in projected loans to be issued and \$1.9 million in HCDS Multi-Year Projects due to community development and affordable housing project implementation overlap across fiscal years.

A negative revenue variance of \$2.6 million is projected and includes a negative variance of \$4.8 million in Intergovernmental Revenues related to savings in Salaries & Benefits and multi-year projects resulting in decreased federal revenue partially offset by \$2.2 million in Miscellaneous Revenues due to unanticipated HOME Program Income based on loan repayments.

Public Health Services

A positive variance of \$3.9 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$8.6 million is projected and includes \$4.3 million in Salaries & Benefits due to staff vacancies and attrition, \$2.7 million in Services & Supplies and \$1.6 million in Other Charges due to revised estimates of caseload levels in California Children's Services (CCS). The \$2.7 million positive variance in Services & Supplies includes \$1.6 million available as needed for additional support during an emergency outbreak and \$1.1 million mainly in contract savings associated with grant reductions in Maternal Child and Family Health Services.

A negative revenue variance of \$4.7 million is projected and includes \$5.4 million in Intergovernmental Revenues partially offset by a positive variance of \$0.5 million in Charges for Current Services primarily for the Public Health Vital and Health Statistics trust fund revenue to reimburse costs for IT enhancements and \$0.2 million in Miscellaneous Revenues tied to grant funds received for staff development. The \$5.4 million negative variance in Intergovernmental Revenues is tied to expenditure savings, updated allocations, and lower than anticipated CCS caseload expenditures.

Self-Sufficiency Services

A positive variance of \$4.5 million is projected for Self-Sufficiency Services.

A positive expenditure variance of \$27.3 million is projected and includes a positive variance of \$1.7 million in Salaries & Benefits due to attrition and vacant positions and a positive variance of \$25.6 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) program.

A negative revenue variance of \$22.8 million is projected and includes \$22.9 million in Intergovernmental Revenues and \$0.3 million in Charges for Current Services primarily related to aligning third party reimbursement revenue to current collection trends for the County Medical Services Program, offset by a positive variance of \$0.3 million in Miscellaneous Revenues mainly due to recoupment of payments in General Relief and \$0.1 million in Fines, Forfeitures & Penalties associated with Physicians Emergency Services program based on projected eligible expenditures for the program. The negative variance of \$22.9 million in Intergovernmental Revenues consists of a negative variance of \$24.5 million in revenue related to assistance payments primarily due to revised CalWORKs caseload projections, offset by a positive variance of \$1.6 million in social services administrative revenues tied to updated allocations.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures (AWM)

A positive variance of \$0.7 million is projected for the Department of Agriculture, Weights and Measures (AWM), including the University of California Cooperative Extension.

A positive expenditure variance of \$0.7 million is projected. Savings of \$0.7 million in Salaries & Benefits is due to staff vacancies and under-filled positions.

No revenue variance is projected.

Environmental Health (DEH)

A positive variance of \$1.7 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$1.3 million is projected. Savings of \$0.8 million in Salaries & Benefits is due to vacancies and under-filled positions. Savings of \$0.5 million in Services & Supplies is primarily related to the Vector Control Program due to a reduction in payments for the Vector Habitat Remediation Program.

A positive revenue variance of \$0.4 million is projected. This variance consists of over-realized revenue of \$1.1 million in Licenses, Permits & Franchises due to fee revenue for external overheads that is not budgeted, including Food and Housing Permit Fees (\$0.6 million), and Hazardous Materials Permit Fees (\$0.5 million). This is offset by a negative variance of \$0.7 million in Charges for Current Services in Vector Control Trust Fund revenue, which is associated with both Salaries & Benefits and Services & Supplies savings because revenue is only drawn for actual costs incurred.

Planning & Development Services (PDS)

A positive variance of \$1.4 million is projected for the Department of Planning & Development Services.

A positive expenditure variance of \$3.1 million is projected. Savings of \$2.9 million is projected in Salaries & Benefits primarily due to staff vacancies and under-filled positions. A projected savings of \$0.2 million in Services & Supplies is spread across various accounts in various divisions.

A negative revenue variance of \$1.7 million is projected. A projected negative variance of \$1.5 million in Charges for Current Services is primarily due to staff vacancies to provide the service to property owners. A negative variance of \$0.2 million in Licenses, Permits & Franchises is spread across various accounts in various divisions.

Special Revenue Funds

Public Works - Road Fund

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

A positive expenditure variance of \$0.9 million is projected in Salaries & Benefits due to partial year staff vacancies and under-filled positions.

A negative revenue variance of \$0.8 million is projected. Under-realized revenue of \$0.3 million in Intergovernmental Revenues is projected due to schedule revisions for federally funded projects, including Buckman Springs Road, Ammunition Road Sidewalks Phase II and Quarry Road Bridge. Under-realized revenue of \$0.4 million in Charges for Current Services is projected due to schedule revisions for the Mapleview Street, Jamul Drive and Lyons Valley Road projects, which are funded by the General Fund. Under-realized revenue of \$0.1 million in Revenue from Use of Money & Property is projected due to a reduction in revenues resulting from a lease cancellation.

Public Works – Inactive Waste Site Management Fund

No net variance is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$1.0 million is projected in Services & Supplies due to lower than anticipated non-routine groundwater services, residential buffer property repairs, investigations and mitigation costs due to cancellation of flare replacement at the Jamacha Landfill.

A negative revenue variance of \$1.0 million is projected. Under-realized revenue of \$1.0 million is projected in Charges for Current Services due to less capital transfer from the Environmental Trust Fund based on available Inactive Waste operating fund balance. Funds are transferred from the Environmental Trust Fund to the Inactive Waste Fund on a quarterly basis for operations as-needed to maximize interest earnings in the Environmental Trust Fund.

Special District Funds

Air Pollution Control District

A positive variance of \$1.0 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$2.1 million is projected. A positive variance of \$1.0 million in Salaries & Benefits and \$1.1 million in corresponding Operating Transfers Out in the Air Pollution Control Air Quality Improvement Trust Fund is due to staff vacancies and under-filling positions.

A negative revenue variance of \$1.1 million is projected. A negative variance of \$1.1 million in Other Financing Sources from the Air Pollution Control Air Quality Trust Fund is related to savings in Salaries & Benefits.

COMMUNITY SERVICES GROUP

General Fund

Registrar of Voters

A positive variance of \$1.4 million is projected for the Registrar of Voters.

A positive expenditure variance of \$1.4 million is projected. The variance is primarily due to savings in Services & Supplies resulting from budgeted expenditures that did not materialize during the June 2018 Gubernatorial Primary election, including printing services, temporary labor, and equipment rental costs.

No significant revenue variance is projected.

Special Revenue Funds

San Diego County Library

A positive variance of \$0.9 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.2 million is projected. This variance is due to savings of \$0.1 million in Salaries & Benefits from anticipated vacated positions. Projected savings in Services & Supplies of \$0.1 million are due to lower than expected

spending in facility and IT costs. Projected savings of \$1.0 million in management reserves are due to unused operating contingencies.

A negative revenue variance of \$0.3 million is projected in Charges For Current Services due to shortfalls of \$0.3 million in public printing and other library services revenues.

Internal Service Funds

Facilities Management ISF

A positive variance of \$0.9 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$1.9 million is projected due to \$1.4 million in Salaries & Benefits from vacant and modified positions, \$0.4 million in Services & Supplies primarily due to lower than anticipated pass through expenses for contracted services, and \$0.1 million in Other Charges due to lower than anticipated depreciation expense.

A negative revenue variance of \$1.0 million is projected primarily in Charges For Current Services due to lower than anticipated reimbursement for project management, real estate and maintenance services provided.

Fleet Management ISF

A positive variance of \$0.1 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$0.5 million is projected primarily in Salaries & Benefits due to vacant and modified positions.

A negative revenue variance of \$0.4 million is projected due to a negative variance of \$0.6 million in Charges For Current Services due to lower than anticipated reimbursement for equipment maintenance services provided, offset by a positive variance in Other Financing Sources due to better than expected auction proceeds.

Purchasing and Contracting

A positive variance of \$1.1 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$0.4 million is projected due to \$0.3 million Salaries & Benefits savings attributed to managed vacancies, and \$0.1 million savings in Other Charges due to lower than anticipated depreciation costs.

A positive revenue variance of \$0.7 million is projected as a result of \$0.5 million in Charges For Current Services due to higher than expected client spending on contracts and \$0.2 million in Miscellaneous Revenues due to better than expected proceeds from rebate agreements.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$1.6 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$1.6 million is projected. Anticipated positive variances of \$1.4 million in Salaries & Benefits due to attrition, staff turnover and departmental vacancies and \$0.2 million in Services & Supplies is projected due to less than anticipated contracted services.

No revenue variance is projected.

Treasurer-Tax Collector

No significant variance is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$0.9 million is projected. Anticipated positive variances of \$0.9 million in Salaries & Benefits are projected due to normal attrition of staff and departmental vacancies.

A negative revenue variance of \$0.9 million is projected primarily in Charges For Current Services due to a variance in Banking Services Pooled Revenue as an offset from Salaries & Benefits.

Auditor and Controller

A positive variance of \$0.6 million is projected for the Auditor and Controller.

A positive expenditure variance of \$0.3 million is projected. Anticipated positive variances of \$0.3 million in Salaries & Benefits are projected due to normal attrition of staff and departmental vacancies.

A positive revenue variance of \$0.3 million is projected primarily in Charges For Current Services that includes \$0.1 million related to AB 2890 Recovered Costs (reimbursement to administer the Supplemental Assessment Program) and \$0.2 million in Property Tax Administration costs.

County Counsel

A positive variance of \$1.2 million is projected for the Office of County Counsel.

A positive expenditure variance of \$1.1 million is projected in Salaries & Benefits due to normal attrition of staff and departmental vacancies.

A positive revenue variance of \$0.1 million is projected in Miscellaneous Revenues due to the reimbursement of legal services costs on a matter that involved various California counties.

Finance and General Government Executive Office

A positive variance of \$2.3 million is projected for the Finance and General Government Group Executive Office.

A positive expenditure variance of \$2.3 million is projected. Anticipated positive variance of \$0.3 million in Salaries & Benefits due to vacant positions, \$1.0 million in Services & Supplies due to less than needed Information Technology costs and \$1.0 million in Management Reserves held for unanticipated groupwide contingencies.

No revenue variance is projected.

Department of Human Resources

A positive variance of \$0.8 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.5 million is projected. Anticipated positive variances of \$0.1 million in Salaries & Benefits are primarily due to vacant positions, and \$1.4 million in Services & Supplies are primarily due to savings in contracted services and workers compensation administration costs.

A negative revenue variance of \$0.7 million is projected in Miscellaneous Revenues due to reduced workers compensation administration costs.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$18.5 million is projected in General Purpose Revenue (GPR) and \$28.3 million positive variance is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. As of September 2018, San Diego's economy has certainly been healthier on a year-over-year basis with gains in employment showed across most industries except Trade, Transportation & Utilities, Financial Activities, and Leisure & Hospitality. The region has continued to fare better than other California metros in terms of unemployment rate. Median home prices in San Diego for Single Family Homes grew 7.2% and for Existing Attached Homes by 6.4% in the first quarter of Fiscal Year 2018-19 compared to the same period last year. The outlook for San Diego is forecasted to have a strong local economy throughout the end of this year and at least into the beginning of 2019. The one thing that could negatively affect the local economy is the rising cost of gasoline which will reduce people's spending power toward things like restaurants, retail, attractions, etc. (USD Index of Leading Economic Indicators, April 2018 report).

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2018-19, the economic indicators discussed

previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 3.2% in September 2018, down from 3.7% one year ago. In comparison, this is below the state's rate of 3.9% in September 2018 and 4.3% in September 2017.
- Consumer spending, as measured by taxable sales will increase mainly due to increase in fuel prices and in consumer online spending. During the 1st Quarter of 2018-19, unadjusted local point of sale tax revenue decreased by 11.72% in the unincorporated area, in the Southern California Region by 9.93%, in the statewide level by 10.09% and in the San Diego regional level by 10.26% compared to the same time period last year. The reason for the decrease is due to the State's conversion to a new software and reporting system that resulted in thousands of delayed and partial payments statewide.
- The positive indicators in the housing market continues in the County.
 - Increase in median housing prices for Single Family Homes (up 7.2%) and for Existing Attached Homes (up 6.4%) for the first quarter of Fiscal Year 2018-19 compared to the same period last year;
 - Notices of Default for January-September 2018 were down 11% compared to the same period in 2017.
 - Foreclosure activity decreased 25% in January-September 2018 compared to the same period in 2017.

Current Property Taxes All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show no projected variance.

- *Property Taxes Current Secured*
No projected variance in Current Secured Property Taxes. On August 7, 2018 (10), the Board directed the projected one-time over realized revenue generated by greater than anticipated assessed value growth be used to reduce the pension fund's Unfunded Actuarially Accrued Liability, per Administrative Code Section 113.5(b).

The budgeted current secured property taxes assumed a local secured assessed value increase of 4.75%, but the actual assessed value (AV) increased by 6.13% (gross less regular exemptions). (Note: The 6.13% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on June 29, 2018 of 6.11%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

No projected variance in Current Unsecured Property Taxes. 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.

- *Property Taxes Current Supplemental*

No projected variance in Current Supplemental Property Taxes. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through Fiscal Year 2018-19.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$1.0 million above budget.

- *Property Tax Prior Secured Supplemental*

No projected variance for Property Tax Prior Secured Supplemental.

- *Real Property Transfer Taxes*

Real Property Transfer Taxes are projected to be \$3.1 million higher than budget. This is based on 3 prior year receipts as well as data regarding current year change in ownership and the anticipated level of new construction.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$2.5 million lower than budget. This is based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

- *Other Tax - Aircraft*

Other Tax - Aircraft are projected to be \$0.5 million lower than budget. This is based on 3 prior year receipts.

- *Sales and Use Taxes*

Sales and Use Taxes is projected to be \$0.8 million higher than budget. This is due to under-advancement of revenue by the State, new allocations received, audit recovery, and increase in the pool allocations due to higher sales.

- *Property Tax in Lieu of Vehicle License Fees*

No projected variance for Property Tax in Lieu of Vehicle License Fees (VLF).

- *Teeter Property Tax Prior Year and Cumulative Prior Years*
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$0.1 million higher than budget. The increase is based on a higher Teeter buyout this fiscal year.

Licenses, Permits, and Franchises

Licenses, Permits and Franchise payments are projected to be \$0.2 million lower than budget. The decrease is due to lower than expected receipts from AT&T for franchise fees from prior years.

Revenue from Use of Money & Property

Interest on Deposits is projected to be \$10.9 million above budget. The increase is due to higher than expected interest earnings.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$2.0 million lower than budget mostly in Penalties and Cost Delinquency Taxes based on 3 prior year receipts. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

Intergovernmental Revenue

A positive variance of \$8.8 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies. The pass-through distributions are continuing to go higher primarily due to County's tax sharing percentage increase from 25% to 30% starting in FY2018-19 for the San Marcos project area, and due to the debt service payment for refunding 2007 bond is reduced this year which increased the available tax increment for County share. The 2007 bonds will be paid off this year which will further increase the available tax increment for County share in FY2019-20. The County General agreement pass-through is calculated based on the tax increment revenue after debt service payments.

Miscellaneous Revenue

No projected variance for Miscellaneous Revenue.

General County Expenses

Countywide General Expense

A positive variance of \$28.3 million is projected in Countywide General Expense.

A positive expenditure variance of \$4.0 million is projected in Services & Supplies due to Information Technology projects that are anticipated to extend beyond the current fiscal year.

A positive revenue variance of \$24.2 million is projected. The positive variance is comprised of \$21.0 million in Intergovernmental Revenues due to one-time receipt from

the State for SB90 mandatory claims, \$2.9 million in Charges For Current Services for A-87 billings to departments, \$0.3 million in Miscellaneous Revenues due to Unclaimed Excess Proceeds from Tax Sales and escheatment revenues.

**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 21,732	\$ (6,973)	\$ 14,758
Health & Human Services Agency	98,302	(56,481)	41,822
Land Use & Environment	5,276	(1,328)	3,948
Community Services	1,770	7	1,777
Finance & General Government	9,037	(1,215)	7,822
Total Agency/Group	<u>136,117</u>	<u>(65,990)</u>	<u>70,127</u>
General Purpose Revenue	0	18,521	18,521
Finance Other	4,042	24,241	28,284
Total General Fund	\$ 140,160	\$ (23,228)	\$ 116,931
Special Revenue Funds			
Public Safety	\$ 0	\$ 2,470	\$ 2,471
Health & Human Services Agency	53	0	53
Land Use & Environment	1,904	(1,332)	572
Community Services	1,178	(260)	918
Total Special Revenue Funds	\$ 3,135	\$ 878	\$ 4,013
Capital Program			
Finance Other	\$ -	\$ 20	\$ 20
Internal Service Funds Departments			
Land Use & Environment	\$ 0	\$ 0	\$ 0
Community Services	3,035	(869)	2,166
Finance & General Government	0	0	0
Finance Other	284	0	284
Total Internal Service Funds	\$ 3,319	\$ (869)	\$ 2,450
Enterprise Fund Departments			
Land Use & Environment	\$ 380	\$ (380)	\$ 0
Sheriff	0	0	0
Total Enterprise Funds	\$ 380	\$ (380)	\$ 0
Special District Funds Departments			
Public Safety Group	\$ 46	\$ 31	\$ 77
Health & Human Services Agency	0	162	162
Land Use & Environment	2,522	(1,061)	1,461
Total Special District Funds	\$ 2,568	\$ (868)	\$ 1,700
Other County Funds Departments			
Community Svcs. - Red./Redev. Successor Agency	\$ 0	\$ 0	\$ 0
Total Other County Funds	\$ 0	\$ 0	\$ 0
Debt Service - Pension Obligation Bonds	\$ 0	\$ 0	\$ 0
Total County Projected Operating Balance	\$ 149,562	\$ (24,448)	\$ 125,114

**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 3,916	\$ (2,941)	\$ 975
District Attorney	3,089	1,088	4,177
Emergency Services	589	(50)	539
Law Enforcement Review Board	0	0	0
Medical Examiner	610	0	610
Probation	0	0	0
Public Defender	347	0	347
Public Safety Executive Office	481	328	809
San Diego County Fire Authority	109	0	109
Sheriff	12,591	(5,399)	7,192
Total General Fund	\$ 21,732	\$ (6,973)	\$ 14,758

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	8	8
Sheriff - Inmate Welfare Program	0	0	0
Criminal Justice Facility	0	0	0
Courthouse	0	0	0
Penalty Assessment	0	0	0
Public Safety - Proposition 172	0	2,463	2,463
Total Special Revenue Funds	\$ 0	\$ 2,470	\$ 2,471

Enterprise Funds

Sheriff	\$ 0	\$ 0	\$ 0
Total Enterprise Funds	\$ 0	\$ 0	\$ 0

Special District Funds

Community Facilities Districts	\$ 0	\$ 0	\$ 0
Sheriff (Regional 800 MHz)	0	0	0
County Service Area	46	31	77
Total Special District Funds	\$ 46	\$ 31	\$ 77

Total Public Safety Group

Total Public Safety Group	\$ 21,778	\$ (4,472)	\$ 17,306
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**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 21,444	\$ (892)	\$ 20,552
Aging & Independence Services	797	994	1,791
Behavioral Health Services	12,252	(12,252)	0
Child Welfare Services	19,743	(14,192)	5,551
Public Health Services	8,660	(4,731)	3,929
Self-Sufficiency Services	27,338	(22,838)	4,499
Regional Operations	7	0	7
Housing & Community Development Services	8,062	(2,570)	5,492
Total General Fund	\$ 98,302	\$ (56,481)	\$ 41,822

Special Revenue Funds

Tobacco Securitization Fund	\$ 53	\$ 0	\$ 53
Total Special Revenue Funds	\$ 53	\$ 0	\$ 53

Special District Funds Departments

Ambulance Districts	\$ 0	\$ 162	\$ 162
Total Special Districts Funds	\$ 0	\$ 162	\$ 162

Other County Funds Departments

Housing & Community Development	\$ 0	\$ 0	\$ 0
Total Other County Funds Departments	\$ 0	\$ 0	\$ 0

Total Health & Human Services Agency	\$ 98,355	\$ (56,319)	\$ 42,036
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**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 701	\$ 0	\$ 701
Environmental Health	1,303	433	1,736
Land Use & Environment Group Exec Office	0	0	0
Parks & Recreation	0	5	5
Planning & Development Services	3,122	(1,700)	1,422
Public Works	150	(66)	84
Total General Fund	\$ 5,276	\$ (1,328)	\$ 3,948

Special Revenue Funds Departments

A,W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDO	0	434	434
DPW - Aviation Funds	0	0	0
DPW - Road Fund	951	(813)	137
DPW - Survey Monument Preservation	0	0	0
DPW - Inactive Waste	953	(953)	0
DPW - Waste Planning and Recycling	0	0	0
Total Special Revenue Funds	\$ 1,904	\$ (1,332)	\$ 572

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 0	\$ 0	\$ 0
Total Internal Service Funds	\$ 0	\$ 0	\$ 0

Enterprise Funds Departments

Airport Enterprise Fund	\$ 0	\$ 0	\$ 0
Wastewater Management Enterprise Fund	380	(380)	0
Total Enterprise Funds	\$ 380	\$ (380)	\$ 0

Special District Funds Departments

Air Pollution Control District	\$ 2,122	\$ (1,061)	\$ 1,061
Parks and Recreation	0	0	0
DPW - SD County Sanitation District	400	0	400
DPW - Water Sewer Maintenance Districts	0	0	0
DPW - CSAs	0	0	0
DPW - PRDs	0	0	0
DPW - Community Facilities Districts	0	0	0
DPW - Flood Control	0	0	0
DPW - Street Lighting Districts	0	0	0
Total Special Districts Funds	\$ 2,522	\$ (1,061)	\$ 1,461

Total Land Use & Environment Group

Total Land Use & Environment Group	\$ 10,081	\$ (4,101)	\$ 5,981
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**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 370	\$ 0	\$ 370
Community Services Group Exec Office	0	5	5
General Services	0	0	0
Purchasing & Contracting	0	0	0
Library Services	0	0	0
Registrar of Voters	1,400	2	1,402
Total General Fund	\$ 1,770	\$ 7	\$ 1,777

Special Revenue Funds Departments

Library Services	\$ 1,178	\$ (260)	\$ 918
Total Special Revenue Funds	\$ 1,178	\$ (260)	\$ 918

Internal Service Funds Departments

Facilities Management	\$ 1,944	\$ (988)	\$ 956
Major Maintenance ISF	193	(193)	0
Fleet Management	491	(423)	68
Purchasing & Contracting	407	734	1,141
Total Internal Service Funds	\$ 3,035	\$ (869)	\$ 2,166

Other County Funds Departments

Red. Agency/Redevelopment Successor Agency	\$ 0	\$ 0	\$ 0
Total Other County Funds Departments	\$ 0	\$ 0	\$ 0

Total Community Services Group	\$ 5,984	\$ (1,123)	\$ 4,861
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**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 1,612	\$ 0	\$ 1,612
Auditor & Controller	296	308	604
Board of Supervisors	136	0	136
Chief Administrative Office	396	0	396
Civil Service Commission	87	0	87
Clerk of the Board of Supervisors	213	0	213
County Communications Office	343	0	343
County Counsel	1,115	72	1,187
County Technology Office	0	0	0
Finance & GG Exec Office	2,300	0	2,300
Grand Jury	109	0	109
Human Resources	1,503	(712)	791
Treasurer-Tax Collector	929	(883)	46
Total General Fund	\$ 9,037	\$ (1,215)	\$ 7,822

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	\$ 0
Total Internal Service Funds	\$ 0	\$ 0	\$ 0

**Total Finance & General
Government Group**

Total Finance & General Government Group	\$ 9,037	\$ (1,215)	\$ 7,822
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**FY 2018-2019 1st Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	1st Quarter FY18-19 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$	0	\$	0
All Other Taxes-Local		1,016		1,016
Licenses, Permits & Franchises		(240)		(240)
Fines, Forfeitures & Penalties		(1,954)		(1,954)
Revenue for Use of Money & Property		10,892		10,892
Intergovernmental Revenue		8,806		8,806
Charges for Current Services		0		0
Miscellaneous Revenue		0		0

Total General Purpose Revenue

\$	0	\$	18,521	\$	18,521
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General County Expenses:

Cash Borrowing Program	\$	0	\$	0	\$	0
Community Enhancement		0		0		0
Contingency Reserve		0		0		0
Contributions to the Capital Outlay Fund		0		0		0
Contributions to the County Library		0		0		0
Lease Payments - Bonds		0		0		0
Local Agency Formation Comm Admin		0		0		0
Neighborhood Reinvestment Program		0		0		0
Countywide Expenses		4,042		24,241		28,284
Total Finance Other Expenses		4,042		24,241		28,284

Total General Fund

\$	4,042	\$	42,762	\$	46,804
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Capital Program Funds

Capital Program	\$	0	\$	20	\$	20
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Total Capital Program Funds

\$	0	\$	20	\$	20
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Internal Service Funds Departments

Workers Compensation	\$	0	\$	0	\$	0
Unemployment Insurance		0		0		0
Public Liability		284		0		284

Total ISF Funds

\$	284	\$	0	\$	284
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Debt Service Funds Departments

Pension Obligation Bonds	\$	0	\$	0	\$	0
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Total Debt Service Funds

\$	0	\$	0	\$	0
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**Total General Purpose Revenue & Finance
Other**

\$	4,327	\$	42,782	\$	47,108
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**FY 2018-2019 1st Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	1st Quarter FY18-19 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 14,758	\$ 14,758
Health and Human Services Agency	20,000	21,822	41,822
Land Use and Environment	0	3,948	3,948
Community Services	0	1,777	1,777
Finance & General Government	1,000	6,822	7,822
Agency/Group Totals	\$ 21,000	\$ 49,127	\$ 70,127
General Purpose Revenue	\$ 0	\$ 18,521	\$ 18,521
General County Expenses	0	28,284	28,284
Contingency Reserve	0	0	0
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 0	\$ 46,804	\$ 46,804
Total General Fund	\$ 21,000	\$ 95,931	\$ 116,931



Air Pollution Control Board
San Diego County Air Pollution Control District

GOVERNING BODY

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

AGENDA ITEM

DATE: December 11, 2018

AP01

TO: Air Pollution Control Board

SUBJECT

**FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

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

RECOMMENDATIONS

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$810.45 in the Air Quality Power Mitigation Fund, Operating Transfer Out, to transfer residual funds into the Air Pollution Control District Fund, based on available Air Quality Power Mitigation Fund fund balance. **(4 VOTES)**
2. Establish appropriations of \$810.45 in the Air Pollution Control District Fund, Services & Supplies, for mobile source emissions administration costs, based on an operating transfer from the Air Quality Power Mitigation Fund. **(4 VOTES)**
3. Authorize the Air Pollution Control Officer and the Auditor & Controller to take any action necessary to close out the Air Quality Power Mitigation Fund.
4. Establish appropriations of \$1,269,700 in the newly-established Air Quality Funding Agricultural Replacement Measures for Emissions Reduction (FARMER) Fund, Other Charges (\$1,190,344), for agriculture equipment replacement incentive projects, and Operating Transfer Out (\$79,356), to provide funding to the Air Pollution Control District Fund for program administration costs, based on unanticipated revenue from the State of California Air Resources Board. **(4 VOTES)**
5. Establish appropriations of \$79,356 in the Air Pollution Control District Fund, Services & Supplies, for program administration costs, based on an operating transfer from the Air Quality FARMER Fund. **(4 VOTES)**
6. Establish appropriations of \$1,119,097 in the Air Quality Moyer Program Fund, Other Charges (\$1,050,599), for mobile source emissions incentive project costs, and Operating

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS (DISTRICTS: ALL)

Transfer Out (\$68,498), to provide funding to the Air Pollution Control District Fund for program administration costs, based on unanticipated revenue from the State of California Air Resources Board. **(4 VOTES)**

7. Establish appropriations of \$68,498 in the Air Pollution Control District Fund, Services & Supplies, for program administration costs, based on an operating transfer from the Air Quality Moyer Fund. **(4 VOTES)**
8. Establish appropriations of \$3,000,000 in the Air Quality Moyer Fund, Other Charges (\$2,812,500), for mobile source emissions incentive project costs, and Operating Transfer Out (\$187,500), to provide funding to the Air Pollution Control District Fund for program administration costs, based on unanticipated revenue from State Moyer Community Air Protection Program funds. **(4 VOTES)**
9. Establish appropriations of \$187,500 in the Air Pollution Control District Fund, Services & Supplies, for program administration costs, based on an operating transfer from the Air Quality Moyer Fund. **(4 VOTES)**
10. Establish appropriations of \$120,000 in the Air Pollution Control District Fund, Capital Assets, for the purchase of analyzers and calibration kits, based on unanticipated revenue from the California Air Pollution Control Officers Association. **(4 VOTES)**
11. Establish appropriations of \$115,000 in the Air Pollution Control District Fund, Services & Supplies, to fund an air monitoring station major maintenance project in the vicinity of Otay Mesa, based on available Air Pollution Control District Fund fund balance. **(4 VOTES)**
12. Establish appropriations of \$100,000 in the Air Pollution Control District Fund, Services & Supplies, to fund the Air Pollution Control District's atrium major maintenance project, based on available Air Pollution Control District Fund fund balance. **(4 VOTES)**
13. Establish appropriations of \$141,760 in the Air Pollution Control District Fund, Capital Assets, based on an Operating Transfer In from the Department of General Services Fleet Equipment Acquisition Internal Service Fund. **(4 VOTES)**

FISCAL IMPACT

Funds for this request are not included in the Fiscal Year 2018-19 Operational Plan for the Air Pollution Control District. If approved, this request will result in unanticipated costs and revenue of \$6,202,531.90 based on unanticipated revenue from the State of California Air Resources Board, State Moyer Community Air Protection Program, the California Air Pollution Control Officers Association, available Air Quality Power Mitigation Fund, available Air Pollution Control District Fund fund balance and an Operating Transfer In from the Department of General Services Fleet Equipment Acquisition Internal Service Fund. There will be no additional staff years.

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (DISTRICTS: ALL)

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

Recommendations 1 - 3

The Air Quality Power Mitigation Fund was established by the Air Pollution Control District (APCD) in 2002 to administer one-time mitigation funding received from Palomar Energy, LLC and Calpine Energy, LLC. The mitigation funds were required by the California Energy Commission (CEC) as a permit condition for megawatt power plants built in the City of Escondido and Otay Mesa. The one-time funds were used on projects to mitigate the impact of the megawatt power plants in the surrounding areas. The projects are complete, and the fund is no longer needed. The recommended actions will close the Air Quality Power Mitigation Fund and authorize the Air Pollution Control Officer and the Auditor and Controller to take any actions necessary to dissolve this fund. The remaining balance of \$810.45 in the Air Quality Power Mitigation Fund will be transferred to the Air Pollution Control District Fund, Services & Supplies, for mobile source emissions administration costs.

Recommendations 4 & 5

On April 23, 2018 (AP2), the Air Pollution Control Board authorized the APCD to apply for and accept grant funds from the State's new Funding Agricultural Replacement Measures for Emissions Reduction (FARMER) program. The Air Pollution Control Board also authorized the Auditor and Controller to establish an interest bearing fund for any FARMER program grant funds received. Subsequently, the APCD has received \$1,269,700 in grant funding from the State FARMER program. These recommendations will establish appropriations of \$1,269,700 in the newly-established Air Quality FARMER Fund based on unanticipated revenue from the State of California Air Resources Board in order to execute grant agreements for qualifying emission reduction projects (\$1,190,344) and in the APCD Fund for program administration costs (\$79,356) based on an Operating Transfer In from the Air Quality FARMER Fund.

Recommendations 6 & 7

In the spring of 2018, the California Air Resources Board announced the availability of funds to reduce nitrous oxides from on-road trucks, off-road equipment, agricultural equipment, marine equipment, and locomotives as well as the availability of additional Moyer Year 20 funding to provide incentives for cleaner-than-required off-road equipment. These recommendations will establish appropriations of \$1,119,097 in the Air Quality Moyer Program Fund based on unanticipated revenues from the State of California Air Resources Board in order to execute grant agreements for qualifying emission reduction projects (\$1,050,599) and in the APCD Fund for program administration costs (\$68,498) based on an Operating Transfer In from the Air Quality Moyer Program Fund.

Recommendations 8 & 9

On May 16, 2018 (AP1), the Air Pollution Control Board authorized the APCD to apply for and accept State funding to incentivize the deployment of cleaner technologies and related activities

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS (DISTRICTS: ALL)

in response to Assembly Bill (AB) 617. These recommendations will establish appropriations of \$3,000,000 in the Air Quality Moyer Program Fund based on unanticipated revenues from State Moyer Community Air Protection Program funds to help fund qualifying emission reduction projects (\$2,812,500) and in the Air Pollution Control District Fund for program administration costs (\$187,500) based on an Operating Transfer In from the Air Quality Moyer Program Fund.

Recommendation 10

This request will establish appropriations of \$120,000 in the APCD to fund the purchase of real-time analyzers and calibration kits for diesel particulate matter monitoring based on unanticipated funding from the California Air Pollution Control Officers Association.

Recommendation 11

This request will establish appropriations of \$115,000 in the APCD to fund a major maintenance project based on available APCD Fund fund balance. This project will include the enclosure installation and electrical work for an air monitoring station in the vicinity of Otay Mesa. The scope and priority of this project has increased based on recent federal and State input received subsequent to the development of the Fiscal Year 2018-19 Operational Plan.

Recommendation 12

This request will establish appropriations of \$100,000 in the APCD for major maintenance in the APCD's building atrium based on available APCD Fund fund balance. This project will add storage space for Community Air Protection Program equipment that has become necessary due to recent State program notification received subsequent to the development of the Fiscal Year 2018-19 Operational Plan.

Recommendation 13

This request will establish appropriations of \$141,760 in the APCD for the transfer of ownership and management of seven plug-in hybrid electric vehicles to the APCD based on an Operating Transfer In from the Department of General Services Fleet Equipment Acquisition ISF. The seven vehicles were recorded in the Department of General Services Fleet Equipment Acquisition ISF and will be transferred to the APCD to properly record the capital assets. The vehicles were purchased with a combination of available prior year Community Services Group General Fund fund balance and APCD Fund fund balance.

ENVIRONMENTAL STATEMENT

N/A

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (DISTRICTS: ALL)

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Sustainable Environments/Thriving and Operational Excellence in the County of San Diego's 2018-2023 Strategic Plan by fully committing to use District resources to meet the highest priority needs of residents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Helen N. Robbins Meyer". The signature is fluid and cursive, with a large initial "H" and "M".

HELEN N. ROBBINS MEYER
Chief Administrative Officer

ATTACHMENT(S)

None

SUBJECT: FISCAL YEAR 2018-19 FIRST QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENTS (DISTRICTS: ALL)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

June 26, 2018 (AP1), Adoption of the Fiscal Year 2018-19 Budget for the Air Pollution Control District

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT: Finance & General Government Group

OTHER CONCURRENCE(S): None

CONTACT PERSON(S):

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Administrative Officer/Auditor & Controller

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