



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

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Third District

RON ROBERTS  
Fourth District

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Fifth District

**DATE:** February 28, 2006

**TO:** Board of Supervisors

**SUBJECT:** FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT (District: All)

### SUMMARY:

#### Overview

This report summarizes the status of the County's FY 2005-06 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$173.1 million and for all budgetary funds combined is \$235.5 million.

This letter also recommends budget adjustments to fund various one-time projects from current budgetary savings, fund balance or unanticipated revenues. Among these adjustments are funds to carry out minor capital and major maintenance projects, to take advantage of information technology opportunities to streamline operations, to reopen a dormitory at the Camp Barrett juvenile facility, to shift 200 jail beds and related space from the Corrections Corporation of America to the County, to add the remaining available Transnet allocation to the State Route 54/94 improvement project, and to substitute general purpose revenues for the loss of the State's Property Tax Administration Grant in the Assessor's budget. In addition, the Board is asked to accept a grant and establish appropriations for the Healthcare Safety Net Assessment and Forecast project.

#### Recommendation(s)

#### CHIEF ADMINISTRATIVE OFFICER

1. Accept the FY 2005-06 second quarter report on projected year-end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.
3. Establish appropriations in of \$703,247 in the Public Safety Group Executive Office, services and supplies for Fiscal Year 2005-06 for unforeseen emergent major maintenance projects based on the Public Safety Group's Fiscal Year 2004-05 fund balance available. (4 VOTES)

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4. Establish appropriations of \$1,506,420 in the Proposition 172 Special Revenue Fund (Operating Transfer Out) for transfer to the District Attorney's budget as outlined in recommendations 5-7 based on Fiscal Year 2005-06 unanticipated revenue available in the Proposition 172 Special Revenue Fund. (4 VOTES)
5. Establish appropriations of \$766,420 in the District Attorney's Office, services and supplies, for the one time costs associated with upgrades and enhancements to information technology hardware and licenses and enhancements to various office equipment based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
6. Establish appropriations of \$50,000 in the District Attorney's Office, services and supplies, for the one time costs associated with employing a consultant to analyze and develop a plan to implement a modern document management system based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
7. Establish appropriations of \$150,000 in the District Attorney's Office, salaries and benefits, for graduate law clerks based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
8. Establish appropriations of \$440,000 in the District Attorney's Office, services and supplies, to address health and safety concerns by replacing deteriorating carpet at the Hall of Justice based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
9. Establish appropriations of \$100,000 in the District Attorney's Office, services and supplies, to reengineer existing office space to better accommodate space needs based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
10. Establish appropriations of \$9,913 in the District Attorney's Federal Seized Asset Forfeiture Fund for service and supplies based on unanticipated revenue from the Jurisdictions Unified for Drug Gang Enforcement (JUDGE) Seized Asset Forfeiture Fund. (4 VOTES)
11. Establish appropriations of \$1,300,000 in the Proposition 172 Special Revenue Fund (Operating Transfer Out) for transfer to the Sheriff's Department as outlined in Recommendations 12 & 13 based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
12. Establish appropriations of \$800,000 in the Sheriff's Department, services and supplies, for modifications needed to the 200 additional jail beds that will be obtained from the Corrections Corporation of America upon the expiration of a

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portion of the lease agreement based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)

13. Establish appropriations of \$500,000 in the Sheriff's Department, services and supplies for enhancements to the Automated Field Reporting/Records Management System (AFR/RMS) based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
14. Establish appropriations of \$96,000 in the Proposition 172 Special Revenue Fund (Operating Transfer Out) for transfer to the Health and Human Services Agency, Alcohol and Drug Services, based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
15. Establish appropriations of \$96,000 in the Health and Human Services Agency, Alcohol and Drug Services, for services and supplies for the adult drug court treatment and testing program based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
16. Establish appropriations of \$98,943 in the Penalty Assessment Collection Fund for payment to the Department of General Services Facilities Management ISF based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
17. Establish appropriations of \$819,902 in the Proposition 172 Special Revenue Fund (Operating Transfer Out) for transfer to the Probation Department for salaries and benefits and services and supplies based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
18. Establish appropriations of \$819,902 in the Probation Department, salaries and benefits (\$733,417) and services and supplies (\$86,485) for the partial year costs required to open a dorm at the Camp Barrett juvenile facility based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
19. Authorize the Director, Health and Human Services Agency, to execute, upon receipt, the Specific Project Grant Agreement with The California Endowment in the amount of \$307,742 in support of the Healthcare Safety Net Assessment and Forecast. Also, authorize the Director, Health and Human Services Agency, to execute any subsequent amendments or renewals to the grant award that do not materially impact either the grant program or funding levels.
20. Establish appropriations of \$307,742 in the Health and Human Services Agency, to fund the Healthcare Safety Net Assessment and Forecast, based on unanticipated revenue from The California Endowment. (4 VOTES)

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21. Authorize the Auditor and Controller to decrease the reserve designation in the Department of Planning & Land Use by \$516,831 based on an analysis of Fiscal Year 2004-05 costs and revenues associated with the processing of building permits. (4 VOTES)
22. Establish appropriations of \$516,831 in the Land Use & Environment Group for management reserves based on the Land Use & Environment Group's Fiscal Year 2004-05 fund balance available. (4 VOTES)
23. Establish appropriations of \$455,000 in the Land Use and Environment Group – Executive Office for management reserve based on Land Use & Environment Group's Fiscal Year 2004-05 fund balance available. (4 VOTES)
24. Transfer appropriations in the amount of \$306,900 from the Department of Planning & Land Use to the Department of Public Works General Fund to fund amended contracts with Volunteer Fire Agencies in the County Service Areas of Boulevard, Campo, Mt. Laguna, and Palomar Mountain.
25. Establish appropriations of \$15,000 in the Fallbrook Park Land Dedication Ordinance (PLDO) fund, Operating Transfer Out, for the fencing project at Rainbow County Park based on Fund Balance available. (4 VOTES)
26. Establish appropriations of \$15,000 in the Department of Parks and Recreation, Maintenance – Structures and Grounds, for the fencing project at Rainbow County Park based on an Operating Transfer from the Fallbrook PLDO fund. (4 VOTES)
27. Establish appropriations of \$200,000 in the Department of Parks and Recreation for office space expansion and remodel based on the Land Use & Environment Group's Fiscal Year 2004-05 fund balance available. (4 VOTES)
28. Establish appropriations of \$20,000 in the Department of Parks and Recreation for the acquisition of a maintenance vehicle and related equipment for the maintenance of the little league ballfields at Sweetwater Regional Park based on the Land Use & Environment Group's Fiscal Year 2004-05 fund balance available. (4 VOTES)
29. Establish appropriations of \$25,000 in the Department of Parks and Recreation for Open Space Division public information materials and website development based on Land Use & Environment Group's Fiscal Year 2004-05 fund balance available. (4 VOTES).
30. Cancel appropriations and related Operating Transfer from the General Fund of \$66,190 in the Capital Outlay Fund for Capital Project 1000174 – Lake Morena

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Playground to provide funds for the Potrero Playground Improvements project.

31. Establish appropriations of \$66,190 in the Capital Outlay Fund for Capital Project 1004980 – Potrero Playground Improvements, based on an Operating Transfer from the General Fund. (4 VOTES)
32. Establish appropriations of \$250,000 in the Capital Outlay Fund for Capital Project 1000285 – San Elijo Lagoon Nature Center Expansion based on unanticipated revenue from Fiscal Year 2006 Federal Transportation/Housing and Urban Development (HUD) Appropriations Act. (4 VOTES)
33. Establish appropriations of \$720,000 in Contributions to Capital Outlay Fund, Operating Transfer Out, for various Capital Projects based on unanticipated revenue from a settlement with Equilon. (4 VOTES)
34. Establish appropriations of \$180,000 in the Capital Outlay Fund for Capital Project 1007108 – San Luis Rey River Park Acquisition based on an Operating Transfer from the General Fund. (4 VOTES)
35. Establish appropriations of \$180,000 in the Capital Outlay Fund for Capital Project 1000246 – Otay Valley Regional Park Acquisition based on an Operating Transfer from the General Fund. (4 VOTES)
36. Establish appropriations of \$180,000 in the Capital Outlay Fund for Capital Project 1000249 – Escondido Creek Acquisition based on an Operating Transfer from the General Fund. (4 VOTES)
37. Establish appropriations of \$180,000 in the Capital Outlay Fund for Capital Project 1008954 – East County Trail Acquisition based on an Operating Transfer from the General Fund. (4 VOTES)
38. Establish appropriations of \$70,724 in the Department of Public Works Road Fund for major maintenance based on fund balance available in the Road Fund. (4 VOTES)
39. Establish appropriations of \$500,000 in the Department of Public Works Detailed Work Program for the SR 54/94 project based on unanticipated Transnet revenue from SANDAG. (4 VOTES)
40. Establish appropriations of \$950,000 in the Department of Animal Services for Major Maintenance Project #MX4874 - South County Animal Shelter Renovations based on overrealized revenue from the Department of Animal Services. (4 VOTES)

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41. Amend the FY 05-06 Department of General Services Major Maintenance Internal Service Fund spending plan by \$950,000 for an increase in expenditures for major maintenance at the South County Animal Shelter based on charges for services received from the General Fund. (4 VOTES)
42. Amend the FY 05-06 Department of General Services Major Maintenance Internal Service Fund spending plan by \$1,443,247 for an increase in expenditures for major maintenance projects in the Public Safety Group based on charges for services received from the General Fund. (4 VOTES)
43. Establish appropriations of \$1,736,000 in the Assessor/Recorder/County Clerk's budget for one- time application services expenses for the development and/or upgrade of information technology systems based on \$1,274,000 available in the Modernization Trust Fund, \$410,000 available in the Vital Statistics Trust Fund, and \$52,000 in the Micrographics Trust Fund. (4 VOTES)
44. Establish appropriations of \$250,000 in the Assessor/Recorder/County Clerk's budget for ergonomic workstations based on \$175,000 in the Modernization Trust Fund and \$75,000 in the Vital Statistics Trust Fund. (4 VOTES)
45. Cancel appropriations of \$4,200,000 in the Assessor/Recorder/County Clerk's budget and related Property Tax Administration Grant revenue due to the State's suspension of the Property Tax Administration Grant.
46. Establish appropriations of \$4,200,000 in the Assessor/Recorder/County Clerk's budget for property tax administrative services previously funded with the Property Tax Administration Grant, based on over-realized revenue from property taxes in lieu of Vehicle License Fees associated with the Fiscal Year 2004-05 true-up. (4 VOTES)
47. Establish appropriations of \$650,000 in the Auditor and Controller, Administrative Services Division, for services and supplies for the acquisition of ACL continuous auditing software based on FY 2004-05 fund balance available in the Finance and General Government Group. (4 VOTES)

**Fiscal Impact**

The funds for a portion of these requests are not budgeted. These actions will cancel budgeted appropriations and the related sources of funding in the amount of \$4,266,190. If approved, these actions will establish additional appropriations of \$22,317,481 resulting in a net increase in appropriations of \$18,051,291.

**Business Impact Statement**

N/A

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**Advisory Board Statement**

Recommendations 19 and 20 were presented to the Health and Human Services Agency advisory boards for information.

**BACKGROUND:**

**FY 2005-06 Fund Balance Projections**

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$173.1 million. It is made up of \$95.0 million in additional General Purpose Revenues, \$44.7 million in net savings from departmental operations, and \$33.4 million in unspent Contingency and Management Reserves. The projected balance for all other funds combined is \$62.4 million. Schedule A summarizes the fund balance projections by Group. The Notes to Schedule A explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through December 2005 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$173.1 million is based on the estimate that expenditures will be \$160.6 million less than budgeted in the Fiscal Year 2005-06 Amended Budget, and General Fund revenues will be \$12.5 million more than budgeted in the 2005-06 Amended Budget. The projected revenue over-realization to budget consists of a positive revenue variance of \$98.4 million in current property taxes (\$20.9 million), in other than current secured taxes (\$74.1 million), in revenue from use of money and property (\$2.8 million), and in charges for current services and miscellaneous revenues combined (\$0.6 million), offset by an \$85.9 million negative variance in all other sources of revenues (primarily in intergovernmental revenues and largely the result of expenditure savings in caseload driven programs).

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

- \$45.6 million in appropriation savings from lower than budgeted salaries and employee benefit costs as a result of salary savings due to turnover (including the Sheriff's Department with an anticipated 105 retirements/departures and with fewer cadets entering the Deputy Sheriff Academies, County Child Welfare Services & Agency Regional Operations from vacancies), controlled staffing (e.g., Child Support Services to levels sustained by resources from the State Department of Child Services), and ongoing recruitment challenges in select classifications (e.g., in the Department of Planning and Land use for code enforcement and building inspectors).
- \$18.7 million in appropriation savings in services and supplies due to projected savings in contracted services (e.g., in Medical Care Program Administration in the Agency's Regional Program Support and IHSS individual provider services in Aging and Independence Services), anticipated savings in appropriations in Agency Administration associated with emergency reserves funded from the unsecuritized tobacco settlement

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and reduced professional and specialized services, as well as savings due to timing issues (e.g., in the Office of Emergency Services due to the extension of Homeland Security Grants through Fiscal Year 2006-07).

- \$61.0 million in other charges appropriation savings for caseloads and aid payments (e.g., for Child Care payments and CalWORKS, General Relief, Welfare to Work and Refugee Assistance payments based on projected caseloads, and in County Child Welfare Services due to decreases in aid payments for Foster Care, Severely Emotionally Disturbed (SED), and Aid to Adoptive Parents (AAP) expenditures), and due to timing issues (e.g., projected delays in purchasing equipment with the extension of grants in the Office of Emergency Services).
- \$15.6 million in contingency savings set aside for unanticipated needs or events that are projected to be unspent at year-end.
- \$17.8 million in Management Reserves that are projected to be unspent across the groups at year-end.

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

The County is in a solid fiscal condition. Prudent management of our resources has allowed us to respond to losses of local discretionary revenues due to the State's multi-year budget crisis without impacting our reserves and while maintaining our long-term service delivery, capital project, and technology goals.

**The Economy**

The U.S. economy's Gross Domestic Product (GDP) for 2005 showed an increase of 3.5% growth versus 4.2% growth in 2004. The slowdown in growth in 2005 reflected a downturn in inventory investment, a slowdown in consumer spending, and a slowdown in federal government spending. Some significant risks facing the U.S. economy include: core inflation increases, rising interest rates and possible cooling in the housing market, uncertainty in oil prices, and a growing current trade deficit.

California's economic data reveals mixed economic signals: job growth is weakening, while taxable sales and personal income are strong. Moreover, some housing markets are slowing, including San Diego. Overall, however, according to the UCLA Anderson Forecast, we are a long way from prices flattening out.

**California's Budget Outlook**

On January 10, 2006, the Governor released the 2006-07 State Budget. According to a review of the Governor's budget by the State of California's Legislative Analyst, the Governor's plan would leave the state with an annual operating shortfall of over \$5 billion in 2007-08. Although revenues are projected to be higher than earlier estimates, the Governor's plan adds spending which results in a larger out-year fiscal imbalance than previously forecasted. The Legislative Analyst believes the 2006-07 budget should focus more on paying down existing debt before making new commitments.



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In 2006-07, local governments will no longer be required to transfer additional property tax revenues to the state through the Educational Revenue Augmentation Fund (ERAF) III. For the County of San Diego, it means the restoration of \$27.5 million in property taxes for County programs. However, the Governor's budget proposes to continue the suspension of the Property Tax Administration Program grants through 2006-07, a loss of \$5.4 million for the County. The Governor's budget also includes \$98 million for the first year of a 15-year payment plan to reimburse cities and counties for deferred mandate costs prior to 2004-05.

**FY 2005-06 Budget Adjustments**

The budget adjustment recommendations in this letter are explained below.

**Recommendation 2**

A waiver of Board Policy A-91, Mid-Year Changes is requested for the mid-year appropriation of funds. Adjustments are for high priority or essential one-time items or to implement previous Board direction.

**Recommendation 3**

This request will establish appropriations of \$703,247 in services and supplies for unforeseen emergent major maintenance project needs based on Public Safety Group Fiscal Year 2004-05 fund balance available. These projects include: \$161,933 for MP6171 North County Regional Center PM high voltage and repairs; \$5,637 for MP6890 - Downtown Courthouse overhaul survey of escalators; \$14,477 for MP6852 - North County Regional Center restripe Southwest/Judges parking lot; \$8,312 for S112 - South Bay Regional Center boiler tube repairs; \$2,584 for D0743 - Downtown Courthouse freight elevator repairs; \$304 for J2482 - Juvenile Court flood remediation; \$200,000 for MP6111 - South Bay Regional Center Fire Alarm; \$250,000 for MP5121 - North County Regional Window Leak; and \$60,000 for VX1289 - Family Court Mold.

**Recommendation 4**

This request will establish appropriations of \$1,506,420 in the Proposition 172 Special Revenue Fund based on unanticipated revenue available in the Proposition 172 Special Revenue Fund for various projects within the District Attorney's Office as outlined in Recommendations 5-9.

**Recommendation 5**

This request will establish appropriations of \$766,420 in services and supplies for various one time costs based on Fiscal Year 2005-06 unanticipated revenue available in the Proposition 172 Special Revenue Fund. These funds will be used for equipment upgrades and enhancements: \$538,920 for the replacement of outdated information technology hardware and for the purchase of licenses and training for information technology staff; \$45,500 to fully outfit existing vehicles with emergency equipment to bring them into compliance with Vehicle Code requirements; and \$182,000 to replace employee chairs with upgraded ergonomic desk chairs.

**Recommendation 6**

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This request will establish appropriations of \$50,000 in services and supplies based on an Operating Transfer from the Fiscal Year 2005-06 Proposition 172 Special Revenue Fund. The District Attorney's Office needs a modern document management system to manage the tens of millions of documents that the Office processes each year. This request is to employ Doculabs, a unique consulting firm that offers objective analysis of best practice methods in the area of document management. Doculabs will evaluate the existing document workflow and develop recommendations that the District Attorney's Office will use to obtain a document management solution sophisticated enough to integrate the department's customized case management systems and security requirements. The plan will be compatible with existing County policies.

**Recommendation 7**

This request will establish appropriations of \$150,000 in salaries and benefits for one time costs for temporary staff based on an Operating Transfer from the Fiscal Year 2005-06 Proposition 172 Special Revenue Fund. The Graduate Law Clerk program allows the District Attorney's Office to employ highly qualified employees on a short term basis to provide invaluable assistance to the office. The clerks employed have graduated from law school and many are waiting the results of the California Bar Examination. The benefits of the program are two-fold: the District Attorney's Office gives these recent graduates the opportunity to gain meaningful experience and the Office gains from the additional resources they provide. The Law Clerks work with Deputy District Attorneys assisting with a variety of functions such as performing legal research, preparing motions, writs and other legal documents, analyzing legal problems, and assisting trial attorneys in preparing their cases for trial.

**Recommendation 8**

This request will establish appropriations of \$440,000 in services and supplies based on an Operating Transfer from the Fiscal Year 2005-06 Proposition 172 Special Revenue Fund. The District Attorney's Office needs to replace the ten-year old carpet on the six floors it occupies at the Hall of Justice. This carpet is beginning to deteriorate, especially in the heavy traffic areas, and has become a health and safety concern. This request will address an existing workplace hazard.

**Recommendation 9**

This request will establish appropriations of \$100,000 in services and supplies based on costs associated with an Operating Transfer from the Fiscal Year 2005-06 Proposition 172 Special Revenue Fund. These funds will be used to reconfigure office space in the Hall of Justice, which was originally configured in 1996. The reconfiguration is required to facilitate better interoffice communication and workflow. As the department is planning to replace carpet that is deteriorating in this same facility, this is the best time to also reconfigure the office space to promote operational efficiencies as well as prepare for future growth.

**Recommendation 10**

The Jurisdictions Unified for Drug Gang Enforcement (JUDGE) program was established fifteen years ago to target, apprehend, and prosecute gang members involved in drug use and sales.

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Approval of this request will provide the purchase of a color printer and photo copier to be used in the course of JUDGE related investigative and prosecutorial activities.

**Recommendation 11**

This request will establish appropriations of \$1,300,000 in the Proposition 172 Special Revenue Fund based on fund balance available in the Proposition 172 Special Revenue Fund for various projects within the Sheriff's Department as outlined in Recommendations 12 & 13.

**Recommendations 12**

The Corrections Corporation of America (CCA) currently leases a portion of the East Mesa property. One of the housing units containing 200 jail beds will revert to County ownership as of May 30, 2006 upon expiration of a portion of the lease agreement. This request will establish appropriations of \$800,000 based on an Operating Transfer from the Proposition 172 Special Revenue Fund. These funds will be used to modify existing fencing, data, communications, life safety, and security systems required to separate the housing unit from CCA operations and create a satellite facility (Work Order # 20071859). Some of the additional site improvements are new water heaters, refurbishing of the showers, repairs to HVAC controls, intercom system, and new visitation yard planned for an area that is currently undeveloped.

**Recommendations 13**

This request will establish appropriations of \$500,000 in the Sheriff's Department for enhancements to the Automated Field Reporting/Records Management System AFR/RMS) based on an Operating Transfer from the Proposition 172 Special Revenue Fund. The development of AFR/RMS was approved by the Board of Supervisors on 9/16/03. The contract for development includes a data sharing requirement. This proposed data sharing enhancement, NetRMS, will provide expanded and integrated data sharing between the Human Resource Services Bureau (Personnel, Training, Academy, Risk Management, and Internal Affairs) and Central Investigations (Homicide, Financial Crimes, Child Abuse, Elder Abuse, and other high crime investigative units), as well as provide for the development of enhanced data sharing with other agencies. The target date for completion of the first three phases of NetRMS is July 2006.

**Recommendation 14 & 15**

This request will establish appropriations of \$96,000 in the Health and Human Services Agency, Alcohol and Drug Services for the adult drug court treatment and testing program based on an Operating Transfer from Proposition 172 Special Revenue Fund. On August 20, 1996 (10), Supervisor Roberts recommended and the Board approved actions to fund and implement an Adult Drug Court Pilot Program to address the problem of substance abuse as a major factor in criminal activity in San Diego County. Following the first year of implementation, the Adult Drug Court Pilot Program became an integral part of the County's array of alcohol and drug treatment and recovery services. In the Adult Drug Court Program, the County is taking an innovative approach to address crime and the escalating costs to the criminal justice system by assessing, tracking and treating non-violent drug-addicted offenders. The Adult Drug Court Program is provided as an alternative to incarceration. This recommendation will provide resources to support the Adult Drug Court Program.

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**Recommendation 16**

This request will reestablish unspent appropriations approved by your board on March 1, 2005 (13). The appropriations are being established based on available Penalty Assessment Revenue fund balance and will be used to reimburse the Department of General Services Facilities ISF for staff work associated with the County's preparation for the transfer of court facilities in accordance with the Trial Court Facilities Act of 2002, SB 1732.

**Recommendations 17 & 18**

These requests will establish appropriations of \$819,902 in salaries and benefits (\$733,417) and services and supplies (\$86,485) for the Probation Department based on Fiscal Year 2004-05 fund balance available in the Proposition 172 Special Revenue Fund. These funds will support one time costs for staff overtime and equipment needs to re-open a 48 bed dormitory at the Camp Barrett juvenile facility. The number of wards housed at the East Mesa Juvenile Detention Facility while awaiting a court ordered placement at Camp Barrett has risen steadily, reaching 65 at the end of December and exceeding the budgeted staffing requirements of the East Mesa facility. The transfer of 48 wards to a less restrictive setting at Camp Barrett in accordance with the court order will reduce projected overtime costs due to a less intensive staffing model. The dormitory was closed in Fiscal Year 2003-04 due to lack of funding and reopened on February 3, 2006. The wards are being phased into the dormitory which began on February 3, 2006. The ongoing costs associated with the continued operation of the dormitory will be addressed in the Fiscal Year 2006-2008 Operational Plan.

**Recommendation 19 & 20**

On March 22, 2005 (12) the Board approved conducting a system wide assessment and analysis of the health care safety net serving San Diego residents including inpatient, outpatient, emergency and trauma health care over the next twenty years. On October 25, 2005 (4), the Board of Supervisors authorized the Director, Health and Human Services Agency to submit a proposal to the California Endowment for grant funding for the Healthcare Safety Net Assessment and Forecast. The California Endowment has awarded a grant in the amount of \$307,742 to the County of San Diego Health and Human Services Agency to fund this needs assessment.

**Recommendation 21 & 22**

The Department of Planning and Land Use Reserve Designation was established in 1984 to stabilize fluctuations in workload, revenue and cost for the processing of building permits. At the close of each fiscal year actual cost and actual revenue are used to calculate the amount to be placed into or withdrawn from the designation. In Fiscal Year 2004-2005 costs exceeded revenue collected, thus the need to drawdown \$516,831 from the reserve balance of \$2,021,886.

**Recommendation 23**

This request will appropriate \$455,000 of Fiscal Year 2004-05 fund balance into the Land Use and Environment Group's management reserve.

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**Recommendation 24**

On September 20, 2005 the Board of Supervisors authorized the negotiation of contracts in the amount of \$5.0 million to improve fire protection in the unincorporated area of the County where a number of areas do not have year-round service and where some are served by volunteer firefighters with inadequate equipment, training, and resources. In these areas, the challenges faced by both volunteer agencies and some fire protection districts impact their ability to carry out both fire prevention and fire suppression efforts. Amending the existing contracts with Volunteer Fire Agencies in our County Service Areas would provide improved coordination, planning, training, equipment and standardization of services while utilizing their existing infrastructure, facilities and resources for a period of three (3) years.

**Recommendations 25 & 26**

Heavy usage of the soccer field at Rainbow Park and a high incidence of balls going over the fence have led to many unauthorized entries into neighboring properties to retrieve balls, which in turn has generated several complaints by adjacent property owners. At its December 20, 2005 meeting, the Fallbrook County Service Area 81 Advisory Board approved and recommended the use of up to \$15,000 of Fallbrook PLDO funds to purchase and install "Ball Stopper" fencing to alleviate this problem.

**Recommendation 27**

On June 30, 2005 the Department of General Services completed a space needs assessment for the Department of Parks and Recreation (DPR) headquarters office validating the need for 15,250 square feet, approximately 50% more than the space currently occupied. On October 6, 2005 the Auditor and Controller's Office of Audits and Advisory Services completed an audit of the DPR Administrative Services Division, recommending DPR seek additional office space to facilitate a productive work environment. The Department of General Services has identified additional space that requires funding for the expansion and remodeling costs. The new office space to be remodeled is approximately 2400 square feet located at 5201 Ruffin Rd Suite E (formerly Reprographics space). The new space will include office space for approximately 7 – 10 Operations Division Admin staff including 1 Chief and 6 District Park Managers with expansion space for up to three additional staff as well as space for two DPR conference rooms, a copy/supply room and a small break room. Remodeling will commence in March 2006 following the 2<sup>nd</sup> quarter budget adjustment.

**Recommendation 28**

Caltrans is constructing a new Sweetwater Valley Little League Complex in Sweetwater Regional Park as mitigation for impacts to the existing little league fields caused by construction of SR-125. On June 14, 2005 (14), Supervisor Cox allocated \$20,000 of District 1 Community Projects funds to the Department of Parks and Recreation to purchase a maintenance vehicle and related equipment for maintenance of the fields. After CalTrans' construction delays, the fields have now been completed and the Department is ready to purchase the equipment. This action is needed to re-establish the appropriations in the Department budget so that the equipment can be purchased.

**SUBJECT: FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT**

**Recommendation 29**

The Department of Parks and Recreation Open Space Division needs surveying and monitoring equipment for upcoming plant and animal surveys on County Multiple Species Conservation Program (MSCP) preserve lands to be conducted in Spring 2006. This information will be provided to the wildlife agencies and the public in conformance with the MSCP Implementing Agreement. The requested funds will be used to enhance current web applications to increase public awareness of the County's efforts to preserve its natural resources in support of the County's Environment Strategic Initiative. Highlights will include biological, cultural, and historical resources, as well as the County's progress on the Community Trails Master Plan, approved on January 12, 2005 (3).

**Recommendations 30 & 31**

The Lake Morena Playground project was completed under budget, using Proposition 12 Per Capita grant and County General Funds, and remaining project funds are no longer needed for this project. This request will transfer remaining General Funds to the Potrero Playground Improvements project to supplement budgeted funding for increases in estimated construction costs. This project consists of new playground equipment and picnic facilities.

**Recommendation 32**

Federal adoption of the Fiscal Year 2006 Transportation/HUD Appropriations Act included the allocation of \$250,000 for the construction of a visitor center in the San Elijo Lagoon Open Space Preserve. This funding is being added to an existing Capital Project for visitor center construction.

**Recommendations 33 - 37**

The Equilon settlement check was a portion of the Final Judgment that set out how funds were to be allocated and used and that was part of environmental restitution by Defendants Equilon Enterprises, LLC; Shell Oil Co; Shell Oil Products Co and TMR Co (Texaco Refining and Marketing, Inc). This settlement resulted in \$720,000 to be split equally among the following: 1) San Luis Rey River Park property acquisition (\$180,000); 2) Otay River Park property acquisition (\$180,000); 3) Escondido Creek watershed property acquisition for open space (\$180,000); and 4) Trails in East County, including acquisition of property for trails, or other work to construct, repair, or enhance such trails (\$180,000).

**Recommendation 38**

This request adds appropriations to cover the cost of two FY 04-05 Major Maintenance projects that are currently encumbered in the Department of Public Works for FY 05-06 and not included in the Auditor's Encumbrance request for FY 04-05 Rollover Major Maintenance projects. The projects are the Palomar Road Maintenance Station Water Tank Replacement and Roof Replacement on the Ramona Road Station.

**Recommendation 39**

This request appropriates the remaining TransNet allocation available in the Regional Transportation Improvement Program for SR 54/94. The State Route 54/94 improvement project

**SUBJECT: FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT**

is funded with \$14,001,000 in current TransNet allocation, including funding for salaries and benefits, consulting and construction. Construction on this project has begun. The total amount budgeted for the construction project was \$13,000,000. This request will increase appropriations by \$500,000 bringing the total budget for construction to \$13,500,000.

**Recommendations 40 & 41**

These proposals request appropriations based on overrealized revenues in the Department of Animal Services and increases the spending plan of the Major Maintenance Internal Service Fund for the South County Animal Shelter Renovation. This additional work was not included in the budgeted Major Maintenance Improvement Program, but has been subsequently identified by the Department of Animal Services because of emergent needs, changing conditions, and funding availability. The amount requested is \$950,000, including approximately \$200,000 to address unforeseen conditions related to utilities, unanticipated asbestos abatement, and needs for power upgrades. The funding will also provide for needed heating systems for the cattery and surgical trailer, lighting and energy efficiency upgrades, HVAC replacement, grading, paving and sewer upgrades to remediate stormwater contamination, and landscape improvements to provide protection against fire danger.

**Recommendation 42**

This request will amend the Major Maintenance Internal Service fund for unforeseen emergent major maintenance project needs and for the conversion of Corrections Corporation of America (CCA) leased jail beds to County ownership as of May 30, 2006 upon expiration of a portion of the lease agreement. See recommendations #3 and #12.

**Recommendation 43**

This recommendation establishes \$1,736,000 of appropriations in the Assessor/Recorder/County Clerk's Office for the development and upgrade of primary information technology systems utilized by the department in the processing of its core functions, based on funding available in the Modernization, Vital Statistics, and Micrographics Trust Funds. These development costs include the following: automation and/or upgrading of the marriage license system, the E-Government Automation Project, the Recording/Indexing/Vital Records systems, the scanning and indexing of historical records for preservation, the purchase of two Wintel servers to enhance the recording system's capacity, to replace broken and aging card readers in the Public Information area, and a payment to the State Attorney General for the County's portion of the development of state guidelines and regulations for electronic recording.

**Recommendation 44**

This recommendation establishes \$250,000 of appropriations in the Assessor/Recorder/County Clerk's Office for one-time acquisition costs related to ergonomic workstations as part of a remodel of room 260 at the County Administration Center in order to meet ergonomic and safety standards. This request is supported by \$175,000 in the Modernization Trust Fund and \$75,000 in the Vital Statistics Trust Fund.

**Recommendation 45 & 46**

**SUBJECT: FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT**

These recommendations cancel \$4,200,000 of appropriations in the Assessor/Recorder/County Clerk's Office based on revenues that will not be received from the State due to the suspension of the Property Tax Administration Grant, and establishes \$4,200,000 of appropriations based on over-realized revenue from property taxes in lieu of Vehicle License Fees associated with the Fiscal Year 2004-05 true-up. Subsequent to the Board's approval of the County's Fiscal Year 2005-07 Operational Plan, the State budget bill was signed and it suspended funding for the two years for the statewide Property Tax Administration Grant program. The County is fortunate to have over-realized revenue this year to enable the valuable work done under this program to continue. Funding for Fiscal Year 2006-07 will be addressed in the CAO's Proposed Operational Plan for Fiscal Year 2006-07 and 2007-08.

**Recommendation 47**

This recommendation establishes appropriations of \$650,000 in the Auditor and Controller, Administrative Services Division, for the ACL continuous auditing software, based on FY 2004-05 fund balance available in the Finance and General Government Group. On November 8, 2005, your Board authorized the Department of Purchasing and Contracting to issue a competitive solicitation for continuous auditing software, and upon careful successful negotiations and determination of a fair and reasonable price, award contract, and to amend the contract as needed to reflect changes to services and funding, subject to approval by the Auditor and Controller. Purchasing and Contracting is prepared to award a contract to ACL Servcies Ltd. for continuous auditing software. This recommendation appropriates monies available to acquire ACL software, implementation services and annual maintenance.

**Linkage to the County of San Diego Strategic Plan**

The County of San Diego is fully committed to using its resources to meet the highest priority needs of its residents as identified in the FY 2005-06 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer



**SUBJECT:** FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

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

**Other Concurrence(s):** N/A

**ORIGINATING DEPARTMENT:** Chief Financial Officer

**CONTACT PERSON(S):**

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial  
Planning

Name

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**AUTHORIZED REPRESENTATIVE:**

Donald F. Steuer, Chief Financial Officer

**SUBJECT:** FISCAL YEAR 2005-06 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND THE EXECUTION AND ACCEPTANCE OF A REVENUE GRANT AGREEMENT

**AGENDA ITEM INFORMATION SHEET**

(continued)

**PREVIOUS RELEVANT BOARD ACTIONS:**

8/02/05 (36) County of San Diego FY 2005-06 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, State and County Budget Update, Encumbrance and Penalty Assessment; 12/13/05 (30) Fiscal Year 2005-06 First Quarter Operational Plan Status Report, Budget and Staffing Adjustments, and Ratification of FY 2004-05 Year End Budget Adjustments; and March 22, 2005 (12), approved conducting a health care needs assessment and analysis of inpatient, outpatient, emergency and trauma health care; October 25, 2005 (4), authorize the Director, Health and Human Services Agency to submit a proposal to the California Endowment for grant funding for the Health Care Safety Net Assessment and Forecast.

**BOARD POLICIES APPLICABLE:**

A-91, Mid-Year Budget Changes

**BOARD POLICY STATEMENTS:**

A-91 Mid-Year Budget Changes

A waiver of Board Policy A-91, Mid-Year Budget Changes is requested for the mid-year appropriation of funds. Adjustments are for both high priority one-time items and certain ongoing services.

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

N/A

**FY 2005-2006 2nd Quarter  
Projected Year-end Results**  
(in thousands)

**COUNTY SUMMARY**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

Public Safety	\$ 28,625	\$ (6,868)	\$ 21,757
Health & Human Services	92,561	(80,315)	12,246
Land Use & Environment	8,955	(4,376)	4,578
Community Services	2,265	(538)	1,726
Finance & General Government	11,647	(4,192)	7,455
Total Agency/Group	<u>144,053</u>	<u>(96,290)</u>	<u>47,763</u>
General Revenues	-	94,966	94,966
Finance Other	16,523	13,814	30,336
<b>Total General Fund</b>	<b><u>\$ 160,575</u></b>	<b><u>\$ 12,490</u></b>	<b><u>\$ 173,065</u></b>

**Special Revenue Funds**

Public Safety	\$ 70	\$ 10,971	\$ 11,041
Health & Human Services	31,132	(136)	30,995
Land Use & Environment	5,242	(1,079)	4,163
Community Services	26,532	(19,405)	7,128
Finance & General Government	160	12	172
Finance Other	-	-	-
<b>Total Special Revenue Funds</b>	<b><u>\$ 63,136</u></b>	<b><u>\$ (9,637)</u></b>	<b><u>\$ 53,500</u></b>

**Internal Service Funds Departments**

Public Safety Group	\$ (50)	\$ 50	\$ 0
Health & Human Services	-	-	-
Land Use & Environment	4	(4)	-
Community Services	8,142	(8,103)	39
Finance & General Government	3	-	3
Finance Other	1,285	(1,285)	-
<b>Total Internal Service Funds</b>	<b><u>\$ 9,383</u></b>	<b><u>\$ (9,341)</u></b>	<b><u>\$ 42</u></b>

**Enterprise Fund Departments**

Land Use & Environment	\$ 3,275	\$ (964)	\$ 2,310
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**Special District Funds Departments**

Public Safety Group	\$ 4	\$ 9	\$ 13
Health & Human Services	(111)	178	67
Land Use & Environment	3,857	724	4,581
<b>Total Special District Funds</b>	<b><u>\$ 3,750</u></b>	<b><u>\$ 912</u></b>	<b><u>\$ 4,662</u></b>

**Other County Funds Departments**

LUEG - Debt. Svc. Local Boards	-	-	-
Community Svcs. - Redevelopment Agencies	\$ (10,883)	\$ 11,121	\$ 238
Finance Other - Majestic Pines	-	-	-
<b>Total Other County Funds</b>	<b><u>\$ (10,883)</u></b>	<b><u>\$ 11,121</u></b>	<b><u>\$ 238</u></b>

Debt Service - Pension Obligation Bonds	\$ 4,370	\$ (2,726)	\$ 1,644
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<b>Total County Projected Operating Balance</b>	<b><u>\$ 233,607</u></b>	<b><u>\$ 1,855</u></b>	<b><u>\$ 235,461</u></b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**PUBLIC SAFETY GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Alternate Public Defender	\$ 658	\$ 0	\$ 658
Child Support	3,055	(2,845)	209
Contributions for Trial Courts	-	-	-
Defense Attorney Contract Admin.	45	(45)	-
District Attorney	221	930	1,151
Emergency Services	10,611	(10,549)	62
Law Enforcement Review Board	-	-	-
Medical Examiner	343	(115)	228
Probation	(1,213)	1,232	19
Public Defender	284	(82)	202
Public Safety Executive Office	3,997	-	3,997
Sheriff	10,625	4,605	15,231
<b>Total General Fund</b>	<b>\$ 28,625</b>	<b>\$ (6,868)</b>	<b>\$ 21,757</b>

**Special Revenue Funds Departments**

District Attorney (Asset Forfeiture - State & Federal)	-	1	1
Probation - Asset Forfeiture	-	20	20
Probation - Inmate Welfare Program	2	-	2
Sheriff - Asset Forfeiture	(1)	28	28
Sheriff - Inmate Welfare Program	69	154	223
Public Safety - Proposition 172	-	10,768	10,768
<b>Total Special Revenue Funds</b>	<b>70</b>	<b>10,971</b>	<b>11,041</b>

**Internal Service Funds Departments**

Probation	-	-	-
Sheriff(Jail Stores)	(50)	50	0
<b>Total Internal Service Funds</b>	<b>(50)</b>	<b>50</b>	<b>0</b>

**Special District Funds**

Sheriff (Regional 800 MHz)	4	9	13
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<b>Total Group Projected Fund Balance</b>	<b>\$ 28,649</b>	<b>\$ 4,163</b>	<b>\$ 32,812</b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Programs**

Agency Administration	\$ 9,805	\$ (3,934)	\$ 5,871
Adult Mental Health	1,822	(1,822)	-
Aging & Independence Services	6,739	(4,890)	1,849
Alcohol & Drug Division	2,104	(1,360)	743
Children's Mental Health	1,988	(1,988)	-
Child Welfare Services	20,783	(19,194)	1,589
First Five Commission	(31)	60	30
Public Health Services	2,414	(1,880)	533
Regional Operations	42,572	(41,002)	1,570
Regional Program Support	4,003	(4,003)	-
Strategy & Planning	361	(300)	61
<b>Total General Fund</b>	<b>\$ 92,561</b>	<b>\$ (80,315)</b>	<b>\$ 12,246</b>

**Special Revenue Funds**

Social Services Realignment	20,171	759	20,930
Mental Health Realignment	1,565	448	2,013
Health Realignment	6,295	457	6,753
Tobacco Securitization Fund	3,100	(1,800)	1,300
<b>Total Special Revenue Funds</b>	<b>31,132</b>	<b>(136)</b>	<b>30,995</b>

**Internal Service Funds**

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

Ambulance Districts	(111)	178	67
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**Other County Funds Departments**

	-	-	-
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<b>Total Health &amp; Human Services Agency</b>	<b>\$ 123,582</b>	<b>\$ (80,273)</b>	<b>\$ 43,309</b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Agriculture, Weights & Measures	\$ 207	\$ (809)	\$ (602)
Environmental Health	3,548	(2,039)	1,509
Farm Advisor	64	0	65
Land Use & Environment Group Exec Office	996	3	999
Parks & Recreation	799	(160)	639
Planning & Land Use	3,333	(1,371)	1,962
Public Works	7	-	7
<b>Total General Fund</b>	<b><u>\$ 8,955</u></b>	<b><u>\$ (4,376)</u></b>	<b><u>\$ 4,578</u></b>

**Special Revenue Funds Departments**

A, W & M (Grazing and Fish & Game Commission)	-	-	-
Parks & Recreation - PLDO	-	2	2
DPW - Aviation Funds	62	(57)	5
DPW - Road Funds	3,997	(1,199)	2,798
DPW - Inactive Waste	1,183	176	1,359
<b>Total Special Revenue Funds</b>	<b><u>5,242</u></b>	<b><u>(1,079)</u></b>	<b><u>4,163</u></b>

**Internal Service Funds Departments**

Public Works - DPW Equip. ISF Prg. (35525-35700)	4	(4)	-
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**Enterprise Funds Departments**

Airport Enterprise Fund	3,120	(921)	2,199
Liquid Waste Enterprise Fund	155	(43)	111
<b>Total Enterprise Funds:</b>	<b><u>3,275</u></b>	<b><u>(964)</u></b>	<b><u>2,310</u></b>

**Special District Funds Departments**

Air Pollution Control District	2,240	10	2,250
Parks and Recreation	180	3	183
DPW - Sanitation Districts & Sewer Maintenance	1,378	534	1,912
DPW - CSAs	0	236	236
DPW - PRDs	-	-	-
DPW - Flood Control	59	(59)	-
DPW - Street Lighting Districts	-	-	-
<b>Total Special Districts Funds:</b>	<b><u>3,857</u></b>	<b><u>724</u></b>	<b><u>4,581</u></b>

**Other County Funds Departments**

Debt Service-Local Boards	-	-	-
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<b>Total Land Use &amp; Environment Group</b>	<b><u>\$ 21,332</u></b>	<b><u>\$ (5,699)</u></b>	<b><u>\$ 15,633</u></b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Animal Services	\$ 306	\$ (74)	\$ 232
Community Services Group Exec Office	5,254	1	5,254
General Services	-	-	-
Purchasing & Contracting	-	-	-
Housing & Community Development	1,270	(1,540)	(270)
Library Services	-	-	-
Registrar of Voters	(4,565)	1,075	(3,490)
<b>Total General Fund</b>	<b>\$ 2,265</b>	<b>\$ (538)</b>	<b>\$ 1,726</b>

**Special Revenue Funds Departments**

Library Services	6,958	170	7,128
Housing & Community Development	19,575	(19,575)	-
<b>Total Special Revenue Funds</b>	<b>26,532</b>	<b>(19,405)</b>	<b>7,128</b>

**Internal Service Funds Departments**

Facilities Management	6,521	(6,521)	-
Fleet Management	197	(197)	-
Purchasing & Contracting	1,424	(1,385)	39
<b>Total Internal Service Funds</b>	<b>8,142</b>	<b>(8,103)</b>	<b>39</b>

**Other County Funds Departments**

Redevelopment Agency	(10,883)	11,121	238
<b>Total Community Services Group</b>	<b>\$ 26,056</b>	<b>\$ (16,925)</b>	<b>\$ 9,131</b>

**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT  
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 600	\$ (4,829)	\$ (4,229)
Auditor & Controller	1,057	(28)	1,029
Board of Supervisors	299	1	300
Board of Supervisors-General	-	-	-
CAC-Major Maintenance	-	9	9
Chief Administrative Officer	430	(26)	403
Civil Service Commission	17	-	17
Clerk of the Board of Supervisors	527	(157)	370
County Counsel	167	286	453
County Technology Office	586	-	586
Finance & GG Exec Office	5,582	-	5,582
Grand Jury	48	0	48
Human Resources	1,490	(194)	1,296
Treasurer/Tax Collector	844	746	1,591
<b>Total General Fund</b>	<b>11,647</b>	<b>(4,192)</b>	<b>7,455</b>

**Special Revenue Funds Departments**

Media & Public Relations	160	12	172
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**Internal Service Funds Departments**

CTO - Information Technology	3	-	3
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**Total Finance & General  
Government Group**

<b>\$ 11,810</b>	<b>\$ (4,180)</b>	<b>\$ 7,630</b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &  
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

General Revenues:

All Current Property Taxes	\$ -	\$ 20,852	\$ 20,852
All Other Taxes-Local	-	74,125	74,125
Licenses, Permits & Franchises	-	-	-
Fines, Forfeitures & Penalties	-	-	-
Revenue for Use of Money & Property	-	-	-
Intergovernmental Revenue	-	(11)	(11)
Charges for Current Services	-	-	-
Miscellaneous Revenue	-	-	-
<b>Total General Revenues</b>	<b>\$ -</b>	<b>\$ 94,966</b>	<b>\$ 94,966</b>

General County Expenses:

Cash Borrowing Program	\$ -	\$ -	\$ -
Community Enhancement	-	-	-
Contingency Reserve	15,600	-	15,600
Contributions to the Capital Outlay Fund	616	697	1,314
Contributions to Library Fund	-	-	-
Community Projects & Services	-	-	-
Countywide Expenses	306	13,116	13,423
Total Finance Other Expenses	\$ 16,523	\$ 13,814	\$ 30,336
<b>Total General Fund</b>	<b>\$ 16,523</b>	<b>\$ 108,780</b>	<b>\$ 125,303</b>

**Special Revenue Funds Departments**

Capital Program	\$ -	\$ -	\$ -
<b>Total Special Revenue Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Internal Service Funds Departments**

Workers Compensation	\$ -	\$ -	\$ -
Unemployment Insurance	1,285	(1,285)	-
Public Liability	-	-	-
<b>Total ISF Funds</b>	<b>\$ 1,285</b>	<b>\$ (1,285)</b>	<b>\$ -</b>

**Other County Funds Departments**

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

Pension Obligation Bonds	\$ 4,370	\$ (2,726)	\$ 1,644
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<b>Total General Revenues &amp; Finance Other</b>	<b>\$ 22,178</b>	<b>\$ 104,769</b>	<b>\$ 126,947</b>
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**FY 2005-2006 2nd Quarter  
Projected Year-end Results**

Schedule B

(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY05-06 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 3,997	\$ 17,760	\$ 21,757
Health and Human Services	5,000	7,246	12,246
Land Use and Environment	1,000	3,578	4,578
Community Services	4,619	(2,892)	1,726
Finance & General Government	3,150	4,305	7,455
<b>Agency/Group Totals</b>	<b>\$ 17,765</b>	<b>\$ 29,998</b>	<b>\$ 47,763</b>
General Revenues		94,966	94,966
General County Expenses	-	14,736	14,736
Contingency Reserve	15,600	-	15,600
<b>Total Gen'l. Revs &amp; Gen'l. County Exp.</b>	<b>\$ 15,600</b>	<b>\$ 109,703</b>	<b>\$ 125,303</b>
<b>Total General Fund</b>	<b>\$ 33,365</b>	<b>\$ 139,700</b>	<b>\$ 173,065</b>

COUNTY OF SAN DIEGO  
NOTES TO SCHEDULES A and B  
FY 2005 - 2006 2nd QUARTER

**GENERAL NOTES**

*Projected Fund Balance*

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

*Contingency Reserve and Management Reserves*

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

*Variance Reporting*

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

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

**PUBLIC SAFETY GROUP**

***General Fund:***

*Alternate Public Defender*

The Department of Alternate Public Defender is projecting a net positive variance of \$0.6 million. This variance is primarily attributable to a positive expenditure variance of \$0.3 million in salaries and benefits due to vacant positions and the use of modified positions and a positive expenditure variance of \$0.3 million in services and supplies primarily due to projected savings in court-appointed attorney expenses, medical and psychiatric evaluation fees, and information technology services.

*Department of Child Support Services*

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

A net positive expenditure variance of \$3.0 million is projected. A positive expenditure variance of \$4.4 million is projected in salaries and benefits. Currently there are 61 vacancies and a total of 70 positions are projected to be vacant by year-end. Maintaining these vacant positions is necessary as it is projected the State Department of Child Support Services will not increase the Fiscal Year 2006-07 allocation as required to support increased staffing costs. A negative \$1.4 million variance in services and supplies represents the estimated required direct local payment of certain federal penalties for Fiscal Year 2004-05. As a result of the State's delay in implementing a single, statewide automated child support system, the federal government has assessed penalties to the State. Beginning last fiscal year, counties who contribute other funding to match additional federal funds must directly pay a 30% penalty on those additional federal funds. The payment for Fiscal Year 2004-05 has not yet been calculated by the State but will be due on July 15, 2006 and will be supported by County Recovered Cost Revenue.

A net negative revenue variance of \$2.8 million is projected. A \$0.6 million positive variance in Federal revenue is due to additional revenue projected to be realized prior to year end due to State adjustments to revenue. A negative variance of \$3.4 million in State revenue is due to a change in methodology used by the State that resulted in reduced reimbursement of prior year costs. Current year revenue is being used to offset a receivable for the prior year costs.

*District Attorney*

A net positive variance of \$1.2 million is projected for the District Attorney's Office.

A net positive variance of \$0.2 million is projected for total expenditures. A positive expenditure variance of \$1.0 million in salaries and benefits is primarily due to normal turnover and vacant positions, and restricted hiring. A positive variance of \$ 0.1 million is projected in other costs due to the reduced involvement of an outside law enforcement agency in the Identity Theft Task Force. A negative expenditure variance of \$0.9 million is projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Division.

A net positive revenue variance of \$0.9 million is primarily attributable to the unanticipated receipt of SB90 Child Abduction Mandate reimbursement of \$0.9 million, unanticipated revenue from adult deferred revenue of \$0.2 million and unanticipated revenue from the Worker's Compensation Insurance Fraud of \$0.3 million due to the increased award from the State Department of Insurance. In

addition there are negative revenue variances of \$0.3 million in Real Estate Fraud Revenues due to retirements and delays in filling vacant positions, and a negative revenue variance of \$0.1 million in Other States Grants due to the reduced involvement of an outside law enforcement agency in the Identity Theft Task Force. An additional negative variance of \$0.1 million is due to anticipated shortfalls and unanticipated revenues in various revenue categories.

*Office of Emergency Services*

A net positive variance of \$0.1 million is projected for Office of Emergency Services.

A net positive expenditure variance of \$10.6 million is projected. A projected expenditure variance of \$0.1 million in salaries and benefits is due to normal turnover and vacant positions. A positive expenditure variance of \$2.4 million in services and supplies and a positive variance of \$8.1 million in other charges are due to delayed expenditures associated with the Homeland Security Grants (HSG) including \$0.6 million associated with purchases now made directly from the State's online purchase system, Quartermaster. A total of \$9.9 million is projected to carry-over to the Fiscal Year 2006-07 Operational Plan. A net negative revenue variance of \$10.5 million will directly offset these projected savings.

*Medical Examiner*

An overall net positive variance of \$0.2 million is projected.

A net positive expenditure variance of \$0.3 million is due to projected savings in salaries and benefits of \$0.2 million due to a vacant Deputy Medical Examiner position and services and supplies of \$0.1 million due to anticipated savings related to forensic toxicology services.

A net negative revenue variance of \$0.1 million is projected. This variance is due to anticipated revenue shortfalls associated with the forensic toxicology expenditure savings discussed above.

*Probation*

No overall variance is projected for the Probation department.

A net negative expenditure variance of \$1.2 million is projected. This negative variance will be mitigated by the appropriation of overrealized revenue discussed below. A negative salaries and benefits variance of \$0.8 million is projected due to increased overtime costs due to increased detention populations. A negative expenditure variance of \$0.2 million in services and supplies is projected primarily due to increased food costs in the institutions resulting from an increase in population and higher meal costs as well as a projected increase in utilities costs. A negative expenditure variance of \$0.2 million is projected in other

charges due to unanticipated payment of prior year costs and unanticipated increases in charges for placement in Residential Treatment Facilities (RTF).

A net positive revenue variance of \$1.2 million is projected. A positive variance of \$2.4 million is projected in the following revenue categories. State and Federal Aid Foster Care revenue is projected to be over-realized by \$0.6 million as a result of higher claimable commitment costs at residential treatment facilities. Federal and State Meal program revenues will exceed budget by \$0.2 million because of increasing population in institutions. Targeted Caseload Management / Medi-Cal Administrative Activities revenues (TCM/MAA) are projected to exceed budget by \$0.5 million, due to the participation of additional claimable units in Adult Field Services. Work Project crew revenue (also reflected in the Other Services to Government account), Airport Enterprise Funds, Road Funds, and Internal Service Funds accounts will generate an additional \$0.4 million in revenue due to increased demand for crew services. Revenue from offender reimbursements for the cost of Supervision/Investigations (Other Court Costs and Court Administration Fees account) is projected to exceed budget by \$0.1 million. SB 90 Domestic Violence Assessment reimbursement was received and accounts for \$0.3 million in over-realized revenue. An additional \$0.3 million in revenue will come from various sources including charges for sealing records, court fees, JJCPA, and rent collected at a lease to own facility. A negative revenue variance of \$1.2 is anticipated in the following categories: Juvenile Probation Camp Funding revenue is projected to be below budget by \$0.6 million; a portion of these revenues is based upon prior years' Average Daily Attendance (ADA) within the Camps, which experienced a reduction due to the loss of beds. Parental reimbursements and Institutional Care Federal for wards detained in institutions will be below budget by \$0.4 million primarily from fewer undocumented wards detained in Juvenile Hall. Other miscellaneous revenue accounts will be under-realized by \$0.2 million, primarily from collections for damages to county property.

#### *Public Defender*

The Public Defender projects an overall net positive variance of \$0.2 million.

A net positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.5 million is projected in salaries and benefits primarily due to the use of modified positions. A negative variance of \$0.2 million is projected in services and supplies due to spending trends in the Telecommunications ISF, Desktop Computing/PC ISF, Witness Expenses, Expert Fees, and Investigative costs. A net negative revenue variance of \$0.1 million is projected primarily due to an anticipated shortfall in Court Appointed Attorney fees.

#### *Public Safety Group – Executive Office*

A net positive variance of \$4.0 million is projected. This is due to a projected year-end balance of \$4.0 million in Management Reserves. The funds will be used primarily to support the Undesignated Fee Payment to the State of

California through Fiscal Year 2008-09 as required pursuant to Government Code Section 68085.6(g)(1).

### *Sheriff*

A net positive variance of \$15.2 million is projected in the Sheriff's Department. A net positive expenditure variance of \$10.6 million is projected and \$4.6 million in over realized revenue is projected.

A positive expenditure variance of \$12.6 million is projected in salaries and benefits due to salary savings resulting from 263 vacant positions. The Sheriff's Department continues to experience staff turnover and fewer cadets entering the Deputy Sheriff Academies. This projection includes "Expected New Hires" of 60 sworn staff from forthcoming academies and 7 professional staff. Also, this projection anticipates 105 retirements/departures.

A negative expenditure variance of \$3.6 million is projected in services and supplies primarily due to increased automotive fuel costs (\$1.2 million) and increased food, household expense, clothing and personal supplies, laboratory services, and medical, dental and lab supplies costs within the jails (\$2.4 million) associated with the increased daily inmate population.

A positive variance of \$1.6 million is projected in other charges supporting inmate medical care. Additional funds of \$5.7 million were appropriated to the inmate medical care account in Fiscal Year 2005-06 due to the shift of responsibility for inmate pharmacy costs from the Health and Human Services Agency to the Sheriff (\$3.7 million) and in anticipation of rising medical costs (\$2.0 million). The medical costs have not risen to the level anticipated during the first six months and this projection assumes that trend continuing for the remaining six months of the fiscal year.

A net positive revenue variance of \$4.6 million is projected. A positive variance of \$1.6 million is projected in State Criminal Alien Assistance Program due to the increased efforts to identify and verify more undocumented criminal aliens for which incarceration costs could be claimed. A positive variance of \$1.0 million is projected in Reimbursement from Trial Courts due to an increase in service level associated with high profile court cases. A positive variance of \$0.5 million is projected in Booking Fees due to the slight increase in new bookings and a positive variance of \$0.4 million is projected in jail bed leasing due to the increased per bed rate allowable under the contract. A positive variance of \$0.3 million in State Miscellaneous revenue is due to unanticipated reimbursement for the Geographic Information System (GIS) mapping and tracking software associated with wireless 9-1-1 calls. A positive variance of \$0.3 million in Recovered Expenditures revenue is due to pharmaceutical rebates associated with inmate pharmacy costs. A positive variance of \$0.2 million in Civil Service Process Fees is due to an increase in demand for services. Other adjustments include a positive variance of \$0.2 million in State Reimbursement for Mandated

Costs due to unanticipated reimbursement for prior year state-mandated services and \$0.1 million in unanticipated reimbursements from other agencies for law enforcement services.

***Special Revenue Funds:***

*Proposition 172*

A net positive variance of \$10.8 million is projected for the Proposition 172 Special Revenue Fund. State sales tax receipts to the fund showed strong performance in the first four months of the fiscal year. However, receipts fell in November, mirroring national trends in economic activity during the fourth quarter of 2005. The fiscal year projection estimates moderate growth of 3.5% over receipts in the previous fiscal year. Pursuant to the Board of Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan consistent with the requirements of the policy and agreed to by the Sheriff, the District Attorney and the Probation Department. The Public Safety Group is submitting a request for additional appropriations of \$1.5 million representing a portion of the District Attorney's share of the additional funds projected.

In addition to the current year positive variance, the Proposition 172 Special Revenue Fund closed the previous year with a positive \$21.7 million year-end fund balance after adjusting for year-end accruals and actual realized revenues. A total of \$13.9 million of that balance has been appropriated to date through the adoption of the Fiscal Year 2005-06 Operational Plan and through actions of the Board of Supervisors. The Public Safety Group is submitting requests for additional appropriations for the Sheriff and the Probation Department totaling \$2.2 million in the Fiscal Year 2005-06 Second Quarter Operational Plan Status Report.

**HEALTH AND HUMAN SERVICES AGENCY**

***General Fund:***

*Agency Administration*

The Agency Administration consists of the following: Agency Executive Office, Agency Contract Support, Financial and Support Services Division, Human Resources and Information Services.

A net positive variance of \$5.9 million is projected for Agency Administration. The variance is the result of a projected net expenditure savings of \$9.8 million and \$3.9 million under-realized revenues. The \$9.8 million expenditure savings include \$5 million anticipated year-end management reserves, \$1.3 million in salary and benefits savings due to normal turnover and \$3.5 million net savings in services and supplies consisting of \$3.0 million of emergency appropriations savings associated with unsecuritized tobacco settlement, \$0.8 million unused



appropriations in CAL Learn as a result of an overstated allocation and \$0.4 million in reduced postage, professional and specialized services. The projected services and supplies savings are offset by \$0.7 million unappropriated expenditure for Public Health Nursing Business Process Re-engineering. The \$3.9 million under-realized revenue includes the \$3.0 million of unsecuritized tobacco settlement and \$0.9 million reduced revenue associated with projected expenditure savings.

#### *Adult Mental Health*

No net cost variance is projected in Adult Mental Health. The projected positive expenditure variance of \$1.8 million is due to \$0.6 million savings in salaries and benefits and \$1.2 million savings in services and supplies. The savings in salaries and benefits is the result of vacancies due to Managed Competition. The savings in services and supplies is due primarily to \$0.3 million savings in case management and residential services contracts and \$0.9 million in estimated cost reductions for special departmental expense, facilities management, and computer application services. The projected negative revenue variance of \$1.8 million is associated with the expenditure savings.

#### *Aging and Independence Services*

A net positive variance of \$1.8 million is projected for Aging and Independence Services. This is the result of a net expenditure savings of \$6.7 million offset by \$4.9 million in under-realized revenues associated with projected expenditure savings.

The net expenditure savings of \$6.7 million includes \$0.9 million savings in salaries and benefits due to vacancies, net savings of \$2.9 million in services and supplies and \$2.9 million in savings from reduced operating transfers out for the In Home Support Services (IHSS) Public Authority. The \$2.9 million net savings in services and supplies is due to a combination of a \$3.8 million decrease in expenditures comprised of \$2.9 million for IHSS individual provider services, \$0.5 million for Adult Protective Services due to delays in marketing contracts and \$0.4 million for Caregiver and Nutrition Program savings. These savings are offset by \$0.9 million projected expenditure increase related to Edgemoor. The projected negative revenue variance of \$4.9 million is the net result of \$6.1 million projected under-realization of revenues associated with projected expenditure savings primarily in IHSS individual provider services and the operating transfer out savings for IHSS Public Authority. These savings are offset by \$1.2 million of additional revenues comprised of \$0.9 million for Edgemoor due to an increase in Medi-Cal rate reimbursement and a \$0.3 million increase in Estate Fees for the Public Administrator.

#### *Alcohol and Drug Services*

A net positive variance of \$0.7 million is projected for Alcohol and Drug services. The projected overall expenditure savings of \$2.1 million includes net savings in services and supplies in contracted services for Prop. 36 related contracts and

for computer software costs for Cal-OMS. A projected negative revenue variance of \$1.4 million is the result of a \$1.8 million reduction of revenues for Prop 36 and other federal grants associated with projected expenditure savings, offset by \$0.4 million of additional revenue for recovered expenditures and other governmental health fees.

#### *Children's Mental Health Services*

No net cost variance is projected in Children's Mental Health. The projected positive expenditure variance of \$2.0 million includes savings of \$0.7 million in salaries and benefits and \$1.3 million in services and supplies. The savings in salaries and benefits is the result of vacancies due to Managed Competition. The savings in services and supplies is due to decreased demand for contract services (specifically case management, day treatment, and outpatient services) and savings in Institutional services costs due to a projected reduction in Inpatient utilization. The projected negative revenue variance of \$2.0 million is due primarily to a decrease in revenues for Early Periodic Screening, Diagnosis and Treatment (EPSDT) and Medi-Cal revenues associated with decreased expenditures.

#### *County Child Welfare Services*

A net positive variance of \$1.6 million is projected for Countywide Child Welfare Services (CCWS). This is the result of a \$20.8 million projected expenditure savings offset by a \$19.2 million projected under realization of revenues.

The expenditure savings of \$20.8 million include \$3.4 million savings in salaries and benefits caused by vacancies because of turnover and unused appropriations for overtime and temporary staffing, and \$17.7 million savings in other charges due to decreases in aid payments for Foster Care, Severely Emotionally Disturbed (SED) and Aid to Adoptive Parents (AAP) as a result of projected lower caseload. The savings are offset by a \$0.3 million increase in services and supplies for Polinsky Children's Center due to a higher population census. The \$19.2 million reduction in realized revenues is associated with projected expenditure savings.

#### *Public Health Services*

A net positive variance of \$0.5 million is projected for Public Health Services. This is a result of a net expenditure savings of \$2.4 million offset by \$1.9 million in under-realized revenues.

The \$2.4 million projected expenditure savings consist of \$1.4 million in salaries and benefits and \$1.0 million in services and supplies. The \$1.4 million savings in salaries and benefits is the result of vacancies and staff transferring from Patient Admin Services to the Fiscal Services Division. The \$1.0 million savings in services and supplies consists of \$0.5 million reduction in information technology costs for Emergency Medical Services' Quality Assurance (QA) Net's 1-800

number and server costs and \$0.5 million in contracted services. The under realized revenue of \$1.9 million is associated with projected expenditure savings.

#### *Regional Operations*

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

A net positive variance of \$1.6 million is projected for Regional Operations due to expenditure savings of \$42.6 million offset by \$41.0 million in under realized revenues. Expenditure savings include \$9.7 million in salaries and benefits due to vacant positions resulting from staff turnover, \$0.3 million savings in services and supplies and \$32.6 million decrease in other charges comprised of \$5.3 million for Child Care payments and \$27.3 million for CalWORKS, General Relief, Welfare to Work and Refugee Assistance payments. These decreases are based on projected caseloads. A decrease of \$41.0 million in revenue is projected as a result of the projected expenditures savings.

#### *Regional Program Support Division*

No net variance is projected for the Regional Program Support Division. The projected expenditure savings of \$4.0 million is due primarily to contracted services in Medical Care Program Administration. The \$4.0 million projected under-realization of revenue corresponds to the projected expenditure savings.

#### *Strategy and Planning Division*

A net positive variance of \$0.1 million is projected for the Strategy and Planning Division. The projected expenditure savings of \$0.4 million is due to overall savings in salaries and benefits due to vacancies and “frozen positions” and services and supplies. The projected under-realization of revenue by \$0.3 million corresponds to the projected expenditure savings.

#### ***Special Revenue Funds:***

A total net positive variance of \$31.0 million is projected for the three Realignment Special Revenue Funds and the Tobacco Securitization Fund.

#### *Realignment Special Revenue Funds*

Expenditure savings of \$ 28.0 million is projected in the three Realignment Special Revenue Funds. These savings are primarily associated with budgeted un-obligated reserves to help cover costs in the future (\$17.0 million). There continues to be savings in IHSS, due to case costs being lower than projected (\$5.6 million) in child welfare (\$5.0 million) and other realigned programs (\$0.4 million).

The Realignment revenue positive variance of \$1.7 million reflects the most current projections of sales tax and VLF growth. It is projected that sales tax will grow statewide at 5%, and VLF will grow at 3%.

*Tobacco Securitization Fund*

A net variance of \$1.3 million is projected in the Securitized Tobacco Settlement Fund. This represents the difference between the projected annual available amount of Tobacco funds and what the Board of Supervisors has approved. Overall, appropriation savings of \$3.1 million are projected based on planned reduction in appropriations for other charges and in operating transfers out associated with the reduction in available fund balance. The negative revenue variance of \$1.8 million is based on a recent actuarial analysis that indicates there are less Tobacco funds available annually than prior analyses indicated.

**LAND USE AND ENVIRONMENT GROUP**

***General Fund:***

*Agriculture, Weights and Measures*

A net negative variance of \$0.6 million is projected for the Department of Agriculture, Weights and Measures.

Expenditure savings of \$0.2 million consists of a negative variance of \$0.6 million in salaries and benefits and a positive variance of \$0.8 million in services and supplies. The negative salaries and benefits variance of \$0.6 million is projected due to anticipated expenses for programs for which there is continuing uncertainty regarding State funding. This projected overage is net of savings from extended vacancies (such as the Assistant Director, Vet Pathologist and Sr. Clinical Lab Scientist). A positive variance of \$0.8 million is projected in services and supplies due to an abatement of expenditures in inter-departmental costs (\$0.1 million), and savings of (\$0.7 million) from the Sudden Oak Death (SOD) contract for emergency measures, which have not been required to date and are not anticipated at this time.

A net negative revenue variance of \$0.8 million is projected. A shortfall in structural billing (\$0.1 million) is tied to the abatement in services and supplies. A projected revenue shortfall of \$0.1 million is due to a reduction of erosion control work performed. Revenue from the Sudden Oak Death state contract is projected to be under-realized by \$0.7 million in conjunction with expenditure savings in services & supplies. The SOD contract included funding for possible emergency measures, which have not been required to date and are not anticipated at this time. A \$0.1 million over-realization in revenue is projected due to an increase in device registration fees.

The Department's mitigation plan is to continue to aggressively seek State funding and if necessary to request additional funding in the third quarter.

### *Environmental Health*

A net positive variance of \$1.5 million is projected for the Department of Environmental Health.

Revenues are projected to be under-realized by \$2.0 million. \$1.7 million of this variance is due to the Board's approval (May 18, 2005; item 13) of a 10% credit of eligible fees in the Department of Environmental Health; and \$0.3 million is due to contract delays. A projected expenditure savings of \$3.5 million is the result of \$0.8 million in salaries and benefits due to delays in hiring, under-filling positions, and attrition; and \$2.7 million in services and supplies. Services and supplies savings are due to a less than anticipated need for outside professional and specialized services, minor equipment and other miscellaneous items.

### *Land Use and Environment Group – Executive Office*

A net positive variance of \$1.0 million is projected. This is due to a projected year-end balance of \$1.0 million in Management Reserves.

### *Parks and Recreation*

A net favorable variance of \$0.6 million is projected by year-end. A net positive expenditure variance of \$0.8 million is due to projected savings in salaries and benefits of \$0.6 million, savings of \$0.1 million in services and supplies, and savings of \$0.1 million in other charges. The salaries and benefits variance is due to short term vacancies within the department. Savings in services and supplies of \$0.1 million are due to delays in the construction and opening of the new Spring Valley Gym and Teen Center as well as department-wide cost cutting measures to keep the department within budget. Savings in other charges (\$0.1 million) are due to a projected reduction in grant match expenditures. DPR is working diligently to apply for all grants possible and these funds may be used by the end of the fiscal year.

A projected under-realization of revenue of \$0.2 million is due to delays in the construction and opening of the new Spring Valley Gym and Teen Center.

### *Planning and Land Use*

An overall positive net variance of \$2.0 million is projected for Planning and Land Use. The positive expenditure variance of \$3.3 million is broken down between salaries and benefits, \$2.3 million, and services and supplies, \$1.0 million. Savings in salaries and benefits is the result of an average vacancy rate of 7.9% from October 2005 – December 2005. There are currently 19 vacancies. Of those, three (3) are pending reclassification or other action by Department of Human Resources; two (2) are pending recruitment; one (1) an offer has been made; and, thirteen (13) lists have been requested or interviews have been scheduled. Savings in services and supplies is a result of a projected savings of \$0.6 million in consultant services related to the Fire Safety and Fuels Reduction

Program. The remaining projected savings of \$0.4 million is in various service and supply accounts.

The revenue shortfall of \$1.3 million is attributed to two areas. A shortfall in services to property owners (\$0.8 million) is due to vacancies in the permit-processing program. A shortfall of \$0.5 million in aid from other government agencies relates primarily to delays in the implementation of the North and East County Multiple Species Conservation Program, which have resulted in fewer grant reimbursement requests.

### ***Special Revenue Funds:***

#### *Department of Public Works*

##### *Road Fund*

A net positive variance of \$2.8 million is projected for the Road Fund. A positive expenditure variance of \$4.0 million is projected. This is offset by a net negative revenue variance of \$1.2 million.

A net positive variance of \$1.7 million is projected in salaries and benefits due to turnover and vacancies. A \$3.7 million projected overexpenditure in services and supplies is primarily due to projected construction costs and will be offset by a transfer of appropriations of \$6.0 million from other charges. \$6.0 million was budgeted mid-year in error into other charges for right of way. Revenue is projected to be under-realized by \$1.2 million in work for others primarily due to vacancies.

##### *Inactive Waste*

A net positive variance of \$1.4 million is projected for the Inactive Waste Fund. Expenditure savings of \$1.2 million are primarily due to savings in services and supplies of \$1.2 million due to the scaled down scope in the groundwater contract with GeoSyntec and due to adjustments in the stormwater contract with Tetrattech related to regulatory issues, use of DPW field crews and because of litigation. A projected \$0.2 million over-realization of revenue consists of unanticipated revenue from the General Fund for reimbursement of staff costs for the Tree Removal Grant and over-realization of revenue from solid waste tonnage fees.

### ***Enterprise Funds:***

#### *Department of Public Works*

##### *Airports*

A net positive variance of \$2.2 million is projected for the Airport Enterprise Fund.

A net positive expenditure variance of \$3.1 million is due to the following: projected savings of \$0.2 million in salaries and benefits due to vacancies, projected savings in services and supplies of \$0.4 million due to anticipated savings in consultant contracts, and projected savings of \$2.5 million in Capital Assets/Land Acquisition related to decreases in costs of the Palomar Northside Ramp Taxiway and Gillespie Field Slurry Seal 17/35 as well as anticipated savings in the Gillespie Field Overlay Runway 27R as the project nears completion. Additional savings are due to projects on hold until Fiscal Year 2006-07 and will be re-budgeted. Projected under-realization of \$0.9 million in revenue is tied to these savings.

***Special District Funds:***

*Air Pollution Control*

A net positive variance of \$2.2 million is projected for Air Pollution Control District by year end. A positive expenditure variance projection includes savings of \$1.3 million from salaries and benefits due to positions held vacant and under-filled as part of implementation of the mitigation plan. The plan is to reduce the impact of increases in operational costs as the state and federal funding remain relatively constant, and to minimize its effects on permitting fees. Savings in services and supplies of \$0.9 million are anticipated from the elimination of rent due to purchase of a new building and cost avoidance related to special departmental expense and information system applications. The overall variance in revenue is negligible. A projected over-realization of \$0.4 million from interest is offset by an equivalent shortfall from the Air Pollution Control Fee which is down 20% mid-year compared to the same point last fiscal year. Although most of this is projected due to the move between buildings, a clearer picture of revenues is expected with several more months of data.

Department of Public Works

*Sanitation Districts & Sewer Maintenance*

A net positive variance of \$1.9 million is projected for the Sanitation & Sewer Maintenance Districts. Projected savings in services and supplies of \$1.4 million is due to cancellation of prior year METRO encumbrances and to savings in routine maintenance of structures and consultant contracts. Projected \$0.5 million in overrealized revenue is primarily due to interest on deposits and investments.

*County Service Areas*

A net positive variance of \$0.2 million is projected for the County Service Areas due to unanticipated taxes from current and prior years.

**COMMUNITY SERVICES GROUP**

## ***General Fund Departments:***

### *Animal Services*

A net positive variance of \$0.2 million is projected for the Department of Animal Services. This amount is the result of anticipated salaries and benefits savings from staff turnover.

### *CSG Executive Office*

The projected favorable variance of \$5.2 million is due primarily to unspent management reserves expected to be \$4.6 million at year-end. Reserves are maintained at the Group level to provide resources for funding Documentum, an enterprise-wide records management program, other long-term obligations and contingencies. In addition, expenditures for salaries and benefits are projected to be under budget by \$0.1 million and services and supplies are anticipated to be \$0.5 million under budget due to uncertainty over timing of IT and other multi-year projects.

### *Housing and Community Development*

HCD projects an overall net negative variance of \$0.3 million. The federal government has announced cutbacks of 10.6% and 5% in CDBG and Home funds, respectively, two sources of program revenues. Although the impact to the County's allocation is not known at this time, the department has decreased planned expenditures and revenues accordingly. HCD projects a positive expenditure variance of approximately \$1.3 million. The variance is the result of salary and benefits savings of \$0.7 million due to vacant and under-filled positions, and \$0.6 million in overall services and supplies savings (office and miscellaneous expense, fuel and postage). The projected revenue shortfall of \$1.5 million is a direct result of the reduced program expenditures and consequent inability to claim A-87 overheads. The shortfall will be absorbed by Group reserves at year-end.

### *Registrar of Voters*

The Registrar of Voters projects a net negative variance of \$3.5 million due primarily to the additional costs to conduct the Special Statewide Election on November 8<sup>th</sup>, the Special 50th Congressional District on April 11<sup>th</sup>, and special Elections for the City of San Diego on July 26<sup>th</sup> and January 10<sup>th</sup>. There is the potential for reimbursement from the Secretary of State (SOS) for the April 11<sup>th</sup> Special Election. If funding is provided by the legislature, reimbursement would likely occur in FY 2006-07 due to the SOS claiming process.

The expenditure variance is a negative \$4.6 million, which consists of \$1.1 million in salaries and benefits due to the additional temporary election workers and overtime hours needed to conduct these elections, and \$3.5 million in services/supplies for poll workers, sample ballots, postage, and election supplies.



The revenue variance is a positive \$1.1 million in election services for the July 26<sup>th</sup> and January 10<sup>th</sup> Special Elections, and billable jurisdictions that participated in the November 8<sup>th</sup> Statewide Special; offset by fewer billable items/propositions anticipated for the June Primary election as compared to budgeted projections based on historical data.

The Department's mitigation plan is to request additional funding in the third quarter and aggressively seek State reimbursement.

***Special Revenue Funds:***

*Housing and Community Development Special Revenue Fund*

A favorable expenditure variance of \$19.6 million is expected to be offset by an unfavorable revenue variance of the same amount for a net variance of zero. The Department budgets all funds that it is eligible to receive from the funding source, to facilitate the multi-year project expenditure request process. The savings of \$19.6 million is based on staff's analysis of anticipated funding requests for approved projects. Revenue is projected to equal expenses as project costs are 100% offset.

*San Diego County Library*

A net positive variance of \$7.1 million is projected for the Library. The expenditure variance is expected to be \$6.9 million. Projected savings of \$0.8 million in salaries and benefits are the result of vacancies that are anticipated to be filled and the normal turnover of staff. In order to fill the vacancies, the Library is currently conducting a vigorous recruiting campaign that has included hiring halls and other outreach efforts. A net savings of \$0.2 million in services and supplies is the result of savings in a variety of objects, offset by over expenditures in software, office, and vehicle costs. The expenditure variance includes a projected year-end balance of \$5.9 million in Management Reserves. The funds will eventually be expended in future years for major initiatives such as facilities and IT upgrades.

A net positive variance of \$0.2 million is projected for revenues. Revenue from property taxes is projected to be \$0.4 million above budget and taxes other than secured are projected to be \$0.5 million above budget due to ongoing increases in assessed valuation of property. Revenues from interest on deposits are projected at \$0.1 million less than budgeted and library services are projected to be \$0.6 million less as a result of on-line renewals and significantly lower revenues from copiers and printers. The current fee-collection systems (coin-box and honor for the copiers and printers, respectively) are old and are being replaced with a new system that will integrate the related fees with customer records.

***Internal Service Funds (ISFs):***

### *Facilities Management ISFs*

A total favorable expense variance of \$6.5 million offset by a total unfavorable revenue variance of \$6.5 million is projected for the Facilities Management ISFs, for a net zero variance.

The variance is the result of projected expenditure savings of \$2.8 million in salaries and benefits due to staff vacancies and \$3.7 million in services and supplies primarily due to the delayed implementation of major maintenance projects.

The revenue variance contains several offsetting categories:

- Projected revenue under-realization of \$9.6 million includes Special Districts/Local Boards (\$0.3 million) due to the revenue being realized in the General Fund; charges in the general fund (\$7.8 million) primarily due to the delayed implementation of major maintenance projects, contract services revenues being realized from other sources (Trial Courts and Library), and less than anticipated real estate services requests; charges in internal service funds (\$0.9 million) primarily due to the delayed implementation of major maintenance projects and less than budgeted building maintenance requirements; and various miscellaneous funding sources (\$0.6 million).
- Overrealized revenues of \$3.1 million include rents and concessions (\$0.7 million), charges in trial courts funds (\$1.1 million) associated with contract services, other miscellaneous revenues (\$0.4 million) associated with Real Estate Services, proceeds from long term debt (\$0.2 million) associated with energy efficiency projects, charges in the library fund (\$0.2 million) associated with contract services, third party reimbursement (\$0.2 million) associated with major maintenance projects, and various miscellaneous funding sources (\$0.3 million).

### *Fleet Management Internal Service Funds*

No net variance is projected for the Fleet Management Internal Service Fund. A total favorable expense variance of \$0.2 million is offset by an unfavorable revenue variance of \$0.2 million.

The expenditure variance is the result \$0.7 million variance in salaries and benefits due to staff vacancies and \$0.1 million in unused Contingency Reserves offset by the combined over-expenditure of \$0.6 million in services and supplies due to parts and fuel costs.

The net unfavorable revenue variance is due to several categories:

- A projected revenue under-realization of \$1.5 million includes \$0.5 million in charges in general fund and \$0.5 million in charges in internal service funds associated with less than anticipated vehicle maintenance requirements and \$0.2 million in loss on sale of fixed assets primarily due

to the sale of less than fully depreciated vehicles at auction and \$0.3 million from various miscellaneous funding sources.

- Projected revenue over-realization includes \$1.3 million in projected over realized revenues to include interest on deposits and investments (\$0.5 million), other services to government (\$0.5 million) associated with the sale of fuel, third party recoveries (\$0.2 million) and various miscellaneous funding sources (\$0.1 million).

Note: The Fleet ISF is reporting an expenditure projection within budget for the 2nd Quarter Budget Status Report. However, parts and fuel costs are up 35.4% over last year's 2nd Quarter and are of concern. Fleet is monitoring costs and, if required, will request a spending plan adjustment/increase in the 3rd Quarter Budget Status Report.

#### *Purchasing and Contracting ISF*

No net operating variance is projected by fiscal year end for the Purchasing and Contracting Internal Service Fund (ISF). The positive expenditure variance of \$1.4 million is a combination of anticipated cost savings in salaries and benefits of about \$1.0 million and \$0.4 million in services and supplies. Salary savings are due to staff positions held vacant in Records and Print divisions as a result of outsourcing as well as other staff turnover. Services and supplies savings are due to decreases in materials, supplies and printing services spending in the Print division and a combination of savings in various expense accounts in Purchasing operations. The negative variance in revenue of about \$1.4 million is due to a decrease in production volume in the Print and Records divisions attributable to the outsourcing of these services by the end of February 2006.

#### ***County Redevelopment Agency Funds:***

##### *San Diego County Redevelopment Agency*

Overall, a net positive variance of \$0.2 million is projected for the Redevelopment Agency.

The Upper San Diego River Project Area projects a positive variance of \$0.3 million due to reduced mandatory payments to three school districts under pass-through agreements.

The Gillespie Field Project Area projects a net negative variance of \$0.1 due to the sale of new bonds and the costs associated with the issuance and transfer of bond proceeds and fund balance for repayment of loans to the Airport Enterprise Fund. The negative variance will be mitigated with a future request to the Board to appropriate and transfer bond proceeds and fund balance.

## **FINANCE & GENERAL GOVERNMENT GROUP**

### ***General Fund:***

*Assessor/Recorder/County Clerk*

A net negative variance of \$4.2 million is projected for the Assessor/Recorder/County Clerk. A projected net positive expenditure variance of \$0.6 million is comprised of \$0.8 million of savings in salaries and benefits from vacant positions offset by \$0.1 million in excess expenditures due to unanticipated information technology projects related to the recording and property tax systems and \$0.1 million in projected excess expenditures for computer equipment. The net negative revenue variance of \$4.8 million is primarily due to the suspension of the State's Property Tax Administration Grant Program. In this letter, the department requests Board approval to fund property tax administrative services with over-realized revenue from property taxes in lieu of Vehicle License Fees associated with the Fiscal Year 2004-05 true-up, due to the suspension of the Property Tax Administration Grant Program.

*Auditor and Controller*

A net positive variance of \$1.0 million is projected for the Auditor and Controller. This variance is due to \$1.7 million projected savings in salary and benefits related to vacant positions offset by \$0.9 of excess expenditures related to unanticipated information technology projects to enhance financial system reporting functionality, and a projected \$0.2 million year-end balance in Management Reserves.

*Chief Administrative Office*

A net positive variance of \$0.4 million is projected for the Chief Administrative Office. This variance is primarily due to savings in salaries and benefits due to vacant positions.

*Clerk of the Board of Supervisors*

A net positive variance of \$0.4 million is projected for the Clerk of the Board of Supervisors. A net positive expenditure variance is due to savings in salaries and benefits of \$0.3 million and a projected \$0.2 million year-end balance in Management Reserves. The salaries and benefits variance is primarily due to deferred hiring in anticipation of reduced revenue of \$0.1 million from suspension of the State's Property Tax Administration Grant Program.

*County Counsel*

A net positive variance of \$0.5 million is projected for County Counsel. A net positive expenditure variance of \$0.2 million is projected due to savings in salaries and benefits from vacant positions. A net positive revenue variance of \$0.3 million is projected due to over-realized revenue for legal services provided to various clients.

*County Technology Office*

A net positive variance of \$0.6 million is projected for the County Technology Office. The variance is the result of a projected year-end balance of \$0.5 million

in Management Reserves and savings of \$0.1 million in salaries and benefits due to vacant positions.

#### *Finance and General Government Group*

A net positive variance of \$5.6 million is projected for the Finance and General Government Group. This projected variance is the result of savings in salaries & benefits of \$0.9 million from vacant positions, savings in services & supplies of \$2.9 million due to information technology expenditures savings resulting from decommissioning activities, and a projected year-end balance of \$1.8 million in Management Reserves.

#### *Human Resources*

A net positive variance of \$1.3 million is projected for Human Resources. The net positive expenditure variance is comprised of \$0.6 million in salaries and benefits due to staff turnover, under filling of positions and a vacant manager position, \$0.7 million in services and supplies due to the timing and negotiated price for the Employee Assistance Program contract, lower Medical Services contracts expenditures, lower than expected insurance costs and a projected year-end balance of \$0.2 million in Management Reserves. This is offset by a negative revenue variance of \$0.2 million due to lower than expected reimbursed costs from the Workers Compensation Internal Service Fund.

#### *Treasurer-Tax Collector*

A net positive variance of \$1.6 million is projected for the Treasurer Tax Collector. This variance is primarily due to \$0.6 million of projected savings in salaries and benefits due to employee retirements and turnover, \$0.1 million in savings in miscellaneous services and supplies and a projected year-end balance of \$0.2 million in Management Reserves. A net positive revenue variance of \$0.7 million is projected due to \$0.4 million in over-realized revenues from AB2890 Recovered Cost, and \$0.3 million in over-realized revenues from prior year property tax administrative services received in the current year.

## **GENERAL REVENUES & GENERAL COUNTY EXPENSES**

### ***General Revenues & General County Expenses***

The General Fund fund balance for these two categories combined is projected to be \$125.3 million, comprised of an estimated additional \$95.0 million in General Purpose Revenues and a \$30.3 million net positive variance in General County activities.

#### *General Revenues*

The San Diego economy continues to fare well. Local economic indicators, including San Diego's gross regional product, employment, and personal income, show moderate growth. San Diego's unemployment rate averaged 4.2% from July through December 2005, with December's unemployment rate dropping to

3.6%. San Diego's unemployment rate continues to compare favorably to both the U.S. and California unemployment rates. Local sales tax transactions grew by 3.3% for the County as a whole for July through September 2005 compared to the same time period for 2004. The increase in sales was largely due to higher fuel prices, but this was offset by declines in discount department stores and used car sales. Southern California, however, experienced sales tax revenue growth of 6.0%. The local real estate market continues to be steady due to limited supply and continued favorable low financing costs.

#### *All Current Property Taxes*

All Current Property taxes are estimated to provide a \$20.9 million favorable net variance.

- *Property Taxes - Current Secured*

Current Secured Taxes are projected to be \$9.7 million above budget. At the time the budget was prepared, the level of current secured property tax revenues was based on the assumption that assessed value growth through June 30, 2005 would be 10%. Subsequently the actual assessed value growth became known and it exceeded 13%. In the first quarter fund balance projection, current secured property tax revenue collections were estimated to exceed budget by \$12.9 million. However, Property Tax Services finalized the countywide current secured ratios for Fiscal Year 2005/06 in early February 2006, and the county's ratio dropped marginally resulting in an anticipated adjusted positive revenue variance of \$9.7 million.

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$10.2 million higher than budget. This projection is the result of two factors: one, healthy current year supplemental activity, and two, a change in the distribution formula that shifts more supplemental taxes to the County as a result of the legislation that created the VLF Property Tax Compensation Fund. See the narrative on In Lieu Local Sales and Use Tax & Property Tax in Lieu of VLF below for more explanation on these changes.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.0 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. The final roll included adjustments for personal property and improvements that increased the current unsecured roll's assessed value by 6.1% resulting in the projected revenue increase.

#### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to exceed budget by an aggregate \$74.1 million.

- *Property Tax in Lieu of VLF*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$64.44 million over the budgeted amount of \$200.5 million. This revenue was budgeted conservatively because of the lack of data regarding the accuracy of the base year allocation, which was Fiscal Year 2004-05. The implementing legislation provided that the Fiscal Year 2005-06 allocation be calculated based on a formula that took into account adjusted actual allocations for Fiscal Year 2004-05 and growth in gross taxable assessed value in each county. Information on the adjusted actuals was released on October 14, 2005 and the County will be receiving a one-time \$17.7 million positive true-up adjustment for Fiscal Year 2004-05. In addition, the published assessed growth factor for 2005-06 is 13.3%, which establishes the County's 2005-06 property tax in lieu of vehicle license fee base at \$247.3 million, which is an ongoing revenue increase of \$46.8 million over the Fiscal Year 2005-06 budget.
- *In Lieu Local Sales and Use Tax*

Beginning in FY 2004-05, the County reclassified about one-fourth of the sales tax revenue (\$5.15 million in FY 2004-05) to "property taxes in lieu of sales tax" to comply with the State's "triple flip" legislation approved in FY2003-04. More specifically, effective July 1, 2004, provisions of AB7 X1, one of the 2003-04 State budget bills referred to as the "triple flip", took effect. It enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the lost revenues are replaced with countywide property tax revenues shifted back from the Educational Revenue Augmentation Fund (ERAF). When the FY 2005-06 Adopted Budget was formulated, the In Lieu Local Sales & Use Tax amounts were estimated. Based on a letter from the Department of Finance dated August 31, 2005, the County will be allocated \$0.16 million less than the estimated budget amount adjusting for the "settle-up" amount for Fiscal Year 2004-05.
- *Property Taxes Prior Secured Supplemental*

Similar to the Current Supplemental Taxes' favorable year-end projection, Property Taxes Prior Secured Supplemental revenue is estimated to be \$5.2 million above budget. This projection is based on a review of collections to open charges through the January 17 Property Tax System apportionment. The prior secured supplemental roll (charges) is up 67% from the same time last year and collections are up 106%.

- *Real Property Transfer Taxes*  
An additional \$3.7 million in revenue is estimated for Real Property Transfer Taxes (RPTT) due to stronger and more sustained growth than anticipated in the real estate sector.
- *Sales and Use Taxes*  
A positive revenue variance of \$0.9 million is estimated for Sales and Use Taxes based on 5 months of activity for Fiscal Year 2005-06 and projected advances based on prior year quarterly activity by the State Board of Equalization.

### General County Expenses

#### *Contingency Reserve*

The entire \$15.6 million budgeted in the Contingency Reserve in FY 2005-06 is expected to be unspent at year-end.

#### *Facility Lease Payments*

A net positive variance of \$1.3 million is projected. A variance of \$0.6 million is the result of savings on lease payments for the MTS Tower Refunding, the Central Jail financing and the North and East County Courthouse projects. The financings budgeted in this Org have fixed lease payment schedules – but as a result of interest earnings from funds held either with a trustee or with the County of San Diego, the actual expenditure for lease payments will be less than the budgeted payment. A variance of approximately \$0.7 million is from over-realized revenue in “Aid from Redevelopment Agency”.

#### *ERP Lease Purchase Payments*

Savings of \$0.3 million in the ERP lease purchase payment is projected. \$6.7 million was budgeted for the Enterprise Resource Planning (ERP) system lease-purchase payment, but only \$6.4 million was required this year for the finance and human resources components of the system because available interest earnings (\$0.2 million) offset the total due of \$6.6 million.

#### *Sale of Surplus Property*

A positive variance of \$10.5 million is expected based on revenue realized from the sale of surplus real property in Vista.

#### *Countywide Expense General Fund Adjustments*

The State of California’s early repayment of the VLF gap loan on July 28, 2005 produced interest income in excess of the amounts needed to repay the notes. The County of San Diego received \$2.6 million unbudgeted interest income related to this transaction.



***Debt Service Funds:***

*Pension Obligation Bonds (POB)*

A net variance of \$1.6 million is projected based on savings on the bond payment made to the taxable pension obligation bond holders. The savings are a result of the amount paid to the variable rate bond holders being less than the amount budgeted.

***Internal Service Funds:***

*Unemployment Insurance Employee Benefit ISF*

No net variance is projected for the fund. Unemployment Insurance payments are anticipated to total \$1.3 million, approximately half of the Fiscal Year 2005-06 budgeted amount of \$2.6 million. Revenues, as a result of charges in from the departments, will be reduced to collect the amount necessary to fund total projected expenditures.