



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

KRISTIN GASPAR
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: December 8, 2020

14

TO: Board of Supervisors

SUBJECT

**FISCAL YEAR 2020-21 FIRST QUARTER OPERATIONAL PLAN STATUS REPORT
AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2020-21 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 \$165.8 million, and \$236.0 million for all budgetary funds combined. The projected fund balance anticipates variances from the Fiscal Year 2020-21 Amended Budget, which assumes General Purpose Revenue will perform better than estimated, and all business groups will produce operating balances, except the Health and Human Services Agency which projects no operating balance due to the inclusion of emergency response costs after December 30, 2020 which are not eligible for CARES Act reimbursement. HHSA is currently assuming use of local resources to continue response efforts.

Transfers and revisions to the adopted budget can be made by formal action of the Board of Supervisors in accordance with the California County Budget Act, Government Code (GC) Section 29125. Increases to the overall budget require 4 votes while transfers of appropriations between departments within the same budgetary fund that do not increase the overall budget or the cancellation of appropriations require a majority vote. However, transfers of appropriations to facilitate transfers between budgetary funds require 4 votes even if the overall budget is not increased.

In the Health and Human Services Agency (HHSA), the recommendation includes an appropriation adjustment to align with the anticipated timing of the loan disbursements for the Innovative Housing Trust Fund.

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments for debris removal and erosion control protection activities and for certain plan check review and building permit fee waivers for the 2020 Valley Fire, for the Cajon Air Center Aircraft Transient Apron Project, for road maintenance and planning services, for costs associated with implementing the Eleventh Amendment to the Joint Exercise of Powers Agreement with the Valley Center Parks and Recreation District, establishing appropriation for the Ildica Park Development, for the Potts Acquisition, for the Otay Valley Regional Park Bike Skills Park capital projects, for

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the construction of Guajome Sewer to supply services to campsites, for the acquisition of a new staging area at Heritage Road for the Otay Valley Regional Park and for the repairs of the Otay Lake Park lower restroom building.

In the Finance and General Government Group (FGG), recommendations include appropriations adjustments for the North County Regional Center Parking Lot Project, for the Mount Laguna Fire Station, for the CAC Renovations project, for the Casa De Oro Library project, for design and pre-construction costs of Otay Mesa Fire Station #38 and for one-time needs in the Board of Supervisors' offices.

There are no appropriation adjustments in the Public Safety Group (PSG).

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2020-21 first quarter report on projected year-end results.

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 20):**

2. Establish appropriations of \$14,800,000 in the Health and Human Services Agency, Services & Supplies, to align with the anticipated timing of the loan disbursements based on the Innovative Housing Trust Fund. **(4 VOTES)**
3. Establish appropriations of \$195,852 in the Department of Planning & Development Services, Services & Supplies, for plan check review and building permit fee waivers for qualified structures rebuilt in the areas affected by the 2020 Valley Fire, based on available prior year General Fund fund balance. **(4 VOTES)**
4. Establish appropriations of \$850,000 in the Department of Public Works, General Fund, Services & Supplies, for debris removal activities related to the 2020 Valley Fire, based on available prior year General Fund fund balance. **(4 VOTES)**
5. Establish appropriations of \$824,682 in the Department of Public Works, General Fund, Services & Supplies, for erosion control protection activities related to the 2020 Valley Fire, based on available prior year General Fund fund balance (\$577,552) and Natural Resources Conservation Services grant revenue (\$247,130). **(4 VOTES)**
6. Establish appropriations of \$161,000 in the Airport Enterprise Fund, Capital Assets/Land Acquisition, to provide funds for the Cajon Air Center Aircraft Transient Apron Project based on unanticipated revenue from the Federal Aviation Administration. **(4 VOTES)**
7. Establish appropriations of \$14,000 in the Permanent Road Division (PRD) Zone No. 13A - Pala Mesa Zone A, Services & Supplies, for road maintenance and planning services based on available prior year PRD Zone No. 13A - Pala Mesa Zone A fund balance. **(4 VOTES)**

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8. Establish appropriations of \$120,000 in the PRD Zone No. 20 - Daily Road, Services & Supplies, for road maintenance and planning services based on available prior year PRD Zone No. 20 - Daily Road fund balance. **(4 VOTES)**
9. Establish appropriations of \$320,000 in the Park Land Dedication Ordinance Area 38 Valley Center, Services & Supplies, to provide funding for the Eleventh Amendment to the Joint Exercise of Powers Agreement with the Valley Center Parks and Recreation District, based on available prior year Park Land Dedication Ordinance Area 38 Valley Center Fund fund balance. **(4 VOTES)**
10. Establish appropriations of \$420,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out, for Capital Project 1021742 Ildica Park Development, based on a General Fund fund balance component decrease – Park Expansion & Improvement Commitment; *and* establish appropriations of \$420,000 in the Capital Outlay Fund for Capital Project 1021742 Ildica Park Development, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
11. Establish appropriations of \$46,358.37 the Capital Outlay Fund for Capital Project 1021894 OVRP Bike Skills Course, based on unanticipated revenue from the City of Chula Vista. **(4 VOTES)**
12. Transfer appropriations of \$154,516.11 in the Capital Outlay Fund and related Operating Transfer In from the General Fund (\$125,899.27) and revenue from DPR Trust Fund (\$28,616.84) for Capital Project 1000246, Otay Valley Regional Park Phase II Acquisition, to provide funding to Capital Project 1022912, Otay Valley Regional Park Heritage Staging Area Zone A.; *and* establish appropriations of \$5,989 in the Capital Outlay Fund for Capital Project 1022912, Otay Valley Regional Park Heritage Staging Area Zone A, based on revenue from DPR Trust Fund. **(4 VOTES)**
13. Establish appropriations of \$250,000 in the Contributions to Capital Outlay Operating Transfer Out, to provide funding for the Otay Lakes Sewer improvements, based on available prior year General Fund fund balance; *and* establish appropriations of \$250,000 in the Capital Outlay Fund for Capital Project 1021152 Otay Lakes Sewer, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
14. Establish appropriations of \$33,500 in the Capital Outlay Fund for Capital Project 1021847, North County Regional Center Parking Lot Project, based on unanticipated revenue from San Diego Superior Court. **(4 VOTES)**
15. Establish appropriations of \$200,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for County Administration Center (CAC) work under the CAC Renovations project (1021162) based on available prior year General Fund fund balance; *and* establish appropriations of \$200,000 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)**

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16. Establish appropriations of \$250,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for the Casa De Oro Library, based on available prior year General Fund fund balance; *and* establish appropriations of \$250,000 in the Capital Outlay Fund for Capital Project 1020105, Casa De Oro Library, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
17. Establish appropriations of \$2,000,000 in County Service Area 135 Fire Authority Fire Mitigation Fee Fund, Operating Transfer Out, to provide funding for Capital Project 1023723, based on available prior year fund balance; and establish appropriations of \$2,000,000 in the Capital Outlay Fund for Capital Project 1023723, East Otay Mesa Fire Station #38 for design and pre-construction costs, based on an Operating Transfer In from County Service Area 135 Fire Authority Fire Mitigation Fee Fund. **(4 VOTES)**
18. Establish appropriations of \$864,346 in Board of Supervisors District 1 (\$200,000), District 2 (\$200,000), District 3 (\$200,000), District 4 (\$179,756), District 5 (\$84,590), Services & Supplies, for one-time expenses based on available prior year General Fund fund balance. **(4 VOTES)**
19. Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, including ratifications as noted in Appendix C, in the net amount of \$1,321,307 for major maintenance projects listed in Appendix C that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes. **(4 VOTES)**
20. Establish and cancel appropriations, including ratifications, as noted in Appendix C for a net decrease of \$1,321,307 in the Major Maintenance Capital Outlay Fund and adjust related funding sources as noted to accurately classify major maintenance projects for financial reporting purposes. **(4 VOTES)**

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 21-23):**

21. Cancel appropriations of \$972.84 and related Operating Transfer In from the General Fund in the Multiple Species Conservation Program Acquisition Fund to properly record related non-capital pre-acquisition expenses; *and* transfer appropriations of \$972.84 from the Contribution to Capital Outlay Fund, Operating Transfers Out, to the Department of Parks and Recreation, Services & Supplies, to properly record related non-capital pre-acquisition expenses.
22. Transfer appropriations of \$287,854.12 in the Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1018874 Guajome Reg Park Elec Water Sewer to fund construction costs for 1021153 Guajome Sewer.
23. Transfer appropriations of \$650,000 in the Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1021136, Palomar Mountain Fire Station, to provide funding to Capital Project 1021892, Mount Laguna Fire Station.

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FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year 2020-21 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of \$18,654,880, transfers between budgetary funds of \$1,413,780 and no cancellation of appropriations. The funding sources for the increase are available prior year General Fund fund balance (\$3,187,750), Park Expansion & Improvement Commitment (\$420,000), Program Revenues (\$247,130) and Innovative Housing Trust Fund (\$14,800,000).

In all other funds combined, these actions will result in a net increase to the overall budget of \$4,465,068, transfers between budgetary funds of \$58,000, transfer within budgetary funds of \$1,092,370 and cancellation of appropriations of \$1,413,780. The funding sources for the net increase are County Service Area (\$2,000,000), Operating Transfers In from the County Service Area (\$2,000,000), Park Land Dedication Ordinance fund (\$320,000), Program Revenues (\$240,858), Permanent Road Division fund (\$134,000), Operating Transfers In from APCD fund (\$58,000) and Trust Funds (\$5,989), which are partially offset by decreases in Operating Transfers In from the General Fund (\$293,780).

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

As shown in Schedule A, the General Fund year-end fund balance projection of \$165.8 million is based on the estimate that expenditures will be approximately \$32.0 million less than the Fiscal Year 2020-21 Amended Budget and revenues will be a net \$133.8 million more than the Fiscal Year 2020-21 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/Chief Financial Officer, when permitted. The General Fund year-end fund balance projection includes the assumption that the County will continue to incur COVID-19 costs well past December 30, 2020 when the CARES Act funding is scheduled to end. The projected balance for all other funds combined is \$70.2 million.

Attachments to this letter have been included to provide detail of these fund balance projections. Schedule A summarizes the fund balance projection by business group, department, and fund category. The Notes to Schedules A and B explain variances from budget by department, fund and for General Purpose Revenue. Schedule B shows the projected General Fund fund balance by business group split between operating and reserve balances.

GENERAL FUND EXPENDITURE VARIANCES

The projected lower than budgeted expenditures generating an overall positive expenditure variance of \$32.0 million in the General Fund are primarily attributable to the following:

- \$32.4 million in negative salary and benefit appropriation variance driven by a negative variance in HHSA due to additional temporary staffing and overtime costs for COVID-19

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emergency response efforts offset by positive variance in all other groups due to staff turnover and department management of vacancies.

- \$48.9 million in positive appropriation variance in Services & Supplies across the County.
 - In PSG, projected overall positive expenditure variance of \$12.7 million due to lower than anticipated use of contracted services due to the COVID-19 Public Health Order in Probation, lower than anticipated expenses in various accounts supporting operations, such as information technology services in Child Support Services, lower expenditures related to the Ember Resistant Vent Program in San Diego County Fire Authority and lower than anticipated expenditures in facility maintenance, contracted services, and major maintenance projects in the PSG Executive Office.
 - In HHSA, projected overall positive variance of \$0.1 million including positive variances in Behavioral Health Services primarily in contracted services associated with various mental health and alcohol and drug treatment programs to align to updated procurement timeframes and to projected service level trends and in Public Health Services tied to a delay of one-time IT projects, offset by negative variance in Administrative Support tied to COVID-19 emergency response efforts.
 - In LUEG, projected overall positive variance of \$2.0 million primarily in Environmental Health due to lower than anticipated project costs for the Vector Habitat Remediation Program (VHRP) and in Planning & Development Services due to lower than anticipated expenditures related to the COVID-19 Safe Reopening Response Team.
 - In FGG, projected positive variance of \$4.6 million is projected primarily in Assessor/Recorder/County Clerk (ARCC) due to the delay of one-time Microfilm Conversion/Duplication, Restoration and Treatment for ARCC Archive Film, and truncation of official records, which will be completed in Fiscal Year 2021-22, in the Department of Human Resources due to reduced workers' compensation administration costs and in FGG Executive Office due to information technology projects that are anticipated to span across multiple fiscal years.
 - In FO, projected positive variance of \$29.5 million is projected that includes \$25.0 million which was appropriated to replenish the General Fund Reserve per *Administrative Code Section 113.1 General Fund Balances and Reserves* and information technology projects that are anticipated to extend beyond the current fiscal year (\$4.5 million).
- A projected net positive appropriation variance of \$17.5 million in Other Charges reflects variances primarily in HHSA driven by revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) program (SSS) and also includes smaller variances in foster care assistance programs (CWS), and in Multi-Year Projects due to the transition of clients from HOME Homeless Tenant Based Rental Assistance (TBRA) to the Section 8 Housing Choice Voucher Program (HCDS).
- A projected negative appropriation variance of \$1.0 million in Capital Assets Equipment primarily in HHSA due to the COVID-19 emergency purchases of lab instruments, ventilators and other medical equipment, offset by a projected negative variance in PSG due to lower than anticipated costs for the Cal-ID program.

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- A projected negative appropriation variance of \$2.1 million in Expenditure Transfer & Reimbursements in PSG due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services, offset by a projected positive variance in HHSA associated with costs provided through various Memorandums of Understanding (MOU) to the Probation Department.
- A projected positive appropriation variance of \$1.1 million in Operating Transfers Out in HHSA due to reduced funding needs for In-Home Support Services Public Authority related to operational savings in the program, with no impact to services and in PSG due to cancelation of a major maintenance capital project.

GENERAL FUND REVENUE VARIANCES

The projected over realized revenue of \$133.8 million includes positive variances totaling \$135.3 million and negative variances of \$1.5 million. In many instances, the negative revenue variances are directly associated to the positive expenditure variances described above.

The projected positive revenue variance of \$135.3 million is primarily attributable to the following categories: Intergovernmental Revenues (\$64.2 million) mainly tied to federal revenues for COVID-19 emergency response efforts along with the use of Realignment revenue to help offset costs based on the assumption that the County will continue to incur significant COVID-19 response costs estimated at \$43 million after federal CARES Act funding has ended on December 30, 2020 (however, if a fourth federal stimulus package is passed then the County will revise its revenue projections accordingly), social services administrative revenues to align with anticipated federal funding and pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies, offset by projected negative variance primarily in assistance payments revenue due to revised CalWORKs caseload projections and alignment of behavioral health program revenue with anticipated spending; Taxes Current Property (\$40.8 million) primarily due to an increase in property tax collection based on a decrease in delinquency rate from 4.0% to 1.4% and higher than budgeted growth in assessed valuation; Taxes Other Than Current Secured (\$16.4 million) mainly due to higher than anticipated local secured assessed value growth and higher than budget in Teeter Tax Reserve Excess revenues; Fines, Forfeitures & Penalties (\$9.2 million) due to higher than anticipated collection of penalties and interest; Charges for Current Services (\$3.9 million) primarily due to over-realized revenue from Trial Court Security Subaccount, higher than anticipated receipts from traffic school fees, unanticipated revenue from the Jamul Indian Village agreement, higher collection of fees in certified copies of vital statistics, updated Medi-Cal daily rates for services at Edgemoor, offset by projected negative variances due to a decline in billable activities for land development projects, due to the delay in one-time projects in ARCC to be reimbursed from Recorder Trust Funds and due to the termination of the collection of fees for youth and lower than anticipated revenue from collection of fees for adults on probation; and Licenses, Permits & Franchises (\$0.8 million) primarily due to a higher than anticipated number of building permit applications offset by projected negative variance of under-realized revenue due to deferral of permit fee invoices.

The projected negative variance of \$1.5 million is largely in Miscellaneous Revenues (\$1.4 million) associated with the Ember Resistant Vent Program and due to lower administration costs for anticipated services charged to the Employee Benefits Internal Service Fund, offset by a projected negative variance due to the recoupment of payments in contracted services tied to prior

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year adjustments; and Other Financing Sources (\$0.1 million) due to a decrease in transfers from the Jail Commissary Enterprise Fund associated with vacant positions.

ADJUSTMENTS TO THE FISCAL YEAR 2020-21 ADOPTED BUDGET

Transfers and revisions to the adopted budget can be made by formal action of the Board of Supervisors in accordance with the California County Budget Act, Government Code (GC) Section 29125. Increases to the overall budget require 4 votes while transfers of appropriations between departments within the same budgetary fund that do not increase the overall budget or the cancellation of appropriations require a majority vote. However, transfers of appropriations to facilitate transfers between budgetary funds, referred to as operating transfers, require 4 votes even if the overall budget is not increased.

The recommendations for budget adjustments are explained as follows:

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 20):**

Recommendation 2

On June 20, 2017 (21), the San Diego County Board of Supervisors (Board) established the Innovative Housing Trust Fund (Trust Fund) to address shrinking affordable housing options across the region. The Board has provided a total of \$50 million for the Trust Fund to foster the creation of affordable housing; this total is comprised of \$25 million invested at the launch of the Trust Fund and a second infusion of \$25 million added in April 30, 2019 (7). This recommendation will establish appropriations of \$14.8 million in HHSA, Services & Supplies, to align with the anticipated timing of the loan disbursements for awards issued to developments in the prior year.

Recommendation 3

On September 15, 2020 (31), the Board of Supervisors authorized the waiver of plan check review and building permit fees related to the rebuilding of legal structures of like size and location in the area which had been damaged or destroyed by the September 2020 Valley Fire in Alpine. The Department of Planning & Development Services has estimated the cost of plan check review and building permit fees for these rebuilt structures to be \$195,852. If approved, this recommendation will establish appropriations of \$195,852 in the Department of Planning & Development Services, Services & Supplies, to fund plan check review and building permit fee waivers based on available prior year General Fund fund balance.

Recommendation 4

On September 6, 2020, the County's Director of the Office of Emergency Services issued a Proclamation of Local Emergency and the Governor proclaimed a State of Emergency for San Diego County due to the Valley Fire in the Alpine area, and on September 9, 2020 (1), the Board of Supervisors ratified the Proclamation. This recommendation would establish \$850,000 in the Department of Public Works General Fund for fire debris removal activities related to the Valley Fire based on available prior year General Fund fund balance.

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Recommendation 5

On September 6, 2020, the County's Director of the Office of Emergency Services issued a Proclamation of Local Emergency and the Governor proclaimed a State of Emergency for San Diego County due to the Valley Fire in the Alpine area, and on September 9, 2020 (1), the Board of Supervisors ratified the Proclamation. This recommendation would establish \$824,682 in the Department of Public Works General Fund for erosion control protection activities related to the Valley Fire based on available prior year General Fund fund balance (\$577,552) and Natural Resources Conservation Services grant revenue (\$247,130). The total cost for erosion control protection activities related to the Valley Fire is \$1,037,682. The funding source is available prior year General Fund fund balance (\$577,552), Natural Resources Conservation Services grant revenue (\$247,130), DPW Road Fund (\$163,000) and DPW General Purpose Revenue (\$50,000).

Recommendation 6

This recommendation will establish appropriations in the Department of Public Works Airport Enterprise Fund in the amount of \$161,000 for the Cajon Air Center Aircraft Transient Apron Project, based on unanticipated revenue from the Federal Aviation Administration (FAA). This project is Phase 3 of the redevelopment of Cajon Air Center. Today's request will provide additional funds for construction support for the Cajon Air Center Aircraft Transient Apron Project. Based on recent bid results, the construction cost for this project has been determined to require additional funds for increased estimated construction support, which will be reimbursed by the FAA. Total project cost for this phase is estimated at \$6,865,475, and construction is anticipated to begin in fall 2020 and be completed in summer 2021.

Recommendation 7

This recommendation will establish appropriations of \$14,000 in Permanent Road Division (PRD) Zone No. 13A – Pala Mesa Zone A for road maintenance and planning services in the PRD area in Fallbrook, based on available prior year PRD Zone No. 13A – Pala Mesa Zone A fund balance. A recent inspection of this PRD revealed several culvert repairs and a potential slope failure that needs to be addressed and exceed the current repair budget.

Recommendation 8

This recommendation will establish appropriations of \$120,000 in PRD Zone No. 20 for road maintenance and planning services in the PRD area in Fallbrook, Pendleton-De Luz, based on available prior year PRD Zone No. 20 - Daily Road fund balance. A recent inspection of the PRD revealed several road segments that are at risk of damage from winter storm events that could impair vehicle and resident access. These repairs exceed the current budget.

Recommendation 9

On November 20, 2019 (6), the Board of Supervisors approved the Eleventh Amendment to the Joint Exercise of Powers Agreement (JEPA) with the Valley Center Parks and Recreation District for the development of recreation facilities in the community of Valley Center. This recommendation will establish appropriations of \$320,000 for the County's costs identified in the JEPA for improvements to the Adams Park Community Pool. This work was undertaken by the VCPRD, with their own contractor. Should the County take over this district prior to paying for these costs, the liabilities included in the Contract would be transferred to the County. Transferring funds now to pay for the costs incurred would allow the Contracts to be closed prior to any

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acquisition by the County. This funding was included in the Fiscal Year 2019-20 Operational Plan but did not get carried forward into the current budget.

Recommendation 10

On January 24, 2018 (8) the Board of Supervisors established \$560,000 in the Capital Outlay Fund for Capital Project 1021742, Ildica Park Development. This project will develop 0.55 acres of land to include a playground, picnic area and open turf in the community of Spring Valley. This funding went towards design, environmental and construction of the project which cost \$108,059. The lowest responsive and responsible bid for construction recently received was for \$871,941. This recommendation establishes additional appropriations of \$420,000 to fund the full scope of the project, based on the General Fund Commitment for Park Expansion and Improvement, established by the Board on June 20, 2017. This will fully fund construction cost in the amount of \$871,941. The estimated completion date is December 2021.

Recommendation 11

On June 26, 2018 (12) the Board of Supervisors established \$500,000 in the Capital Outlay Fund for Capital Project 1021894, Otay Valley Regional Park Bike Skills Park. This funding went towards design of the project. On August 25, 2020 (2), the Board of Supervisors established an additional \$500,000 in the project for the costs of environmental review and construction of the project. This recommendation establishes additional appropriations of \$46,358.37 to fund the environmental document and associated studies, based on the City of Chula Vista's commitment to fund this portion of the project. The estimated completion date is March 2021.

Recommendation 12

This recommendation will establish appropriations in the amount of \$160,505.11 in Capital Project 1022912 OVRP Heritage Staging Area Zone A, for the acquisition of a new staging area at Heritage Road for the Otay Valley Regional Park (OVRP) based on a transfer from Capital Project 1000246 Otay Acquisition (\$154,516.11) and revenue from DPR Trust Fund 61410 (\$5,989). The OVRP Joint Exercise of Powers Agreement (JEPA) partners are currently in the process of obtaining trail easements and conducting environmental studies and documentation for approximated 3.5 miles of trail on both the northern and southern sections of Otay River, from I-805 to Heritage Road. This will bring the total estimated project costs to \$1,132,724.56. If approved, construction is anticipated to begin in Summer 2021.

Recommendation 13

The Fiscal Year 2017-18 Operational Plan included appropriations of \$1,750,000 for Capital Project 1021152, Otay Lakes Park Sewer. Total estimated project costs for the Sewer are estimated at \$2,000,000. Today's recommendation will establish \$250,000 to fund additional costs associated with repairs that are needed at the Otay Lakes Park lower restroom building which will serve the campground project and park guests based on available prior year General Fund fund balance. The restroom is anticipated to be completed in Spring 2021, and the full sewer project is estimated to be complete in summer 2022.

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Recommendation 14

On March 13, 2018 (08), the Board authorized the advertisement and award of a construction contract for parking lot repair work at the North County Regional Center (NCRC) located at 325 South Melrose Drive in Vista, CA. The project is substantially complete. During construction the San Diego Superior Court requested an alteration to the construction schedule to reduce impact to public parking which increased the total project cost. This recommendation will establish additional appropriations of \$33,500 in the Capital Outlay Fund for Capital Project 1021847, North County Regional Center Parking Lot Project based on unanticipated revenue from San Diego Superior Court. Estimated total project costs will remain at \$6,766,785, with an estimated completion by December 2020.

Recommendation 15

Total estimated project costs for Capital Project 1021162, County Administration Center (CAC) Renovations, are currently at \$122,693,800 of which \$70,234,000 has been appropriated to date. The remaining amounts will be appropriated in future Operational Plans to align project execution in phases, with the project currently estimated to be completed in spring 2024. Today's recommendation will establish appropriations of \$200,000 to provide funding in the Capital Outlay Fund for Capital Project 1021162, County Administration Center (CAC) for abatement and office accommodations. The funding source is available prior year General Fund fund balance. Estimated total project costs will become \$122,893,800.

Recommendation 16

The Fiscal Year 2020-21 Operational Plan included appropriations of \$315,000 for Capital Project 1020105, Casa De Oro Library. Total estimated project costs for the new library are estimated at \$21,500,000 and additional appropriations will be provided in future Board actions. Today's recommendation will establish \$250,000 to develop a Request for Proposals (RFP) for the Casa De Oro Library based on available prior year General Fund fund balance. Project starts in summer of 2021 and estimated to be completed by 2026.

Recommendation 17

Total estimated project costs for Capital Project 1023723, East Otay Mesa Fire Station #38 is \$20,300,000. The Fiscal Year 2020-21 Operational Plan included appropriations of \$200,000. The preconstruction phase has been moved up to Fiscal Year 2020-21 and today's recommendation will establish additional appropriations of \$2,000,000 for full design and pre-construction costs, based on County Service Area 135 Fire Authority Fire Mitigation Fee available fund balance. Remaining appropriations to fully fund construction will be provided in future Board actions. This item was requested by Fire Authority after it was determined there was Fire Mitigation Fee revenue available for this project. The project is estimated to be completed by fall 2023.

Recommendation 18

This recommendation will establish appropriations of \$864,346 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 General Fund fund balance.

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Recommendations 19 & 20

Board Policy B-37, *Use of Capital Program Funds*, notes that on occasion, due to the nature of major maintenance projects, these projects may be reclassified as an operating or capital expense based on financial reporting requirements. Pursuant to Board Policy B-37, to ensure accuracy in financial reporting, the Deputy Chief Administrative Officer/Chief Financial Officer shall make required adjustments to departmental operating budgets and within the Major Maintenance Capital Outlay Fund (MMCOF) or the Major Maintenance Internal Service Fund (MMISF). Due to the emergent nature of some major maintenance projects, some of these adjustments may require ratification by the Board. These recommendations will allow for the accurate financial reporting of major maintenance projects, which are listed in Appendix C along with the related required adjustments.

These recommendations will result in a net decrease of appropriations in the MMCOF of \$1,321,307 and reclassification of major maintenance projects which are supported by existing department budgets.

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 21-23):**

Recommendation 21

This recommendation will cancel appropriations of \$972.84 and the related Operating Transfer In from the General Fund in the Multiple Species Conservation Program (MSCP) Acquisition Fund and transfer these appropriations to the Department of Parks and Recreation to properly incur non-capital expenditures for pre-acquisition costs of due diligence activities related to property that was not acquired for Capital Project 1023586 Del Dios Conservancy Acquisition. These expenditures do not meet the criteria for capitalization pursuant to County of San Diego Administrative Manual policy 0050-02-01, Control of Capital Assets and Minor Equipment.

Recommendation 22

This recommendation will transfer existing unspent appropriations in the amount of \$287,854.12 from Capital Project 1018874 Guajome Reg Park Electric Water and Sewer to Capital Project 1021153 Guajome Sewer, for the construction of Guajome Sewer to supply services to campsites that don't currently have them. The funding source is General Fund fund balance. Estimated total project cost is \$1,159,800 with an estimated completion by November 2021.

Recommendation 23

On March 2020, Phase I of the Construction Manager At Risk (CMAR) contract for construction was awarded for Mount Laguna, Palomar Mountain, and Sunshine Summit Fire Stations. After full design of the projects, Mount Laguna Fire Station will require additional funding due to a low design construction estimate and additional substantial and unanticipated site work. Palomar Mountain Fire Station will require less funding than originally anticipated. This recommendation will transfer appropriations of \$650,000 in Capital Project 1021136, Palomar Mountain Fire Station to Capital Project 1021892, Mount Laguna Fire Station based on an Operating Transfer In from the General Fund. The funding source is General Purpose Revenue. Estimated total project cost is \$6,250,000 with an estimated completion by December 2021.

SUBJECT: FISCAL YEAR 2020-21 FIRST QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Building Better Health, Living Safely, Sustainable Environments/Thriving and Operational Excellence in the County of San Diego's 2020-2025 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Helen N. Robbins-Meyer".

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

Schedule A

Schedule B

Notes to Schedules A and B

Appendix C

SUBJECT: FISCAL YEAR 2020-21 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:

August 25, 2020 (02), County of San Diego Fiscal Year 2020-21 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds

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

CONTACT PERSON(S):

Ebony N. Shelton, Deputy Chief Administrative
Officer/Chief Financial Officer

Name

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Brian Hagerty, Director, Office of Financial
Planning

Name

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FY 2020-2021 1st Quarter
Projected Year-End Results
(in thousands)

Schedule A
Page 1

COUNTY SUMMARY

General Fund

	Expenditure Variance	Revenue Variance	1st Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
Public Safety	\$ 26,136	\$ 8,969	\$ 35,104
Health & Human Services Agency	(36,816)	36,816	(0)
Land Use & Environment	6,113	(5,174)	940
Finance & General Government	7,043	(195)	6,849
Total Agency/Group	2,476	40,417	42,893
General Purpose Revenue	0	93,345	93,345
Finance Other	29,542	0	29,542
Total General Fund	\$ 32,019	\$ 133,762	\$ 165,780

Special Revenue Funds

Public Safety	\$ 1,985	\$ 40,888	\$ 42,872
Health & Human Services Agency	0	0	0
Land Use & Environment	7,683	2,980	10,663
Total Special Revenue Funds	\$ 9,668	\$ 43,868	\$ 53,536

Capital Program

Finance Other	\$ 279	\$ (279)	\$ 0
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Internal Service Funds Departments

Land Use & Environment	\$ 0	\$ 0	\$ 0
Finance & General Government	7,510	(1,471)	6,039
Finance Other	8,710	(435)	8,275
Total Internal Service Funds	\$ 16,220	\$ (1,906)	\$ 14,314

Enterprise Fund Departments

Public Safety Group	\$ 533	\$ (533)	\$ 0
Land Use & Environment	939	(251)	688
Total Enterprise Funds	\$ 1,471	\$ (784)	\$ 688

Special District Funds Departments

Public Safety Group	\$ 5	\$ 144	\$ 149
Health & Human Services Agency	398	0	398
Land Use & Environment	2,024	(855)	1,169
Total Special District Funds	\$ 2,427	\$ (711)	\$ 1,717

Other County Funds Departments

HHSA - Red./Redev. Successor Agency	\$ 0	\$ 0	\$ 0
HHSA - Housing & Community Development	0	0	0
Total Other County Funds	\$ 0	\$ 0	\$ 0

Debt Service - Pension Obligation Bonds	\$ 0	\$ 0	\$ 0
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Total County Year-End Operating Balance	\$ 62,084	\$ 173,950	\$ 236,034
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**FY 2020-2021 1st Quarter
Projected Year-End Results**

Schedule A
Page 2

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	1st Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 394	\$ (58)	336
Child Support	1,914	478	2,392
District Attorney	3,010	0	3,010
Emergency Services	94	(84)	10
Medical Examiner	33	1	34
Probation	5,995	(2,855)	3,139
Public Defender	0	1	1
Public Safety Executive Office	1,780	6,240	8,020
San Diego County Fire Authority	1,366	184	1,550
Sheriff	11,550	5,063	16,613
Total General Fund	\$ 26,136	\$ 8,969	35,104

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	-
Probation - Asset Forfeiture	0	0	-
Probation - Inmate Welfare Program	0	0	-
Sheriff - Asset Forfeiture	0	95	95
Sheriff - Inmate Welfare Program	1,985	(361)	1,624
Criminal Justice Facility	0	117	117
Courthouse	0	117	117
Penalty Assessment	0	1,130	1,130
Public Safety - Proposition 172	0	39,790	39,790
Total Special Revenue Funds	\$ 1,985	\$ 40,888	42,872

Enterprise Funds

Sheriff	\$ 533	\$ (533)	-
Total Enterprise Funds	\$ 533	\$ (533)	-

Special District Funds

Sheriff (Regional 800 MHz)	\$ 0	\$ 0	-
County Service Areas	5	143	149
Community Facilities Districts	0	1	1
Total Special District Funds	\$ 5	\$ 144	149

Total Public Safety Group

\$ 28,658	\$ 49,468	78,126
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**FY 2020-2021 1st Quarter
Projected Year-End Results**

Schedule A
Page 3

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue	Variance	1st Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)			

General Fund Programs

Administrative Support	\$	(17,931)	\$	17,192	\$	(738)
Aging & Independence Services		822		(229)		593
Behavioral Health Services		13,297	\$	(10,156)		3,142
Child Welfare Services		235		1,468		1,703
Public Health Services		(49,987)		43,003		(6,983)
Regional Operations		9		0		9
Self-Sufficiency Services		16,020		(14,241)		1,779
Housing & Community Development Services		718		(222)		496
Total General Fund	\$	(36,816)	\$	36,816	\$	(0)

Special Revenue Funds

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

Special District Funds Departments

Ambulance Districts	\$	398	\$	0	\$	398
Total Special District Funds	\$	398	\$	0	\$	398

Other County Funds Departments

Housing & Community Development	\$	0	\$	0	\$	0
Red. Agency/Redevelopment Successor Agency		0		0		0
Total Other County Funds Departments	\$	0	\$	0	\$	0

Total Health & Human Services Agency	\$	(36,418)	\$	36,816	\$	398
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FY 2020-2021 1st Quarter
Projected Year-End Results
(in thousands)

Schedule A
Page 4

LAND USE & ENVIRONMENT GROUP

General Fund Departments

	Expenditure Variance	Revenue Variance	1st Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
Agriculture, Weights & Measures	\$ 800	\$ (604)	\$ 196
Environmental Health	3,696	(3,119)	577
Land Use & Environment Group Exec Office	142	0	142
Parks & Recreation	0	0	0
Planning & Development Services	763	(737)	26
Public Works	713	(713)	0
Total General Fund	\$ 6,113	\$ (5,174)	\$ 940

Special Revenue Funds/Departments

A,W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDO	0	507	507
DPW - Aviation Funds	0	0	0
DPW - Road Fund	3,708	1,119	4,827
DPW - Survey Monument Preservation	0	0	0
DPW - Inactive Waste	145	(145)	0
DPW - Waste Planning and Recycling	0	36	36
Library Services	3,829	1,463	5,293
Total Special Revenue Funds	\$ 7,683	\$ 2,980	\$ 10,663

Internal Service Funds

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

Enterprise Funds

Airport Enterprise Fund	\$ 722	\$ (35)	\$ 688
Wastewater Management Enterprise Fund	216	(216)	0
Total Enterprise Funds:	\$ 939	\$ (251)	\$ 688

Special District Funds/Departments

Air Pollution Control District	\$ 1,724	\$ (858)	\$ 866
Parks and Recreation	0	0	0
Parks - Community Facilities Districts	0	0	0
DPW - SD County Sanitation District	300	0	300
DPW - Campo WSMD-Zone A (Rancho Del Campo Water)	0	0	0
DPW - CWSMD-Zone B (Campo Hills Water)	0	0	0
DPW - CSAs	0	0	0
DPW - PRDs	0	0	0
DPW - Community Facilities Districts	0	0	0
DPW - Flood Control	0	4	4
DPW - Street Lighting District	0	0	0
Total Special Districts Funds:	\$ 2,024	\$ (855)	\$ 1,169

Total Land Use & Environment Group

\$ 16,759	\$ (3,299)	\$ 13,460
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Numbers may not total due to rounding.

**FY 2020-2021 1st Quarter
Projected Year-End Results**

Schedule A
Page 5

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	1st Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Law Enforcement Review Board	\$ 200	\$ 0	\$ 200
Assessor/Recorder/County Clerk	4,470	(2,869)	1,601
Auditor & Controller	268	682	949
Board of Supervisors	0	0	0
Chief Administrative Office	334	99	434
Civil Service Commission	7	0	7
Clerk of the Board of Supervisors	117	(15)	102
County Communications Office	71	486	557
County Counsel	363	342	704
County Technology Office	0	250	250
Finance & GG Exec Office	201	300	501
General Services	0	0	0
Grand Jury	281	0	281
Human Resources	353	910	1,263
Purchasing & Contracting	0	0	0
Registrar of Voters	0	0	0
Treasurer-Tax Collector	379	(379)	0
Total General Fund	7,043	(195)	6,849

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	\$ 0
Facilities Management	1,507	(1,447)	60
Major Maintenance ISF	0	0	0
Fleet Management	4,832	(5,693)	(861)
Purchasing & Contracting	1,170	5,669	6,839
Total Internal Service Funds	\$ 7,510	\$ (1,471)	\$ 6,039

**Total Finance & General
Government Group**

\$ 14,553	\$ (1,666)	\$ 12,887
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**FY 2020-2021 1st Quarter
Projected Year-End Results**

Schedule A
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(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	1st Quarter FY20 21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$ 0	\$ 40,842	\$ 40,842
All Other Taxes-Local	0	16,385	16,385
Licenses, Permits & Franchises	0	0	0
Fines, Forfeitures & Penalties	0	7,638	7,638
Revenue for Use of Money & Property	0	251	251
Intergovernmental Revenue	0	28,229	28,229
Charges for Current Services	0	0	0
Miscellaneous Revenue	0	0	0

Total General Purpose Revenue

\$ 0	\$ 93,345	\$ 93,345
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General County Expenses:

Cash Borrowing Program	\$ 0	\$ 0	\$ 0
Community Enhancement	0	0	0
Contingency Reserve	0	0	0
Contribution to County Library	0	0	0
Contributions to the Capital Outlay Fund	0	0	0
Lease Payments - Bonds	18	0	18
Local Agency Formation Comm Admin	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	29,524	0	29,524
Total Finance Other Expenses	29,542	0	29,542

Total General Fund

\$ 29,542	\$ 93,345	\$ 122,887
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Capital Program Funds

Capital Program	\$ 279	\$ (279)	\$ 0
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Total Capital Program Funds

\$ 279	\$ (279)	\$ 0
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Internal Service Funds Departments

Workers Compensation	\$ 3,000	\$ 0	\$ 3,000
Unemployment Insurance	0	0	0
Public Liability	5,710	(435)	5,275

Total ISF Funds

\$ 8,710	\$ (435)	\$ 8,275
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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**

\$ 38,532	\$ 92,631	\$ 131,163
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Numbers may not total due to rounding.

FY 2020-2021 1st Quarter
Projected Year-End Results
(in thousands)

Category	Projected Management Reserves	Projected Operating Balances	1st Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 35,104	\$ 35,104
Health and Human Services Agency	0	(0)	(0)
Land Use and Environment	0	940	940
Finance & General Government	0	6,849	6,849
Agency/Group Totals	\$ 0	\$ 42,893	\$ 42,893
General Purpose Revenue	\$ 0	\$ 93,345	\$ 93,345
General County Expenses	0	29,542	29,542
Total General Purpose Revenue & General County Expense	\$ 0	\$ 122,887	\$ 122,887
Total General Fund	\$ 0	\$ 165,780	\$ 165,780

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2020-21 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 from plan (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance are discussed below and categorized by fund.

PUBLIC SAFETY GROUP

General Fund

Public Safety Group Executive Office/Contribution for Trial Courts

A positive variance of \$8.0 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$1.8 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to lower than anticipated costs for temporary staff, \$1.1 million in Services & Supplies due to lower than anticipated expenditures in facility maintenance, contracted services, and major maintenance projects, and \$0.2 million in Operating Transfers Out due to cancelation of a major maintenance capital project.

A positive revenue variance of \$6.2 million is projected. A positive variance of \$2.1 million in Fines, Forfeitures & Penalties is due to higher than anticipated receipts from trial court fines and \$4.1 million in Charges for Current Services due to higher than anticipated receipts from traffic school fees.

District Attorney

A positive variance of \$3.0 million is projected for the District Attorney's Office.

A positive expenditure variance of \$3.0 million is projected in Salaries & Benefits due to normal attrition, vacant and modified positions.

No revenue variance is projected.

Sheriff

A positive variance of \$16.6 million is projected for the Sheriff's Department.

A positive expenditure variance of \$11.5 million is projected. A positive variance of \$10.7 million in Salaries & Benefits is projected due to vacancies, attrition, under-filled positions and lower than anticipated costs for temporary staff and overtime. A positive expenditure variance of \$0.4 million is projected in Services & Supplies primarily due to lower than anticipated expenditures in various accounts supporting operations such as professional & specialized services and minor equipment. A positive expenditure variance of \$0.4 million is projected in Capital Assets Equipment due to lower than anticipated costs for the Cal-ID program.

A positive revenue variance of \$5.1 million is projected. A net positive variance of \$5.2 million is projected in Charges for Current Services primarily due to over-realized revenue from Trial Court Security Subaccount, partially offset by lower than anticipated revenue from jail bed leasing and civil service process fees. A net positive variance of \$0.5 million in Intergovernmental Revenues is due to over-realized revenue for reimbursement from the CA Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at State facilities in response to the COVID-19 pandemic and over-realized revenue from the Board of State and Community Corrections allocation for Standards and Training for Corrections training, partially offset by lower than anticipated revenue in State Aid Other for reimbursement of costs to provide a jail-based competency program. A negative variance of \$0.4 million is projected in Fines, Forfeitures & Penalties due to lower than anticipated costs for the Cal-ID program. A negative variance of \$0.2 million is projected in Other Financing Sources due to a decrease in transfers from the Jail Commissary Enterprise Fund associated with vacant positions.

Child Support Services

A positive variance of \$2.4 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$1.9 million is projected. A positive variance of \$1.1 million in Salaries & Benefits is due to vacant and modified positions, \$3.8 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations, such as information technology services, and \$0.2 million in Capital Assets Equipment due to delayed ordering of new vehicles, offset by a negative variance of \$3.2 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services.

A positive revenue variance of \$0.5 million is projected. A positive variance of \$0.6 million in Charges for Current Services is due to higher than anticipated incentive revenue received from the California Department of Child Support Services, offset by a negative variance of \$0.1 million in Miscellaneous Revenues due to lower than anticipated expenses related to Title IV-D Child Support Services digital marketing grant.

Probation

A positive variance of \$3.1 million is projected for the Probation Department.

A positive expenditure variance of \$6.0 million is projected in Services & Supplies primarily due to a lower than anticipated use of contracted services due to the COVID-19 Public Health Order causing both a decline in adult referrals and interruptions in the ability to provide certain services (\$4.0 million) and due to recently enacted legislation that extended the State's timeline to implement juvenile justice realignment (\$2.0 million).

A negative revenue variance of \$2.9 million is projected. A negative variance of \$0.1 million is projected in Fines, Forfeitures & Penalties due to lower than anticipated revenue from the Proposition 69 program. A negative variance of \$0.7 million is projected in Intergovernmental Revenues due to lower than anticipated Title IV-E revenue (\$0.9 million), partially offset by over-realized revenues from the Mental Health Training Grant (\$0.1 million) and the Board of State and Community Corrections allocation for Standards and Training for Corrections (\$0.1 million). A negative variance of \$2.1 million in Charges for Current Services is due to the termination of the collection of fees for youth on probation and lower than anticipated revenue from the collection of fees for adults on probation.

San Diego County Fire Authority

A positive variance of \$1.6 million is projected for the San Diego County Fire Authority.

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacant positions and \$1.2 million in Services & Supplies is due to the lower than anticipated expenditures related to the Ember Resistant Vent Program.

A positive revenue variance of \$0.2 million is projected. A negative variance of \$0.1 million in Intergovernmental Revenues is due to lower than anticipated Community Development Block Grant reimbursements, and \$1.2 million in Miscellaneous Revenues associated with the Ember Resistant Vent Program, offset by a positive variance of \$1.5 million in Charges for Current Services due to unanticipated revenue from the Jamul Indian Village agreement.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A positive variance of \$1.6 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$2.0 million is projected in Services & Supplies due to professional and specialized services associated with contracts for educational services, including impacts from cancelled classes due to COVID-19, and lower than anticipated expenditure needs associated with an anticipated negative revenue variance from the Sheriff's Jail Commissary Enterprise Fund.

A negative revenue variance of \$0.4 million is projected in Other Financing Sources due to a decrease in the operating transfers from the Sheriff's Jail Commissary Enterprise Fund from lower than anticipated proceeds generated by Commissary sales.

Penalty Assessment

A positive variance of \$1.1 million is projected for the Penalty Assessment Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$1.1 million is projected. A positive variance of \$1.4 million in Fines, Forfeitures & Penalties is due to higher than anticipated receipts from penalty assessments offset by a negative variance of \$0.3 million in Revenue from Use of Money & Property due to lower than anticipated interest on deposits.

Proposition 172

A positive variance of \$39.8 million is projected for Proposition 172 Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$39.8 million is projected in Intergovernmental Revenues resulting from higher than anticipated sales tax receipts in the current fiscal year and under-accrual in the prior fiscal year. The projected sales tax receipts due to the impact of consumers and businesses reacting to COVID-19 pandemic was not as adverse as originally projected.

Enterprise Fund

Sheriff's Jail Commissary Enterprise Fund

There is no overall variance projected for the Sheriff's Jail Commissary Enterprise Fund.

A positive expenditure variance of \$0.5 million is projected in Operating Transfers Out to the Inmate Welfare Fund due to a decrease in the transfer of commissary proceeds from lower than expected revenues, and to the General Fund associated with vacant positions.

A negative revenue variance of \$0.5 million is projected in Miscellaneous Revenues due to decreases in projected commissary sales resulting from department policy changes restricting the type of commissary items sold to inmates and associated with a decreased

population from the adoption of a revised bail schedule in response to the COVID-19 pandemic.

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, Integrative Services, Regional Administration, and Office of Military & Veterans Affairs.

An overall negative variance of \$0.7 million is projected for Administrative Support. The COVID-19 projections include emergency response costs after December 30, 2020 which are not eligible for CARES Act reimbursement. HHSA is currently assuming use of local resources to continue response efforts at the current level.

A negative expenditure variance of \$17.9 million is projected and includes a positive variance of \$0.2 million in Salaries & Benefits primarily due to attrition and vacant positions, a negative variance of \$18.2 million in Services & Supplies primarily tied to COVID-19 emergency response efforts, and a positive variance of \$0.1 million in Operating Transfers Out associated with the Eligibility Data Processing Center project currently projected in Services & Supplies.

A positive revenue variance of \$17.2 million is projected and includes positive variances of \$17.0 million in Intergovernmental Revenues primarily tied to increased federal funding for COVID-19 emergency response efforts and \$0.2 million in Charges for Current Services due to higher estimates for dispute resolution fees.

Aging & Independence Services

An overall positive variance of \$0.6 million is projected for Aging & Independence Services.

A positive expenditure variance of \$0.8 million is projected in Operating Transfers Out is due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services.

A negative revenue variance of \$0.2 million is projected in Intergovernmental Revenues mainly consists of negative variances of \$0.8 million in realignment and federal funding to align with reduced funding needs for the IHSS Public authority and \$0.6 million tied to updates to align to Older Americans Act funding allocations, partially offset by a positive variance of \$1.2 million in federal and State funding for COVID-19 emergency response efforts to cover emergency food services.

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.

An overall positive variance of \$3.1 million is projected for Behavioral Health Services (BHS).

A positive expenditure variance of \$13.3 million is projected and includes a negative variance of \$3.8 million in Salaries & Benefits due to increased overtime in inpatient services due to the COVID-19 pandemic response, a positive variance of \$15.8 million in Services & Supplies and a positive variance of \$1.3 million in Expenditure Transfer & Reimbursements associated with costs provided through various Memorandums of Understanding (MOU) to the Probation Department. The positive variance of \$15.8 million in Service & Supplies includes \$21.1 million primarily in contracted services associated with various mental health and alcohol and drug treatment programs to align to updated procurement timeframes and to projected service level trends offset by a negative variance of \$5.3 million in temporary contract help due to increased inpatient needs at the San Diego County Psychiatric Hospital and the Edgemoor Distinct Part Skilled Nursing Facility.

A negative revenue variance of \$10.2 million is projected and includes a negative variance of \$11.6 million in Intergovernmental Revenues offset by positive variances of \$1.3 million in Charges for Current Services primarily tied to updated Medi-Cal daily rates for services at Edgemoor and \$0.1 million in Miscellaneous Revenues due to recovery of prior year overpayments to contractors. The \$11.6 million negative variance in Intergovernmental Revenues is primarily tied to the alignment of behavioral health program revenue with anticipated spending as noted above.

County Child Welfare Services

County Child Welfare Services projects a positive variance of \$1.7 million.

A positive expenditure variance of \$0.2 million is projected and includes a negative variance of \$0.4 million in Salaries & Benefits tied to increased service demands in some areas resulting in increased overtime costs, offset by a positive variance of \$0.6 million in Other Charges due to revised estimates of caseload levels and growth trends in foster care assistance programs.

A positive revenue variance of \$1.5 million is projected and includes a positive variance of \$2.0 million in Intergovernmental Revenues offset by a negative variance of the \$0.4 million in Revenue from Use of Money & Property to align revenue collection trends for the use of the San Pasqual Academy property and \$0.1 million in Charges for Current Services due to a lower collection estimate for adoption fees. The positive variance of \$2.0 million in Intergovernmental Revenues consists of positive variances of \$3.4 million in social services administrative revenues to align with anticipated federal funding and

\$0.9 million in anticipated supplemental federal funding for COVID-19 emergency response efforts offset by a negative variance of \$2.3 million in federal and State assistance payment revenue to align with projected caseload levels.

Housing & Community Development Services

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

A positive variance of \$0.5 million is projected for HCDS.

A positive expenditure variance of \$0.7 million is projected and includes a negative variance of \$0.1 million in Services & Supplies mainly tied to savings in Multi-Year projects, and some increases in operational costs, including costs to support the Emergency Rental Assistance Program (ERAP), offset by a positive variance of \$0.8 million in Other Charges primarily for Multi-Year Projects due to the transition of clients from the HOME Homeless Tenant Based Rental Assistance (TBRA) to the Section 8 Housing Choice Voucher Program and a revised funding allocation for the Housing Opportunities for Persons with AIDS (HOPWA) TBRA.

A negative revenue variance of \$0.2 million is projected in Intergovernmental Revenues primarily due to Multi-Year projects resulting in decreased federal and State revenue, offset by increased CARES Act revenue to support ERAP as referenced above.

Public Health Services

A negative variance of \$7.0 million is projected for Public Health Services (PHS). The COVID-19 projections include emergency response costs after December 30, 2020 which are not eligible for CARES Act reimbursement. HHSA is currently assuming use of local resources to continue response efforts at the current level.

A negative expenditure variance of \$50.0 million is projected and includes negative variances of \$50.9 million in Salaries & Benefits primarily due to additional temporary staffing and overtime costs for COVID-19 emergency response efforts, \$1.6 million in Capital Assets Equipment due to the COVID-19 emergency purchases of lab instruments, ventilators and other medical equipment, partially offset by a positive variance of \$2.5 million in Services & Supplies primarily tied to a delay of one-time IT projects.

A positive revenue variance of \$43.0 million is projected and includes positive variances of \$40.9 million in Intergovernmental Revenues mainly tied to federal revenues for COVID-19 emergency response efforts along with the use of \$10.0 million in Realignment revenue to help offset costs, and \$2.1 million in Charges for Current Services primarily for the use of one-time Intergovernmental Transfer Revenue to help offset a higher collection of fees in certified copies of vital statistics as well as the costs referenced above.

Revenue projections in HHSA (primarily in Administrative Support and PHS) are largely based on the assumption that the County will continue to incur significant COVID-19 response costs after federal CARES Act CRF funding has ended on December 30, 2020,

and that no additional federal stimulus funding will be made available after that time. At this time, members of the U.S. Congress have not been able to negotiate a fourth stimulus package; however, if a fourth stimulus package is passed, the County will revise its revenue projections accordingly.

Self-Sufficiency Services

A positive variance of \$1.8 million is projected for Self-Sufficiency Services.

A positive expenditure variance of \$16.0 million is projected in Other Charges. The positive variances include \$20.6 million primarily associated with revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) program partially offset by \$4.6 million in the General Relief program based on caseload levels and growth trends.

A negative revenue variance of \$14.2 million is projected and includes negative variances of \$15.0 million in Intergovernmental Revenues, \$0.1 million in Fines, Forfeitures & Penalties based on projected eligible expenditures for the Physician Emergency Services program, partially offset by positive variances of \$0.8 million in Miscellaneous Revenues mainly due to the recoupment of payments in contracted services tied to prior year adjustments and \$0.1 million in Revenue From Use of Money & Property to align with revenue collection trends. The negative variance of \$15.0 million in Intergovernmental Revenues consists of a negative variance of \$20.2 million primarily in assistance payments revenue due to revised CalWORKs caseload projections, offset by positive variances of \$3.2 million in anticipated supplemental federal funding for COVID-19 emergency response efforts and \$2.0 million in social services State and federal administrative revenue to align with revised allocations.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures

A positive variance of \$0.2 million is projected for the Department of Agriculture, Weights and Measures (AWM), including the University of California Cooperative Extension.

A positive expenditure variance of \$0.8 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to staff vacancies and under-filled positions.

A negative revenue variance of \$0.6 million is projected. A \$0.6 million negative variance is projected in Licenses, Permits, & Franchises as a result of the deferral of fees due to the COVID-19 public health emergency.

Environmental Health

A positive variance of \$0.6 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$3.7 million is projected. A positive variance of \$2.6 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$1.2 million in Services & Supplies is mostly related to the Vector Control Program due to lower than anticipated project costs for the Vector Habitat Remediation Program (VHRP), offset by negative variance \$0.1 million in Expenditure Transfer & Reimbursements due to staff vacancies noted above.

A negative revenue variance of \$3.1 million is projected. The negative variance consists of \$1.3 million in Licenses, Permits & Franchises due to deferral of permit fee invoices and \$1.8 million in Charges for Current Services related to both Vector Control Trust Fund revenue and Work Safe Stay Healthy contract revenue associated with staff vacancies noted above.

Planning & Development Services

No significant variance is projected for Planning & Development Services.

A positive expenditure variance of \$0.8 million is projected in Services & Supplies primarily due to lower than anticipated expenditures related to the COVID-19 Safe Reopening Response Team.

A negative revenue variance of \$0.8 million is projected. A negative variance of \$2.8 million in Charges for Current Services is due to a decline in billable activities for land development projects, which is partially offset by a positive variance of \$2.7 million in Licenses, Permits & Franchises due to a higher than anticipated number of building permit applications and a negative variance of \$0.7 million in Intergovernmental Revenue primarily due to lower CARES Act reimbursement for unspent funds noted above.

Public Works – General Fund

No net variance is projected for the Department of Public Works General Fund.

A positive expenditure variance of \$0.7 million is projected in Salaries & Benefits due to staff vacancies.

A negative revenue variance of \$0.7 million is projected in Charges for Current Services due to staff vacancies noted above.

Special Revenue Funds

Public Works - Road Fund

A positive net variance of \$4.8 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$3.7 million is projected. A positive variance of \$3.4 million in Salaries & Benefits is due to staff vacancies and under-filled positions. Savings of \$0.3 million in Services & Supplies is due to construction savings from completion of the Dehesa/Harbison Canyon project.

A positive revenue variance of \$1.1 million is projected. A positive variance of \$2.2 million in Intergovernmental Revenues is projected due to unanticipated Highway User Tax Account (HUTA) and SB-1 gas tax funding based on actual revenue received. This is offset by negative variances of \$0.1 million in Taxes Other than Current Secured due to TransNet project schedule revisions, \$0.7 million in Charges for Current Services due to schedule revisions for Sanitation District projects (\$0.4 million), and reduced funding for Airports projects (\$0.3 million), and of \$0.3 million in Miscellaneous Revenues due to completion of the Dehesa/Harbison Canyon Tribal-funded project.

Park Land Dedication Ordinance

A positive variance of \$0.5 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$0.5 million is projected in Licenses, Permits, & Franchises from Park Land Dedication fees.

San Diego County Library

A positive net variance of \$5.3 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.8 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$3.3 million in Services & Supplies is due to lower than expected IT related costs (\$1.4 million), utilities costs (\$0.3 million), facilities management (\$1.0 million), and contracted services (\$0.6 million) due to the limited hours of operations at the library branches due to the current COVID-19 emergency health order.

A positive revenue variance of \$1.5 million is projected. Positive variance of \$0.6 million is projected in Taxes Current Property and \$1.7 million in Intergovernmental Revenues from property taxes associated with former redevelopment areas due to the expected steady growth in assessed values. This is offset by negative variances of \$0.4 million in Charges for Current Services due to less than expected demand for public printing and other library services, and \$0.4 million in Miscellaneous Revenues due to lower than anticipated private donations.

Special District Funds

Air Pollution Control District

A positive variance of \$0.9 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$1.7 million is projected in Salaries & Benefits due to staff vacancies and under-filled positions.

A negative revenue variance of \$0.8 million is projected in Licenses, Permits & Franchises related to reduced permit applications, the number of which can vary depending on economic factors and business activity, and is further impacted by current economic conditions related to COVID-19.

Enterprise Funds

Public Works - Airport Enterprise Fund

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

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.5 million in Salaries & Benefits due to staff vacancies, and \$0.2 million in Capital Assets Equipment due to the deferred Gillespie and Fallbrook generator acquisitions, offset by Ramona tower equipment acquisitions.

No significant revenue variance is projected.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

An overall positive variance of \$1.6 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A positive expenditure variance of \$4.5 million is projected. Anticipated positive variances of \$1.0 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$3.5 million in Services & Supplies including the delay of one-time Microfilm Conversion/Duplication, Restoration and Treatment for ARCC Archive Film, and truncation of official records, which will be completed in Fiscal Year 2021-22.

A negative revenue variance of \$2.9 million is projected. Anticipated negative variance of \$2.8 million in Charges for Current Services includes \$3.9 million due to the delay in one-time projects noted above to be reimbursed from Recorder Trust Funds and \$1.8 million in AB2890 Recovered Costs (reimbursement to administer the Supplemental Assessment Program), Marriage Ceremonies, Vital Certificates, Filing Documents and Notary Filing Fees, partially offset by a positive variance of \$2.9 million primarily due to projected increases in Recording Document Fees, and Duplicating and Filing Fees. Anticipated negative variance of \$0.1 million in Licenses Permits & Franchises is due to less than anticipated number of marriage licenses issued.

Auditor & Controller

An overall positive variance of \$0.9 million is projected for the Auditor & Controller.

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

A positive revenue variance of \$0.6 million is projected in Intergovernmental Revenues due to unanticipated revenue from the Coronavirus Aid, Relief, and Economic Security (CARES) Act for reimbursement of operational expenses related to the COVID-19 pandemic response.

County Communications Office

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

A positive expenditure variance of \$0.1 million is projected. Anticipated positive variances include \$0.2 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, and \$0.1 million in Services & Supplies due to various operational expenses, offset by a negative variance of \$0.2 million in Expenditure Transfer & Reimbursements as a result of leveraging revenue from the CARES Act for COVID-19 pandemic response efforts.

A positive revenue variance of \$0.5 million is projected in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response.

County Counsel

An overall positive variance of \$0.7 million is projected for the Office of County Counsel.

A positive expenditure variance of \$0.4 million is projected. Anticipated positive variances include \$0.3 million in Salaries & Benefits due to normal staff attrition and \$0.1 million in Services & Supplies due to an anticipated decrease in training travel-related expenditures due to COVID-19 restrictions.

A positive revenue variance of \$0.3 million is projected in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response.

Department of Human Resources

An overall positive variance of \$1.3 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.4 million is projected. Anticipated positive variances include \$0.1 million in Salaries & Benefits primarily due to normal attrition of staff and departmental vacancies and \$0.3 million in Services & Supplies primarily due to reduced workers' compensation administration costs.

A positive revenue variance of \$0.9 million is projected. Anticipated positive variance includes \$1.9 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by a negative variance of \$1.0 million in Miscellaneous Revenues due to lower administration costs for anticipated services charged to the Employee Benefits Internal Service Fund.

Finance and General Government Executive Office

An overall positive variance of \$0.5 million is projected for the Finance and General Government Group Executive Office.

A positive expenditure variance of \$0.2 million is projected in Services & Supplies due to IT projects that are anticipated to span across multiple fiscal years.

A positive revenue variance of \$0.3 million is projected in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response.

Internal Service Funds (ISF)

Employee Benefits ISF

An overall positive variance of \$3.0 million is projected for the Employee Benefits ISF.

A positive expenditure variance of \$3.0 million is projected in Other Charges due to anticipated savings as a result of appropriations set aside to address the ISF's unfunded liability over a 10-year period.

No revenue variance is projected.

Facilities Management ISF

An overall positive variance of \$0.1 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$1.5 million is projected. Anticipated positive variances include \$1.1 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.3 million in Services & Supplies primarily due to lower than anticipated pass through expenses related to maintenance and contracted services and \$0.1 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$1.4 million is projected. Anticipated negative revenue variance includes \$3.5 million in Charges for Current Services due to lower than anticipated reimbursement for project management and maintenance services related to the expenditure savings mentioned above, offset by positive variances of \$2.0 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response and \$0.1 million in Other Financing Sources due to an increase in operating transfers in from the Major Maintenance ISF related to higher than anticipated maintenance services.

Fleet Management ISF

An overall negative variance of \$0.9 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$4.8 million is projected. Anticipated positive variances include \$1.3 million in Salaries & Benefits is due to normal attrition of staff and departmental vacancies, \$1.8 million in Services & Supplies primarily due to lower than anticipated fuel and vehicle parts purchases, and savings in garage operations and support, and \$1.7 million in Other Charges due to lower than anticipated depreciation charges based on actual timing and value of vehicle and equipment replacement.

A negative revenue variance of \$5.7 million is projected in Charges for Current Services due to lower than anticipated reimbursements based on vacant and billable positions and decreased expenditures in fuel and parts purchases, and depreciation resulting from operational adjustments related to the COVID-19 pandemic.

There is sufficient Fleet Maintenance and Support ISF fund balance available to mitigate the projected negative variance.

Public Liability ISF

An overall positive variance of \$5.3 million is projected for the Public Liability ISF.

A positive expenditure variance of \$5.7 million is projected. Anticipated positive variances include \$0.5 million in Services & Supplies due to less than anticipated case activity resulting in less expenditures in use of outside counsel, experts and consultants and in litigation expenses, and \$5.2 million in Other Charges due to a contingency reserve that was included to address the deficit fund balance of the fund.

A negative revenue variance of \$0.4 million is projected in Revenue from Use of Money & Property due to the current state of the economy resulting in low interest rates.

Purchasing and Contracting ISF

An overall positive variance of \$6.8 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$1.2 million is projected. Anticipated positive variances include \$0.3 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.8 million savings in Services & Supplies due to less than anticipated costs in Property Disposal and County Counsel expenses, and \$0.1 million savings in Other Charges attributed to less than anticipated depreciation costs due to delays in the completion of the Contracts Lifecycle Management System (CLMS) IT project.

A positive revenue variance of \$5.6 million is projected. Anticipated positive variances include \$6.3 million in Charges for Current Services due to over-realized ISF revenue (of which \$3.2 million is tied to COVID-19 related purchases), \$0.2 million in Miscellaneous Revenues due to better than expected proceeds from rebate agreements, offset by a negative variance of \$0.9 million in Intergovernmental Revenues due to adjusted prior year CARES Act revenue accrual.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$93.4 million is projected in General Purpose Revenue (GPR) and \$29.5 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. San Diego's economy has seen some recovery from the effects of COVID-19 pandemic. Employment showed gains in Trade, Transportation & Utilities, Professional & Business Services, Educational & Health Services, Leisure & Hospitality and Other Services; while Mining, Logging, and Construction, Manufacturing, Information, and Financial Activities showed employment losses; overall employment showed a positive gain from August 2020 to September 2020. 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 were higher by 10.1% and for Existing Attached Homes by 8.5% in the first quarter of Fiscal Year 2019-20 compared to the prior quarter. The recovery has begun but progress may slow per the Kiplinger Economic Forecasts (August 27,2020). GDP is expected to decline 4.9% in 2020 with a 3.8% rise in 2021. Employers added 661,000 jobs in September far fewer than 1.5 million jobs added in August. The Federal Reserve at its recent Federal Open Market Committee meeting recommitted itself to keeping short-term interest rates near zero for the foreseeable future. Gasoline prices continue to hold remarkably steady. New-home sales are booming as low mortgage rates are enticing buyers. Existing-home sales continued their upward march in August. Retail and food service sales are bouncing back though they have not yet recovered fully to their prepandemic levels, but recent surge of COVID-19 infections throughout the states could slow the recovery progress.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2020-21, 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 9.0% in September 2020, down from 13.8% the previous quarter June 2020. In comparison, this is below the state's rate of 10.8% in September 2020 and 15.1% in June 2020.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 1st Quarter of 2020-21, unadjusted local point of sale tax revenue increased by 46.75% in the unincorporated area, in the Southern California Region by 20.89%, in the statewide level by 23.14% and in the San Diego regional level by 24.36% compared to last quarter June 2020.
- The positive indicators in the housing market continue in the County.
 - Increase in median housing prices for Single Family Homes (up 10.1%) and for Existing Attached Homes (up 8.5%) for the first quarter of Fiscal Year 2020-21 compared to the previous quarter June 2020.

- Notices of Default for January-September 2020 were down 50% compared to the same period in 2019.
- Foreclosure activity decreased 54% in January-September 2020 compared to the same period in 2019.

Current Property Taxes All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$40.8 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$38.8 million higher than budget due primarily to higher than anticipated assessed value (AV) growth.

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.75%, but the actual assessed value (AV) increased by 5.33% (gross less regular exemptions). (Note: The 5.33% 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 July 15, 2020 of 5.18%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

Current Unsecured Property Taxes are projected to be \$1.3 million above budget due to higher than budgeted growth in assessed valuation, primarily driven by the increase in the Consumer Price Index at 2.0%. 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*

Current Supplemental Property Taxes are projected to be \$0.7 million higher than budget due to an increase in collection based on a decrease in delinquency rate from 4.0% to 1.4%. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through Fiscal Year 2019-20.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$16.4 million above budget.

- *Property Tax Prior Secured Supplemental*

Property Tax Prior Secured Supplemental are projected to be \$0.6 million higher than budget due to an increase in collection based on a decrease in delinquency rate from 4.0% to 1.4%.

- *Real Property Transfer Taxes*

Real Property Transfer Taxes are projected to be \$0.5 million below budget based on 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 \$7.0 million higher than budget. The budget of \$0 was based on the assumption that all penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals, Teeter Tax Reserve Excess will receive \$7.0 million in revenues in the current Fiscal Year.

- *Sales and Use Taxes*

Sales and Use Taxes are projected to be \$3.7 million higher than budget. This is mostly due to the Wayfair decision in the County Pools and recoveries in various categories like Food/Drugs, Building/Construction and General Consumer Goods due to re-opening of businesses back in June 2020.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$11.3 million higher than budget due to higher than budgeted growth in assessed valuation.

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

Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$5.8 million lower than budget. The decrease was based on a lower delinquency rate at the end of Fiscal Year 2019-20 (from a projected 3.1% to an actual of 1.4%) making the Teeter receivable lower thus making the revenues to be collected lower in the current fiscal year.

Licenses, Permits, and Franchises

No projected variance in Licenses, Permits and Franchise payments.

Revenue from Use of Money & Property

Interest on Deposits is projected to be \$0.3 million higher than budget. The increase is due to a higher average daily cash balance based on prior fiscal year which was used to calculate the interest revenue.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$7.6 million higher than budget. The budget of \$8.2 million was based on the assumption that most of the penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals, Fines, Forfeitures and Penalties will receive \$15.8 million in revenues in the current Fiscal Year. 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 \$28.2 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 due to continued growth in the project areas.

Miscellaneous Revenue

No projected variance in Miscellaneous Revenue.

General County Expenses

Countywide General Expense

A positive variance of \$29.5 million is projected in Countywide General Expense.

A positive expenditure variance of \$29.5 million is projected. A positive variance of \$29.5 million is projected in Services & Supplies. This includes the Countywide Stabilization (\$25.0 million) which was appropriated to replenish the General Fund Reserve per *Administrative Code Section 113.1 General Fund Balances and Reserves*, and for information technology projects that are anticipated to extend beyond the current fiscal Year (\$4.5 million).

No revenue variance is projected.

Capital Program Funds

Edgemoor Development Fund

There is zero variance projected for the Edgemoor Development Fund.

A positive expenditure variance of \$0.3 million is projected in Services and Supplies due to lower than anticipated Internal Service Fund and major maintenance expenditures.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$0.5 million is due to a lower than anticipated revenue from the Federal SB 1128 Program. The State calculation of the Medi-Cal Utilization Ratio used to calculate federal SB 1128 reimbursement was lowered which reduced the amount of revenue available to offset Edgemoor Distinct Part Skilled Nursing Facility debt financing costs. The negative variance of \$0.5 million is offset by a positive variance of \$0.2 million related to unanticipated interest earnings based on the daily average cash fund balances.

Appendix C: Major Maintenance Capital Outlay Fund (MMCOF) Adjustments for Fiscal Year 2020-2021 (1ST QUARTER)

GROUP	DEPT.	PROJECT NUMBER	PROJECT NAME	FUNDING SOURCE			NOTES	DEPARTMENTS (Acct - 56321 Opt Transfer Out)	DEPARTMENTS (Acct - 52XXX Services & Supplies)	MMCOF (Acct -54202 Fixed Asset)	DGS MMISF (Acct - 52XXX Services & Supplies)	RATIFICATION	Description
				FUND	ORG	ACCOUNT	1, 2, 3, 4, 5, 6, 7	Inc (Dec)	Inc (Dec)	Inc (Dec)	Inc (Dec)	Yes/No	
Increase (Decrease) of Appropriation													
HHS	HHS	1024186	MMCOF7804 HHSa Eligibility Data Processing Center	10100	45005	52737	5	100,000	(100,000)	100,000	N/A	Yes	New MMCOF walk-in project that was ratified
HHS	HHS	1024186	MMCOF7804 HHSa Eligibility Data Processing Center	10100	45005	52737	3	60,968	(60,968)	60,968	N/A	Yes	Spending Plan Amendment
PSG	PRO	1022038	MMCOF7639 ECRC 8th Floor Window and HVAC Replacement	10100	42026	52737	2	(500,000)	500,000	(500,000)	N/A	No	Project has been cancelled
PSG	PD	1022038	MMCOF7639 ECRC 8th Floor Window and HVAC Replacement	10100	38200	52382/52330	2	(960,000)	960,000	(960,000)	N/A	No	Project has been cancelled
PSG	PSG Exec	1022956	MMCOF7734 SBRC Electrical HVAC AHU Concrete Slab Roof Exhaust Fans	10100	14000	52737	2	(383,500)	383,500	(383,500)	N/A	No	Project has been cancelled
PSG	PSG Exec	1023566	MMCOF7749 PSG Security Improvements at 2 Sites	10100	14000	52737	3	142,848	(142,848)	142,848	N/A	No	Spending Plan Amendment
PSG	OES	1023625	MMCOF7751 Julian Fire Station Emergency Generator	10100	30231	52737	3	100,047	(100,047)	100,047	N/A	No	Spending Plan Amendment
PSG	OES	1023629	MMCOF7755 Sunshine Summit Fire Station Emergency Generator	10100	30231	52737	3	60,330	(60,330)	60,330	N/A	No	Spending Plan Amendment
			Subtotal General Fund					(1,379,307)	1,379,307	(1,379,307)			
LUEG	APCD	1022538	MMCOF7682 APCD San Ysidro Site Modular Building	12050	56730	51110	3	58,000	(58,000)	58,000	N/A	No	Spending Plan Amendment
			Subtotal Other Funds					58,000	(58,000)	58,000			
Total Increase (Decrease) of Appropriation								(1,321,307)	1,321,307	(1,321,307)	-		
Board Letter Recommendation								REC #19		REC #20			

- NOTES:
- 1 MMCOF Project identified as MMISF (maintenance/not capital)
 - 2 MMCOF Project cancelled and funding source returned to Services & Supplies for department's operation
 - 3 MMCOF Spending plan increased
 - 4 MMCOF Spending plan decreased
 - 5 MMISF Project identified as MMCOF
 - 6 MMCOF Project complete and remaining funds are transferred to an existing MMISF project
 - 7 MMCOF Project complete and remaining funds will fall to fund balance