



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

PAM SLATER-PRICE  
Third District

RON ROBERTS  
Fourth District

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Fifth District

**DATE:** February 27, 2007

**TO:** Board of Supervisors

**SUBJECT:** FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

### SUMMARY:

#### **Overview**

This report summarizes the status of the County's Fiscal Year 2006-07 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$112.7 million and for all budgetary funds combined is \$136.4 million.

This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. Among these adjustments are recommendations to appropriate funds to carry out capital projects (e.g., Otay Valley Regional Park (OVRP) Sports Park development, replacement of water wells at the Louis Stelzer and William Heise Parks, and Lakeside Community Center improvements), major maintenance projects (e.g., in Probation, the Sheriff's Department, the Assessor/Recorder/County Clerk, and at the County's records vault), and to resurface a taxiway at Gillespie Field airport. Also recommended for funding are document management projects in the District Attorney's Office and Probation, temporary staff and training requirements in the District Attorney's Office, additional costs of the November 7, 2006 General Election and projected costs related to the March 2007 Special Election, specialized equipment in various departments, and information technology projects and services in the Finance and General Government Group

In addition, this board letter recommends the transfer of County Web Support and Customer Service activities and associated staff from the Land Use and Environment Group Executive Office to the Department of Human Resources and the Chief Technology Office, respectively.

#### **Recommendation(s)**

#### **CHIEF ADMINISTRATIVE OFFICER**

1. Accept the FY 2006-07 second quarter report on projected year-end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.

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3. Establish appropriations of \$1,581,002 in the Public Safety Group Proposition 172 Special Revenue Fund, Operating Transfer Out, for transfer to the Probation Department for one-time projects as outlined in recommendations 4-10 based on fund balance available. (4 VOTES)
4. Establish appropriations of \$55,000 in the Probation Department, services and supplies, for costs associated with the purchase of law enforcement equipment based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
5. Establish appropriations of \$135,000 in the Probation Department, services and supplies, for a new Document Management Project based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
6. Establish appropriations of \$542,091 in the Probation Department, services and supplies, for major maintenance projects at the Kearny Mesa Juvenile Detention Facility based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
7. Establish appropriations of \$67,000 in the Probation Department, services and supplies, for exterior security cameras at the Work Furlough Facility based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
8. Establish appropriations of \$275,040 in the Probation Department, services and supplies, for the replacement of a fire protection piping and water shut-off valves at the Juvenile Ranch Facility based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
9. Establish appropriations of \$353,871 in the Probation Department, services and supplies, for equipment purchases at multiple Adult Field Services sites based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
10. Establish appropriations of \$153,000 in the Probation Department, services and supplies, for interior and exterior major maintenance repairs at Camp Barrett based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
11. Establish appropriations of \$50,000 in the Probation Department's Asset Forfeiture Fund, services and supplies, for the purchase of law enforcement equipment based on fund balance available. (4 VOTES)
12. Establish appropriations of \$1,000,000 in the Public Safety Group Proposition

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172 Special Revenue Fund, Operating Transfer Out, for transfer to the District Attorney's Office based on Fiscal Year 2005-06 fund balance available. (4 VOTES)

13. Establish appropriations of \$1,000,000 in the District Attorney's Office, services and supplies, for the one time costs associated with the design and development of a Modern Document Management System based on an operating transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
14. Establish appropriations of \$2,000,000 in the District Attorney's Office, in salaries and benefits (\$1,200,000), for one time salary and benefits costs related to the District Attorney temporary help, Graduate Law Clerks and student workers and in services and supplies (\$800,000) for training, based on the Public Safety Group's Fiscal Year 2005-06 fund balance available. (4 VOTES)
15. Transfer appropriations of \$3,435,000 within the Sheriff's Department from Management Reserves to services and supplies for advertising, major maintenance and training improvements at the Bomb Range, Descanso Detention Facility and Miramar Training Facility and costs associated with security measures at the San Diego Central Jail, George Bailey Detention Facility and East Mesa Central Production Center. (4 VOTES)
16. Transfer appropriations of \$750,000 within Contributions For Trial Court from Management Reserves to services and supplies to support administrative services associated with the Court Facilities transfer to the State of California.
17. Establish appropriations of \$125,000 in Inactive Waste, Operating Transfer Out, for transfer to the Department of Public Works Inactive Waste Acquisition Internal Service Fund based on unanticipated revenue from the Environmental Trust Fund. (4 VOTES)
18. Amend the Fiscal Year 2006-07 Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$125,000 to provide funding for the purchase of two new vehicles based on an operating transfer from Inactive Waste.
19. Amend the Fiscal Year 2006-07 Department of Public Works Road Fund Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$820,000 to provide funding for the purchase of equipment based on fund balance available.
20. Amend the Fiscal Year 2006-07 Department of Public Works Liquid Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$340,000 to provide funding for the purchase of equipment based on fund balance available.

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21. Amend the Fiscal Year 2006-07 Department of Public Works Equipment Operations Internal Service Fund Spending Plan in the amount of \$50,000 to provide funding for services provided to the Internal Service Fund based on fund balance available.
22. Cancel appropriations and related revenue of \$315,580 in Campo Water and Sewer Service Fund due to a decrease in revenues from Sanitation Sewer Service Charge.
23. Establish appropriations of \$315,580 in Campo Hills Water Treatment System Fund for operations and maintenance based on unanticipated revenue from Fees for Current Services. (4 VOTES)
24. Transfer appropriations of \$70,000 from the Land Use and Environment Group Executive Office, Management Reserves, to the Department of Public Works General Fund for grant match funding.
25. Transfer appropriations of \$65,000 from the Land Use and Environment Group Executive Office, Management Reserves to the Department of Public Works General Fund for lagoon monitoring.
26. Amend the Fiscal Year 2006-07 Airport Enterprise Fund Spending Plan in the amount of \$2,116,000 to provide funding for resurfacing Taxiway Charlie at Gillespie Field airport based on a Federal Aviation Administration grant reimbursement (\$2,010,200) and fund balance available (\$105,800).
27. Amend the Fiscal Year 2006-07 Airport Enterprise Fund Spending Plan in the amount of \$12,500 to provide funding for management services at the Palomar Airport North Ramp based on fund balance available.
28. Establish appropriations of \$110,000 in the Department of Public Works Road Fund for staff recruitment based on fund balance available.
29. Establish appropriations of \$55,000 in County Service Area (CSA) 83 – San Dieguito Local Park District, Contracted Services, based on unanticipated District property tax revenue. (4 VOTES)
30. Cancel appropriations and related Operating Transfer from the General Fund of \$250,000 in the Capital Outlay Fund for Capital Project 1000023 – Otay Valley Regional Park (OVRP) Sports Park Acquisition to provide funds for the OVRP Active Recreation Area project (\$190,000) and the OVRP Staging Area project (\$60,000).
31. Establish appropriations of \$190,000 in the Capital Outlay Fund for Capital

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Project 1010432 – OVRP Active Recreation Area, based on an operating transfer from the General Fund. (4 VOTES)

32. Cancel appropriations and related Operating Transfer from the General Fund of \$8,214 in the Capital Outlay Fund for Capital Project 1000192 – OVRP Interpretive Center to provide funds for the OVRP Staging Area project.
33. Establish appropriations of \$68,214 in the Capital Outlay Fund for Capital Project 1010431 – OVRP Staging Area based on operating transfers from the General Fund. (4 VOTES)
34. Cancel appropriations and related Operating Transfer from the General Fund of \$10,463 in the Capital Outlay Fund for Capital Project 1000212 – Sweetwater Regional Park Area 17 to provide funding for various renovations at the Sweetwater Valley Little League ballfield complex in Sweetwater Regional Park.
35. Transfer appropriations of \$10,463 in the General Fund from Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, Special Departmental Expense, for renovations at the Sweetwater Valley Little League ballfield complex in Sweetwater Regional Park.
36. Establish appropriations of \$500,000 in Contributions to Capital Outlay Fund Operating Transfer Out, for replacement of water wells at Louis Stelzer and William Heise Parks based on Fiscal Year 2005-06 General Fund fund balance available. (4 VOTES)
37. Establish appropriations of \$250,000 in the Capital Outlay Fund for Capital Project 1010592, Stelzer Well Replacement, based on an operating transfer from the General Fund. (4 VOTES)
38. Establish appropriations of \$250,000 in the Capital Outlay Fund for Capital Project 1010593, Heise Well Replacement, based on an operating transfer from the General Fund. (4 VOTES)
39. Establish appropriations of \$150,000 in Contributions to Capital Outlay Fund Operating Transfer Out, for the Lakeside Community Center Improvements project, based on Fiscal Year 2005-06 General Fund fund balance available. (4 VOTES)
40. Establish appropriations of \$150,000 in the Capital Outlay Fund for Capital Project 1010594, Lakeside Community Center Improvements, based on an operating transfer from the General Fund. (4 VOTES)
41. Transfer appropriations of \$45,000 from the Department of Agriculture,

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Weights and Measures to the General Fund Contributions to Fleet Services Internal Service Fund (ISF) to provide funding to the Department of General Services Fleet ISF for the purchase of two vehicles.

42. Amend the Fiscal Year 2006-07 Fleet Services ISF Spending Plan in the amount of \$45,000 to provide funding for the purchase of two vehicles based on an operating transfer from the General Fund.
43. Authorize the transfer of one Administrative Analyst II position from the Land Use and Environment Group Executive Office to the Chief Technology Office to perform web operation and redesign support.
44. Transfer appropriations of \$20,796 from the Land Use and Environment Group Executive Office, salaries and benefits, to the Chief Technology Office, salaries and benefits, for the transfer of an Administrative Analyst II position (1.0 FTE).
45. Authorize the transfer of one Administrative Analyst I and one Administrative Analyst II position from the Land Use and Environment Group Executive Office to the Department of Human Resources to perform Customer Service activities.
46. Transfer appropriations of \$42,724 from the Land Use and Environment Group Executive Office, salaries and benefits, to the Department of Human Resources, salaries and benefits, for the transfer of one Administrative Analyst I and one Administrative Analyst II position (2.0 FTEs).
47. Transfer appropriations of \$15,000 from the Land Use and Environment Group Executive Office, Management Reserves, to the Farm and Home Advisor for the purchase of a motor fuel tractor.
48. Transfer appropriations of \$24,000 from the Land Use and Environment Group Executive Office, Management Reserves, to the Farm and Home Advisor for security upgrade of exterior doors.
49. Transfer appropriations of \$35,000 from the Land Use and Environment Group Executive Office, Management Reserves, to the Farm and Home Advisor for the purchase of one four wheel drive hybrid vehicle.
50. Transfer appropriations of \$50,000 from the Land Use and Environment Group Executive Office, Management Reserve, to Agriculture, Weights and Measures for the purchase of one submeter laboratory ventilation/temperature control system.
51. Establish appropriations of \$171,701 in the Capital Outlay Fund for Capital Project 1000222, Spring Valley Teen Center, based on unanticipated revenue

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from Community Development Block Grant (CDBG) funds. (4 VOTES)

52. Establish appropriations of \$2,350,000 in the Registrar of Voters to fund the additional costs of the November 7, 2006 General Election based on over-realized revenues from Election Services and the November 2005 Special Statewide Election reimbursements from the Secretary of State. (4 VOTES)
53. Establish appropriations of \$150,000 in the Registrar of Voters for projected costs related to March 2007 Special Elections based on unanticipated revenue from Election Services. (4 VOTES)
54. Establish appropriations of \$250,000 in the Community Services Group Executive Office for payment to the Major Maintenance Internal Service Fund to upgrade the HVAC system at the County's records vault based on Fiscal Year 2005-06 General Fund fund balance available. (4 VOTES)
55. Amend the Fiscal Year 2006-07 Department of General Services Major Maintenance Internal Service Fund spending plan in the amount of \$250,000 to provide funding for an increase in expenditures for a major maintenance project to upgrade the HVAC system at the County's records vault based on charges for services received from the General Fund. (4 VOTES)
56. Transfer appropriations of \$80,000 from Community Services Group Executive Office, Management Reserves, to the Department of Animal Services to continue the Spay and Neuter Coupon Program for the remainder of Fiscal Year 2006-07. (4 VOTES)
57. Establish appropriations of \$200,000 in the Community Services Group Executive Office for the purchase of facilities management access and control alarm monitoring servers and related equipment based on Fiscal Year 2005-06 General Fund fund balance available.
58. Amend the Fiscal Year 2006-07 Department of General Services Major Maintenance Internal Service Fund Spending Plan in the amount of \$3,972,131 to provide funding for Public Safety Group's emergent projects based on Charges for Services.
59. Establish appropriations of \$1,225,000 in the Assessor/Recorder/County Clerk for one-time applications services, which include the development and/or upgrade of information technology systems and replacement of microfilm reader/printers based on \$1,150,000 available in the Modernization Trust Fund and \$75,000 available in the Vital Statistics Trust Fund. (4 VOTES)
60. Establish appropriations of \$2,416,000 in the Assessor/Recorder/County Clerk for one time facility maintenance and improvement services which include

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asbestos removal and remodeling of CAC rooms 103 and 109; expansion of room 273 and various departmental maintenance projects based on \$2,150,000 available in the Property Tax Administration Trust, \$215,000 available in the Modernization Trust Fund, and \$51,000 in the Vital Statistics Trust Fund. (4 VOTES)

61. Amend the Fiscal Year 2006-07 Department of General Services Major Maintenance Internal Service Fund (ISF) Spending Plan in the amount of \$2,416,000 to provide funding for facility maintenance and improvement services for the Assessor/Recorder/County Clerk based charges in the General Fund. (4 VOTES)
62. Establish appropriations of \$250,000 in the Assessor/Recorder/County Clerk for ergonomic workstations based on \$250,000 available in the Modernization Trust Fund. (4 VOTES).
63. Establish appropriations of \$9,495,000 in the Finance and General Government Group Executive Office, services and supplies, for the payment of transition costs associated with information technology and telecommunication services based on Finance and General Government Group's Fiscal Year 2005-06 fund balance available. (4 VOTES)
64. Transfer appropriations of \$3,400,000 from the Finance and General Government Group Executive Office to the Auditor and Controller to transfer resources for ongoing maintenance of the ERP applications.
65. Establish Appropriations of \$350,000 in the Auditor and Controller for one-time Oracle database upgrade based on Finance and General Government Group's Fiscal Year 2005-06 fund balance available. (4 VOTES)
66. Establish appropriations of \$1,573 in the 4S Ranch Assessment District 89-1 Fund to transfer residual earnings to the 4S Ranch Assessment District 97-1 Fund, based on fund balance available. (4 VOTES)

**Fiscal Impact**

The funds for a portion of these requests are not budgeted. If approved, these actions will cancel budgeted appropriations and the related sources of funding in the amount of \$584,257 and will establish additional appropriations of \$36,392,166, resulting in a net increase in appropriations of \$35,807,909. Funding sources include General Fund Fiscal Year 2005-06 fund balance, Proposition 172 fund balance, the Public Works Inactive Waste Equipment Acquisition, Road Fund Equipment Acquisition, Liquid Waste Equipment Acquisition and Equipment Operations Internal Service Funds, Federal Aviation Administration grant revenue, election service revenues from local jurisdictions and the State, and miscellaneous other sources.



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**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**BACKGROUND:**

**FY 2006-07 Fund Balance Projections**

For the General Fund, the second quarter projection of year-end fund balance from current year operations is \$112.7 million. It is made up of \$7.1 million in additional General Purpose Revenues, \$64.1 million in net savings from departmental operations, and \$41.5 million in unspent contingency and management reserves. The projected balance for all other funds combined is \$23.7 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, 2006 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 \$112.7 million is based on the estimate that expenditures will be \$183.7 million less than budgeted in the Fiscal Year 2006-07 Amended Budget, and revenues will be \$71.0 million less than budgeted in the 2006-07 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year to date changes that have been either approved by the Board or Chief Financial Officer where permitted. The projected revenue under-realization to budget consists of a positive revenue variance of \$21.6 million in the following categories: fines, forfeitures and penalties (\$3.8 million), revenue from use of money and property (\$11.0 million), and miscellaneous revenues (\$6.9 million), offset by a \$92.7 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 in the General Fund are primarily attributable to the following:

- \$40.4 million in appropriation savings from lower than budgeted salaries and employee benefit costs due to turnover and ongoing recruitment challenges in select classifications.
- \$42.6 million in appropriation savings in services and supplies primarily in the Health and Human Services Agency due to projected savings in contracted services (e.g., in Behavioral Health Services for contracts related to Prop 63 due to delays in contract implementation, Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services being less than budgeted, and reduced utilization of Medi-Cal inpatient services, and in Strategic Planning and Operational Support due to \$2.1 million less than anticipated for County Medical Services costs associated with new eligibility requirements and under-spending for the California Healthcare for Indigent Program (CHIP) due to a reduced allocation). Additional savings in Aging and Independence

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Services are due to reduced IT application costs and other miscellaneous services and supplies.

- \$46.2 million in appropriation savings in other charges reflecting lower than budgeted caseloads and aid payments (e.g., for Child Care payments, CalWORKS, and Welfare to Work and Refugee Assistance payments based on projected caseloads and in County Child Welfare Services due to decreases in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents, and KinGap due to caseload projections that are less than budget).
- \$13.4 million in appropriation savings from reduced operating transfers out to various funds primarily as a result of savings in appropriations in Contributions to Capital for the Edgemoor Skilled Nursing Facility and in Aging and Independence Services due to a reduced operating transfer out to the In Home Support Services (IHSS) Public Authority related to health benefit costs being less than budgeted.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$21.5 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 Economy**

The U.S. economy's Gross Domestic Product (GDP) for 2006 was forecasted to grow 3.4% compared to an increase of 3.2% in 2005 and 3.9% in 2004. First quarter 2006 growth of 5.6% (driven up by depressed federal spending in the fourth quarter of 2005 as a result of an incomplete budget) was followed by 2.6% growth in the second quarter of 2006, 2.0% growth in the third quarter, and an advance estimate of 3.5% growth in the fourth quarter. The increase in real GDP in the fourth quarter is attributed to positive contributions in personal consumption expenditures (PCE), exports, state and local government spending, and federal government spending that were partly offset by negative contributions from residential fixed investment and private inventory investment. GDP is projected to grow at 2.0% in 2007. Some significant risks facing the U.S. economy include substantial slowing in the housing market (seen in existing home sales and mortgage applications), rising core inflation, an inverted yield curve, and continued uncertainty in oil prices.

California's economy, like the U.S. economy, grew at a moderate rate in 2006. California payroll jobs experienced growth of 1.5%; the job growth also contributed to real personal income growth of 3.4%; and taxable sales grew 2.4%. The unemployment rate has continued to decline, moving down to 4.8% in 2006 from 5.4% in 2005, 6.2% in 2004, and 6.8% in 2003. The housing boom that has been driving both the California and U.S. economies has softened, and the "housing construction/real estate" slowing is expected to further contribute to slowing in the growth of the state economy in 2007. The gross state product growth in 2006 was projected at 4.4%, a marginal change from 4.3% in 2005 and down from 5.2% in 2004. Further effects of the housing construction/real estate slowdown will be felt in 2007. The gross state product is projected to grow at 1.4% in 2007, with job growth projected at 0.5%, taxable sales growth at 1.4%, and personal income growth at 1.5%.

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On January 26, 2007, the County co-sponsored the 2007 County of San Diego Economic Roundtable. Panelists reported that in 2006, the major issues that impacted the County included housing construction/real estate slowing, a single digit drop in housing prices, slowing in job growth, gas price volatility, but sustained funding in military contracts. San Diego's diversified economy is expected to provide stability despite recurring issues in 2007. Overall, 2007 is expected to mirror 2006 with a projected slow recovery in housing in the second half of the year.

**California Budget Outlook**

On January 10, 2007 the Governor released his Proposed 2007-08 State Budget. The State of California's Legislative Analyst prepared an overview of the Governor's plan on January 12, 2007. According to the Legislative Analyst's Office (LAO), if the Governor's budget proposals were fully adopted and all of the assumed savings were fully realized, the annual operating shortfall would average \$2.5 billion. The LAO also noted, "The 2007-08 Governor's Budget proposes a major redirection of transportation funds, reductions in social services, and other actions to eliminate a significant shortfall in 2007-08. The plan assumes that adoption of its proposals will result in a balanced budget. However, the budget contains a significant number of downside risks and is based on a number of optimistic assumptions. Key proposals also raise serious policy and legal issues." County staff continue to analyze the potential impacts on the County and will bring issues to the Board as appropriate for action.

**FY 2006-07 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 \$1,581,002 in the Public Safety Group Proposition 172 Special Revenue Fund, Operating Transfer Out, based on fund balance available for various Probation projects outlined in recommendations 4-10.

**Recommendation 4**

This request will establish appropriations of \$55,000 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund to fund the purchase of laptops and stands for the Home Supervision vehicles which will increase efficiency while working out in the field. With laptops installed in the vehicles, officers can enter data into the Probation Case Management System, perform caseload research, and prepare reports while in the field.

**Recommendation 5**

This request will establish appropriations of \$135,000 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund to fund the implementation of a new on-line system using the County's Documentum standard for the Background Case

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Management process. This on-line system is included in the Probation Department's Continuity of Operations Plan project to secure vital records and databases. This new system will also allow Probation to properly and adequately secure background files on site rather than using offsite storage.

**Recommendation 6**

This request will establish appropriations of \$542,091 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund. Of this amount, \$344,091 will fund various facility maintenance repairs including the day and night lights, toilet stalls, shower doors and communication system with UHF repeater and UHF portables at the Kearny Mesa Juvenile Detention Facility (KMJDF). An additional amount of \$48,000 will be used to fund the completion of kitchen repair projects and \$150,000 will fund the remaining window replacements at the KMJDF. All repairs are current health and safety issues and have been identified on the major maintenance requirements submittals as MP7788, MP7786, WO-20074257.

**Recommendation 7**

This request will establish appropriations of \$67,000 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund for a major maintenance project to replace exterior security cameras at the Work Furlough Center which do not function properly at night. The monitors for the respective cameras reflect a whiteout image during dark hours and the infra-red portions of the camera are defective. This is a safety issue and has been submitted to the Department of General Services as a work request, WO-20117430.

**Recommendation 8**

This request will establish appropriations of \$275,040 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund for a major maintenance project to replace the fire protection piping and water shut-off valves at all buildings. Existing valves are not functioning properly and require that the whole facility water supply be shut off. All repairs are current safety issues and have been identified on the major maintenance requirements submittals as MP7102 and WO-20073783.

**Recommendation 9**

This request will establish appropriations of \$353,871 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund for the installation of shelving units and other various furniture at the Adult Field Services sites to support the Business Process Re-Engineering (BPR) project focusing on regionalizing midlevel banked caseloads (\$18,945) and to support the purchase of ergonomic equipment (\$334,926). The goal of the BPR is to improve efficiency in service delivery, accountability of probationers, and compliance with conditions of probation for all offenders in banked caseloads. Outcome measures include completing orientation to Probation within 30 days of a probationer's release from custody or referral from court, and reducing failure to appear and warrant issuance by at least 20%.

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**Recommendation 10**

This request will establish appropriations of \$153,000 in the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund for a major maintenance project to replace transit siding shingles, repair interior walls, replace interior and exterior doors, replace metal frame windows, replace carpet, repair/replace ceiling and insulation, repair exterior siding and install ceiling mounted lights at Camp Barrett. These repairs will complete a majority of the outstanding major maintenance projects at the facility and have been identified on the major maintenance requirements submittals as WO-20075667, WO-20075688, WO-20075672, WO-20075675, WO-20075676, WO-20075678, WO-20075679, WO-20075688.

**Recommendation 11**

This request will establish appropriations of \$50,000 in the Probation Department's Asset Forfeiture Fund for law enforcement equipment based on fund balance available. These funds will be used to purchase ammunition, lumber for shooting ranges and other training equipment and will be used at the academies for Probation Officers.

**Recommendation 12 & 13**

This request will establish appropriations of \$1,000,000 in the District Attorney's Office (DA) based on an operating transfer from the Proposition 172 Special Revenue Fund for the purchase of a new document management system. The DA needs a modern document management system to manage the tens of millions of documents that the office processes each year. This request is for the one time costs related to the purchase of software and equipment related to the scanning stations and for information technology upgrades and enhancements required to integrate the department's customized case management systems and security requirements.

**Recommendation 14**

This request will establish appropriations in salaries and benefits of \$1,200,000 for the one time costs of temporary staff help and the strengthening of the Graduate Law Clerk and Student Worker programs in the current fiscal year. These temporary staff resources are required to assist in case processing and legal research in response to an overall 14% increase over the past four fiscal years in felony cases, primarily seen in the Family Protection, Gang Prosecution, Juvenile, North County and South Bay Divisions. This request will also establish appropriations in services and supplies of \$800,000 for unanticipated training needs. Activities will focus on training legal support staff in specific District Attorney operations, including the creation of professional development academy for clerical staff focusing on legal processes and requirements based on the Public Safety Group's Fiscal Year 2005-06 fund balance available.

**Recommendation 15**

This request will transfer appropriations of \$3,435,000 within the Sheriff's Department from Management Reserves to services and supplies. A total of \$500,000 is being transferred for recruitment activities to fill sworn staff vacancies, including a contract with an advertising agency to assist in developing materials for a marketing campaign approved by your Board on 11/14/06 (6), and for the purchase of advertising, including radio ads and billboards. The remaining \$2,935,000 will be for the following major maintenance projects: MP7832 and MP7750 as identified on the major maintenance requirements submittals for improvements to

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training facilities including replacement of restrooms, storage, and a training trailer at the Bomb Range (\$500,000), for a new modular unit with additional locker and restroom facilities at Miramar training facility (\$400,000), for replacement of deteriorating water piping throughout Descanso Detention Facility (\$375,000) as identified on the major maintenance requirements submittal as MP7725, for upgrades to the electronic security program touch screens and hardware at San Diego Central Jail (\$750,000), for additional security around the recreation yards and perimeter fencing at the George Bailey Detention Facility (\$110,000), for modifications to cell doors at the George Bailey Detention Facility (\$300,000), and for a new generator at the East Mesa Central Production Center (\$500,000).

**Recommendation 16**

This request will transfer appropriations of \$750,000 in the Contributions for Trial Court from Management Reserves to services and supplies for one-time administrative services provided by the Department of General Services for the Court Facilities transfer to the State of California per legislation SB 1732.

**Recommendations 17 & 18**

This recommendation establishes appropriations of \$125,000 in Inactive Waste for an Operating Transfer Out to the Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund and amends the Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund Spending Plan. These requests will provide funding for the purchase of trucks that will be available for staff hired in Fiscal Year 2007-08. Estimated lead time for the new trucks is six to eight months due to the specialized equipment. Due to these special requirements the trucks must be ordered this fiscal year in order to be available for staff.

**Recommendation 19**

This recommendation amends the Fiscal Year 2006-07 Department of Public Works Road Fund Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$820,000 to provide funding for the purchase of three new 10-yard dump trucks, three loader trucks, and one new mobile lab trailer.

Funds for the trucks were encumbered during Fiscal Year 2005-06. However, the requisitions for the truck purchases were inadvertently cancelled at the end of Fiscal Year 2005-06. Therefore appropriations are requested to be re-established to purchase the equipment.

The existing mobile lab trailer and its gas and electric systems are over 40 years old. The trailer is needed for DPW Laboratory staff to manage work and projects in North County scheduled to start in 12 months. Because of the specialized nature of the trailer, the lead time for purchasing the replacement is expected to take approximately 12 months. The procurement needs to start as soon as possible.

**Recommendation 20**

This recommendation amends the Department of Public Works Liquid Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$340,000 to provide for the purchase of two new 6" engine – driven portable pumps and one back hoe.

**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
STATUS REPORT AND BUDGET ADJUSTMENTS**

The existing pumps can not be permitted for air quality. Replacement of the pumps with new, emissions-complaint units will enable staff to secure air quality permits. The pumps are needed to handle emergencies at pumping stations to prevent storm water violations.

The two existing backhoes in Wastewater are each 20 years old and need to be replaced. One machine needs to be replaced as soon as possible to ensure timely response to water and wastewater systems emergencies, especially those that occur outside normal business hours when equipment rental is not immediately available.

**Recommendation 21**

This recommendation amends the Department of Public Works Equipment Operations Internal Service Fund Spending Plan in the amount of \$50,000 to provide funding for labor charges to the ISF. Actual work is currently being done by two staff charging the DPW Operations ISF as a new hire learns the operations of the Department of Public Works Internal Service Funds.

**Recommendations 22 & 23**

This recommendation cancels appropriations and related revenue to align the budget for the Campo Water and Sewer Service Fund and establishes appropriations in the Campo Hills Water Treatment System Fund. Funding for these two separate funds was all budgeted in the Campo Water and Sewer Service Fund in the Fiscal Year 2006-07 Operational Plan. Therefore, appropriations are being requested for the Campo Hills Water Treatment System Fund to correct the budget.

**Recommendation 24**

This recommendation transfers Management Reserves for one-time appropriations of the County's match for the Santa Margarita River Watershed Consolidated Grant, awarded to the County by the California State Water Resources Board for Assessment of nutrient and sediment reduction Best Management Practices in the Santa Margarita Watershed. This project will develop a Best Management Practices (BMP) Plan for the Santa Margarita River Watershed. The resulting BMP will lay the ground work for sustaining and protecting this important North County Watershed.

**Recommendation 25**

This recommendation transfers Management Reserves for one-time appropriations in Fiscal Year 2006-07 to develop planning documents for the County's portion of multi-jurisdictional funding required to implement 13267 Order R-9-2006-076 issued by the Regional Water Quality Control Board on July 14, 2006 for required investigations of Santa Margarita, Buena Vista, Agua Hedionda, San Elijo Lagoons and Loma Alta Slough.

**Recommendation 26**

This recommendation amends the Fiscal Year 2006-07 Airport Enterprise Fund Spending Plan in the amount of \$2,116,000 to provide funding for the resurfacing of Taxiway Charlie at Gillespie Field, which is part of the Airport's maintenance program. At the time the budget was prepared there were several Capital Improvement Projects in the works, and it was not known whether

**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
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Airport's staff would be able to initiate work in this project during this fiscal year. With completion of these major projects, there is now capability to complete the overlay. The work will be performed through the County's J.O.C (Job Order Contract) by General Services. Funding sources for this project are \$105,800 in available Airport Enterprise Fund fund balance and \$2,010,200 in reimbursement from a previously approved grant from the Federal Aviation Administration

**Recommendation 27**

This recommendation amends the Fiscal Year 2006-07 Airport Enterprise Fund Spending Plan in the amount of \$12,500 to provide funding for management services at Palomar Airport's North Ramp based on fund balance available. At the time the budget was prepared, it was unknown whether the ramp would be completed this fiscal year. The Palomar Airport North Ramp Capital Improvement Project was completed and the ramp was opened in August 2006. Management services are now needed to manage the ramp. This contract was awarded by Purchasing & Contracting as a result of competitive procurement RFB for Purchase Blanket Agreement, Airport Ramp Management Services # 517379.

**Recommendation 28**

This recommendation establishes appropriations of \$110,000 for staff recruitment. The Department of Public Works has had a significant number of retirements in high level management positions. Therefore, an extensive effort such as advertisements in major publications and an increase in participation in a number of job fairs to reach a larger audience is being made to fill key engineering and airport positions necessary to carry on mandated functions of the County.

**Recommendation 29**

This request will establish appropriations of \$55,000 in CSA 83 – San Dieguito Local Park District to provide funds for contracted landscaping maintenance services in parks located within CSA 83. These appropriations will be used to award a new contract for on-going landscaping maintenance services to maintain the parks at acceptable service levels.

**Recommendation 30 - 33**

As mitigation for impacts to Sweetwater Regional Park resulting from the construction of SR125, Caltrans acquired and deeded to the County a 22.3-acre parcel to be used for active recreation in the Otay Valley Regional Park (OVRP). As a result, the \$250,000 previously budgeted for sports park acquisition in OVRP is no longer needed to purchase property and these funds are being transferred for active recreation and staging area projects in OVRP. Both of these projects are in the concept stage and funds are needed to begin preliminary work including conceptual designs that will allow staff to determine project cost estimates for future improvements. The \$8,214 being transferred to the staging area project is the remaining balance from the completed OVRP Interpretive Center project and will be used to supplement project costs for the staging area.

**Recommendation 34 & 35**



**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
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This request will transfer remaining General Funds from a completed capital project to the Department of Parks and Recreation Department budget for renovations and maintenance activities at Sweetwater Regional Park. The completed Capital project included construction of an equestrian staging area, trail improvements, and parking improvements. It is requested that remaining project funds of \$10,463 be transferred to the Department's budget to provide for ongoing irrigation, planting, and landscaping renovations; gates/posts for equestrian use and trail signage; slope stabilization; stormwater pollution protection; re-design of concession building doors and locks; and anti-graffiti paint at the Sweetwater Valley Little League ballfield complex.

**Recommendation 36 - 38**

Department of Parks and Recreation is responsible for the maintenance of small drinking water systems throughout the County in accordance with revised State and County standards. To keep the water wells at Louis Stelzer and William Heise Parks in compliance with new regulations, funding will allow replacement and testing of the wells at an estimated cost of \$250,000 each.

**Recommendations 39 & 40**

This funding will be used to upgrade the exterior doors and to install a room divider in the main hall of the Lakeside Community Center. In 2006, the doors were inspected by the Fire Marshal and deemed inadequate. Although two exterior doors were repaired with Fiscal Year 2005-06 major maintenance funds, twenty two doors remain to be upgraded. The average durability of this type of door is fifteen years. These doors were installed in 1988 when the building was constructed. In addition, a divider will be installed in the main hall in order to increase the amount of space available for recreation activities. A divider will allow for multiple recreation activities to occur simultaneously, therefore increasing the services provided to the community.

**Recommendations 41 & 42**

These recommendations will provide funding in the amount of \$45,000 to the Department of General Services Fleet ISF for the purchase of vehicles. This action will fund the purchases of a Ford F-150 for the Agricultural Water Quality Program and a Ford Ranger for the Standards Enforcement Program to increase surveillance efforts to ensure compliance with State and local requirements. Since the vehicles will not be entered into the depreciation schedule until late this fiscal year, these costs will be included in the budget for Fiscal Year 2007-08.

**Recommendations 43 - 46**

These recommendations will transfer three positions that provide services sponsored by the Land Use and Environment Group to the Department of Human Resources and County Technology Office. It is requested that the Customer Service activities of an Administrative Analyst I and Administrative Analyst II be transferred to the Department of Human Resources and that the County Web Support activities of an Administrative Analyst II be transferred to the County Technology Office.

**Recommendation 47**

This request will transfer Management Reserves in the amount of \$15,000 for the purchase of a tractor. This equipment is needed to assist Advisors with conducting small farms outreach and the planting of crops used in research trials and collaborative projects with other County

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departments such as DPW. Advisors are not able to utilize similar equipment from the UCCE South Coast Field Station in San Diego because the field station is located in Irvine, CA. Advisors currently rent equipment from local vendors—which involves ongoing costs, insurance waivers, and is subject to risk management and availability issues.

**Recommendation 48**

This request will transfer Management Reserves in the amount of \$24,000 for security door upgrades at Farm and Home Advisor. Current facility doors at COC location are traditional lock and key and provide limited security. “Cipher” locks on exterior doors will assist with keeping the building secure during frequent after-hours meetings, reduce risks and hazards, and allow for tracking incoming/outgoing “traffic”. Tracking incoming/outgoing traffic is important since a UCCE laptop and a wireless mouse have been missing in the last six months.

**Recommendation 49**

This request will transfer Management Reserves in the amount of \$35,000 for the purchase of a hybrid vehicle. The County provides vehicles for University staff to assist with outreach and research efforts. To date, there are not enough department vehicles for each Advisor. A Floriculture Advisor position is being added to the San Diego office. A vehicle that can cross rough terrain and is environmentally sound is needed for this Advisor to complete duties that are heavily focused on field work and outreach in the local agriculture community.

**Recommendation 50**

This request will transfer appropriations of \$50,000 from the Land Use Environment Group Management Reserve to services and supplies in the Department of Agriculture, Weights and Measures to make modifications to the submeter room. These improvements will ensure that the department complies with health and safety regulations.

**Recommendation 51**

This request will establish appropriations of \$171,701 in the Capital Outlay Fund for Capital Project 1000222, Spring Valley Teen Center based on unanticipated revenue from CDBG funds. On May 9, 2006 (13), the Board of Supervisors approved supplemental Community Development Block Grant (CDBG) funding in the amount of \$171,701 for construction of the Spring Valley Teen Center. Although the supplemental funding was approved on May 9, 2006, the appropriations were inadvertently not included in the Capital Outlay Fund during Fiscal Year 2005-06. The proposed action will reestablish the appropriations in the amount of \$171,701 for the Spring Valley Teen Center.

**Recommendation 52**

The Registrar of Voters incurred additional costs associated with the November 2006 Gubernatorial General Election in the amount of \$2,350,000. This amount is due to the additional wages of the temporary election workers required for the full-scale implementation of the Txs units with voter verifiable paper trail and back-up paper ballots at each poll site (\$350,000) and the cost to translate, print, and mail sample ballots in required languages - Spanish, Filipino, and Vietnamese (\$2,000,000). These costs are offset by Election Services' Revenues from jurisdictions that participated in the Election (\$1,100,000) and a portion of the

**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
STATUS REPORT AND BUDGET ADJUSTMENTS**

reimbursement received from the Secretary of State for the cost of the November 2005 Special Statewide Election (\$1,250,000).

**Recommendation 53**

The Registrar of Voters will be conducting a Special Election on March 6, 2007 for the City of Solana Beach and Rainbow Municipal Water District Division One. Projected costs for this election include the following: \$50,000 for salaries and benefits, \$10,000 for Printing, and \$90,000 for Special Departmental Expense. Election Services Revenue will provide funding to conduct this election.

**Recommendations 54 & 55**

These requests will establish appropriations of \$250,000 in the Community Services Group Executive Office based on Fiscal Year 2005-06 fund balance available in the General Fund and amend the Fiscal Year 2006-07 Major Maintenance Internal Service Fund. These requests will provide funding for an improved heating, ventilation and air conditioning (HVAC) system for the County's vault which stores permanent and historical County records. The current system is over 20 years old with only minor repairs being made in the past. This upgrade will ensure that essential County records will be protected against temperature and humidity variations which can cause significant damage over time.

**Recommendation 56**

This request will transfer appropriations of \$80,000 from the Community Services Group Executive Office, Management Reserves, to the Department of Animal Services to continue the Spay and Neuter Coupon Program for the remainder of this fiscal year. Since 2001, the Department of Animal Services (DAS) has distributed spay/neuter rebate coupons to local cat and dog owners to offset the cost of altering their pets. The rebate coupons are funded through a percentage of dog license fee revenues and are intended to cover a portion of the cost involved to spay and neuter pets. The program's intent is to encourage more owners to have their pets spayed or neutered, and thus eventually help reduce the number of unwanted pets that are euthanized. Over the twelve months, the rebate coupon redemption rate has more than doubled from 30% to almost 65%. In an effort to sustain the program in future years, the program has been restructured to make it more cost effective. Coupons from \$25 to \$50 will now be offered to pet owners who wish to spay or neuter their pets. Other measures that will help sustain the program include recent fee increases for licenses and an anticipated increase in the amount that contract cities pay to fund this program from 5% of license revenue to 7% in 2008.

**Recommendation 57**

This request will establish appropriations of \$200,000 in the Community Services Group Executive Office for the purchase of facilities management access and control alarm monitoring servers and related equipment based on Fiscal Year 2005-06 fund balance available in the General Fund. The servers are more than eight years old and are vital to the security and life safety systems throughout the County of San Diego. The equipment is past its useful life and has resulted in intermittent alarm failures, which could impede the necessary critical response required in emergencies.

**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
STATUS REPORT AND BUDGET ADJUSTMENTS**

**Recommendation 58**

This recommendation amends the Major Maintenance Internal Service Fund Spending Plan in the amount of \$3,972,131 to provide funding for the Public Safety Group's emergent major maintenance projects based on Charges for Services. Please see recommendations 6, 7, 8, 10 & 13.

**Recommendation 59**

On November 8, 2005 (9), your Board authorized the County Recorder to participate in activities associated with the development and implementation of the California Electronic Recording Delivery System (e-recording). This recommendation establishes appropriations of \$1,225,000 in the Assessor/Recorder/County Clerk's Office for hardware and development and upgrade costs of the primary information technology systems utilized by the department in the processing of its core functions based on funding available in the Modernization and Vital Statistics Trust Funds. These funds will support development costs for the implementation of e-recording as well as the acquisition of reader/printers. These reader/printers are used by the public to access public records and serve as a source of media for the County's permanent records and for disaster recovery.

**Recommendations 60 & 61**

These recommendations establish appropriations of \$2,416,000 in the Assessor/Recorder/County Clerk's Office and amend the Department of General Services Major Maintenance Internal Service Fund (ISF) Spending Plan to remove asbestos and remodel CAC rooms 103 and 109, for expansion of room 273, and for various branch maintenance projects. This request is supported by \$2,150,000 in Property Tax Administration Trust Fund, \$215,000 in the Modernization Trust Fund, and \$51,000 in the Vital Statistics Trust Fund.

**Recommendation 62**

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 the remodel of room 260 at the County Administration Center to meet ergonomic and health and safety standards. This request is supported by \$250,000 in the Modernization Trust Fund.

**Recommendation 63**

On January 24, 2006 (11), your Board authorized the establishment of appropriations of \$10,375,637 in the Finance and General Government Group Executive Office for the payment of costs related to the transition of information technology and telecommunication services from the current vendor to the new vendor based on fund balance available in the General Fund. During Fiscal Year 2005-06, expenditures totaling \$880,637 were incurred. This recommendation will re-appropriate the remaining balance of \$9,495,000 in the Finance and General Government Group Executive Office for future payments.

**Recommendation 64**

**SUBJECT: FISCAL YEAR 2006-07 SECOND QUARTER OPERATIONAL PLAN  
STATUS REPORT AND BUDGET ADJUSTMENTS**

The support staff for the Oracle Financials and Kronos time keeping systems were transferred to the Auditor and Controller in the FY 2006-08 Operational Plan from the Finance and General Government Group Executive Office. The appropriations to pay the County's IT vendor for the related application maintenance costs, however, remained in the Finance and General Government Group (FGG) Executive Office. Appropriations of \$3.4 million are requested to be transferred to the Auditor and Controller's Department from the FGG Executive Office to align the budget with the organization responsible for managing these applications and all related support costs.

**Recommendation 65**

This recommendation will appropriate \$350,000 in the Auditor and Controller for a one-time Oracle database upgrade. This database upgrade is required to ensure ongoing maintenance of the underlying databases that support the ERP applications.

**Recommendation 66**

The 4S Ranch Assessment District 89-1 Fund ("1989 Fund") was established to finance public improvements such as the construction of a bridge, water and sewer lines and grading and paving of streets in the unincorporated area of 4-S Ranch, a community west of Rancho Bernardo. The fund was established with proceeds from the 1989 Special Assessment District Bonds. In 1997, the original bonds were refunded and the project was completed, therefore the 1989 Fund is no longer needed. This action will close the 1989 Fund and transfer remaining funds to the 1997 Fund to be used for redemption of the 1997 4-S Ranch Special Assessment District Bonds.

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

The County of San Diego is fully committed to using its resources to meet the highest priority needs of its residents as identified in the Fiscal Year 2006-07 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

**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  
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**AUTHORIZED REPRESENTATIVE:** \_\_\_\_\_

Donald F. Steuer, Chief Financial Officer

## **AGENDA ITEM INFORMATION SHEET**

(continued)

### **PREVIOUS RELEVANT BOARD ACTIONS:**

8/01/06 (17) County of San Diego FY 2006-07 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, State and County Budget Update, Encumbrance and Penalty Assessment; and 12/12/06 (18) Fiscal Year 2006-07 First Quarter Operational Plan Status Report and Budget Adjustments.

### **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 2006-2007 2nd Quarter  
Projected Year-end Results**  
(in thousands)

**COUNTY SUMMARY**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

Public Safety	\$ 24,503	\$ 1,067	\$ 25,570
Health & Human Services	95,044	(81,487)	13,556
Land Use & Environment	13,843	(6,040)	7,803
Community Services	8,934	(738)	8,196
Finance & General Government	9,525	425	9,950
<b>Total Agency/Group</b>	<b>151,848</b>	<b>(86,774)</b>	<b>65,074</b>
General Revenues	0	7,116	7,116
Finance Other	31,885	8,597	40,483
<b>Total General Fund</b>	<b>\$ 183,734</b>	<b>\$ (71,061)</b>	<b>\$ 112,673</b>

**Special Revenue Funds**

Public Safety	\$ 1,369	\$ (1,758)	\$ (389)
Health & Human Services	1,300	0	1,300
Land Use & Environment	1,164	3,873	5,037
Community Services	20,126	(18,257)	1,869
Finance & General Government	159	0	159
Finance Other	2,575	3,054	5,628
<b>Total Special Revenue Funds</b>	<b>\$ 26,692</b>	<b>\$ (13,089)</b>	<b>\$ 13,604</b>

**Internal Service Funds Departments**

Public Safety Group	\$ 1,058	\$ (241)	\$ 817
Health & Human Services	0	0	0
Land Use & Environment	0	21	21
Community Services	13,190	(16,095)	(2,905)
Finance & General Government	(0)	0	(0)
Finance Other	4,000	0	4,000
<b>Total Internal Service Funds</b>	<b>\$ 18,248</b>	<b>\$ (16,316)</b>	<b>\$ 1,932</b>

**Enterprise Fund Departments**

Land Use & Environment	\$ 6,523	\$ (3,163)	\$ 3,360
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**Special District Funds Departments**

Public Safety Group	\$ 0	\$ 15	\$ 15
Health & Human Services	137	4	142
Land Use & Environment	1,450	(306)	1,145
<b>Total Special District Funds</b>	<b>\$ 1,587</b>	<b>\$ (286)</b>	<b>\$ 1,301</b>

**Other County Funds Departments**

LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	35	0	35
Finance Other - Majestic Pines	0	0	0
<b>Total Other County Funds</b>	<b>\$ 35</b>	<b>\$ 0</b>	<b>\$ 35</b>

Debt Service - Pension Obligation Bonds	\$ 1,452	\$ 2,063	\$ 3,515
<b>Total County Projected Operating Balance</b>	<b>\$ 238,271</b>	<b>\$ (101,852)</b>	<b>\$ 136,419</b>



**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**PUBLIC SAFETY GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Alternate Public Defender	\$ 841	\$ (99)	\$ 741
Child Support	1,495	214	1,709
Contributions for Trial Courts	1,243	(1,242)	1
Defense Attorney Contract Admin.	516	(133)	383
District Attorney	444	275	719
Emergency Services	161	0	161
Law Enforcement Review Board	0	0	0
Medical Examiner	500	(63)	437
Probation	(300)	1,537	1,236
Public Defender	1,095	(391)	704
Public Safety Executive Office	1,746	870	2,616
Sheriff	16,763	99	16,863
<b>Total General Fund</b>	<b>\$ 24,503</b>	<b>\$ 1,067</b>	<b>\$ 25,570</b>

**Special Revenue Funds Departments**

District Attorney (Asset Forfeiture - State & Federal)	0	7	7
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	224	46	270
Sheriff - Inmate Welfare Program	1,144	(1,811)	(666)
Public Safety - Proposition 172	0	0	0
<b>Total Special Revenue Funds</b>	<b>1,369</b>	<b>(1,758)</b>	<b>(389)</b>

**Internal Service Funds Departments**

Probation	0	0	0
Sheriff(Jail Stores)	1,058	(241)	817
<b>Total Internal Service Funds</b>	<b>1,058</b>	<b>(241)</b>	<b>817</b>

**Special District Funds**

Sheriff (Regional 800 MHz)	0	15	15
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<b>Total Group Projected Fund Balance</b>	<b>\$ 26,929</b>	<b>\$ (917)</b>	<b>\$ 26,012</b>
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**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Programs**

Agency Administration	\$ 11,446	\$ (5,429)	\$ 6,017
Aging & Independence Services	5,151	(3,622)	1,530
Behavioral Health Services	22,981	(22,613)	368
Child Welfare Services	23,967	(22,684)	1,283
Public Administrator/Public Guardian	286	81	368
Public Health Services	1,806	(580)	1,227
Regional Operations	25,246	(23,887)	1,359
Strategic Planning & Operational Support	4,160	(2,755)	1,405
<b>Total General Fund</b>	<b>\$ 95,044</b>	<b>\$ (81,487)</b>	<b>\$ 13,556</b>

**Special Revenue Funds**

Tobacco Securitization Fund	1,300	0	1,300
<b>Total Special Revenue Funds</b>	<b>1,300</b>	<b>0</b>	<b>1,300</b>

**Internal Service Funds**

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

Ambulance Districts	137	4	142
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**Other County Funds Departments**

	0	0	0
<b>Total Health &amp; Human Services Agency</b>	<b>\$ 96,481</b>	<b>\$ (81,483)</b>	<b>\$ 14,998</b>

**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Agriculture, Weights & Measures	\$ 1,297	\$ (972)	\$ 325
Environmental Health	2,104	(695)	1,408
Farm Advisor	0	0	0
Land Use & Environment Group Exec Office	3,542	87	3,629
Parks & Recreation	832	(94)	738
Planning & Land Use	5,918	(4,377)	1,541
Public Works	150	11	161
<b>Total General Fund</b>	<b>\$ 13,843</b>	<b>\$ (6,040)</b>	<b>\$ 7,803</b>

**Special Revenue Funds Departments**

A,W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	0	512	512
DPW - Aviation Funds	42	(42)	0
DPW - Road Funds	934	3,453	4,387
DPW - Inactive Waste	188	(50)	138
<b>Total Special Revenue Funds</b>	<b>1,164</b>	<b>3,873</b>	<b>5,037</b>

**Internal Service Funds Departments**

Public Works - DPW Equip. ISF Prg. (35525-35700)	0	21	21
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**Enterprise Funds Departments**

Airport Enterprise Fund	6,419	(3,179)	3,240
Liquid Waste Enterprise Fund	104	16	120
<b>Total Enterprise Funds:</b>	<b>6,523</b>	<b>(3,163)</b>	<b>3,360</b>

**Special District Funds Departments**

Air Pollution Control District	1,200	(329)	871
Parks and Recreation	0	65	65
DPW - Sanitation Districts & Sewer Maintenance	0	0	0
DPW - CSAs	0	78	78
DPW - PRDs	0	78	78
DPW - Flood Control	250	(250)	0
DPW - Street Lighting Districts	0	53	53
<b>Total Special Districts Funds:</b>	<b>1,450</b>	<b>(306)</b>	<b>1,145</b>

**Other County Funds Departments**

Debt Service-Local Boards	0	0	0
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<b>Total Land Use &amp; Environment Group</b>	<b>\$ 22,980</b>	<b>\$ (5,616)</b>	<b>\$ 17,364</b>
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**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Animal Services	\$ 290	\$ 407	\$ 698
Community Services Group Exec Office	7,073	0	7,073
General Services	14	0	14
Housing & Community Development	1,306	(1,306)	0
Purchasing & Contracting	250	0	250
Library Services	0	0	0
Registrar of Voters	0	160	160
<b>Total General Fund</b>	<b>\$ 8,934</b>	<b>\$ (738)</b>	<b>\$ 8,196</b>

**Special Revenue Funds Departments**

Library Services	2,104	(235)	1,869
Housing & Community Development	18,022	(18,022)	0
<b>Total Special Revenue Funds</b>	<b>20,126</b>	<b>(18,257)</b>	<b>1,869</b>

**Internal Service Funds Departments**

Facilities Management	10,043	(12,019)	(1,976)
Fleet Management	2,536	(3,855)	(1,319)
Purchasing & Contracting	612	(221)	391
<b>Total Internal Service Funds</b>	<b>13,190</b>	<b>(16,095)</b>	<b>(2,905)</b>

**Other County Funds Departments**

Redevelopment Agency	35	0	35
<b>Total Community Services Group</b>	<b>\$ 42,284</b>	<b>\$ (35,090)</b>	<b>\$ 7,194</b>

**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT  
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 1,411	\$ 611	\$ 2,023
Auditor & Controller	1,776	(115)	1,661
Board of Supervisors	13	4	17
CAC-Major Maintenance	0	0	0
Chief Administrative Officer	233	0	233
Civil Service Commission	24	0	24
Clerk of the Board of Supervisors	592	0	592
County Counsel	491	(109)	382
County Technology Office	174	0	174
Finance & GG Exec Office	2,883	0	2,883
Grand Jury	6	0	6
Human Resources	1,465	(119)	1,346
Treasurer-Tax Collector	456	152	608
<b>Total General Fund</b>	<b>\$ 9,525</b>	<b>\$ 425</b>	<b>\$ 9,950</b>

**Special Revenue Funds Departments**

Media & Public Relations	159	0	159
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**Internal Service Funds Departments**

CTO - Information Technology	(0)	0	(0)
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**Total Finance & General  
Government Group**

<b>\$ 9,684</b>	<b>\$ 425</b>	<b>\$ 10,109</b>
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**FY 2006-2007 2nd Quarter  
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &  
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

General Revenues:

All Current Property Taxes	\$ 0	\$ (5,895)	\$ (5,895)
All Other Taxes-Local	0	(3,421)	(3,421)
Licenses, Permits & Franchises	0	485	485
Fines, Forfeitures & Penalties	0	3,575	3,575
Revenue for Use of Money & Property	0	9,966	9,966
Intergovernmental Revenue	0	1,968	1,968
Charges for Current Services	0	0	0
Miscellaneous Revenue	0	437	437
<b>Total General Revenues</b>	<b>\$ 0</b>	<b>\$ 7,116</b>	<b>\$ 7,116</b>

General County Expenses:

Cash Borrowing Program	\$ 0	\$ 0	\$ 0
Community Enhancement	0	0	0
Contingency Reserve	20,000	0	20,000
Contributions to the Capital Outlay Fund	10,176	5,507	15,683
Contributions to Library Fund	0	0	0
Community Projects & Services	(0)	0	(0)
Countywide Expenses	1,709	3,090	4,799
Total Finance Other Expenses	\$ 31,885	\$ 8,597	\$ 40,483
<b>Total General Fund</b>	<b>\$ 31,885</b>	<b>\$ 15,713</b>	<b>\$ 47,599</b>

**Special Revenue Funds Departments**

Capital Program	\$ 2,575	\$ 3,054	\$ 5,628
<b>Total Special Revenue Funds</b>	<b>\$ 2,575</b>	<b>\$ 3,054</b>	<b>\$ 5,628</b>

**Internal Service Funds Departments**

Workers Compensation	\$ 4,000	\$ 0	\$ 4,000
Unemployment Insurance	0	0	0
Public Liability	0	0	0
<b>Total ISF Funds</b>	<b>\$ 4,000</b>	<b>\$ 0</b>	<b>\$ 4,000</b>

**Other County Funds Departments**

Majestic Pines	\$ 0	-	\$ 0
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**Debt Service Funds Departments**

Pension Obligation Bonds	\$ 1,452	\$ 2,063	\$ 3,515
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<b>Total General Revenues &amp; Finance Other</b>	<b>\$ 39,912</b>	<b>\$ 20,830</b>	<b>\$ 60,741</b>
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**FY 2006-2007 2nd Quarter  
Projected Year-end Results**  
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	2nd Quarter FY06-07 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 2,762	\$ 22,808	\$ 25,570
Health and Human Services	5,000	8,556	13,556
Land Use and Environment	3,418	4,385	7,803
Community Services	7,062	1,134	8,196
Finance & General Government	3,300	6,650	9,950
<b>Agency/Group Totals</b>	<b>\$ 21,541</b>	<b>\$ 43,533</b>	<b>\$ 65,074</b>
General Revenues	0	7,116	7,116
General County Expenses	0	20,483	20,483
Contingency Reserve	20,000	0	20,000
<b>Total Gen'l. Revs &amp; Gen'l. County Exp.</b>	<b>\$ 20,000</b>	<b>\$ 27,599</b>	<b>\$ 47,599</b>
<b>Total General Fund</b>	<b>\$ 41,541</b>	<b>\$ 71,132</b>	<b>\$ 112,673</b>

COUNTY OF SAN DIEGO  
NOTES TO SCHEDULES A and B  
FY 2006 - 2007 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*

A net positive variance of \$0.7 million is projected for the Alternate Public Defender.

An expenditure variance of \$0.8 million is projected in salaries and benefits primarily due to vacancies and staff turnover. A negative revenue variance of \$0.1 million is projected in court appointed attorney fees due to implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery.



*Contribution for Trial Courts*

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

A net positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.9 million in Contribution to Other Agencies is due to the 50/50 Excess Split Revenue payment to the State being lower than budgeted due to shortfalls in revenue. This payment, made pursuant to the Trial Court Funding Act of 1997, AB 233, requires each county to remit certain fee, fine, and forfeiture revenue growth to the State Treasury. Also, a positive variance of \$0.3 million is projected in services and supplies due to a positive variance of \$0.6 million in utilities, offset by a negative variance of \$0.1 million in rents and leases and \$0.2 million in Facility ISF Costs.

A negative revenue variance of \$1.2 million is primarily due to the above noted shortfall in various fines and fees, as defined by the Trial Court Funding Act of 1997, AB 233.

*Defense Attorney/Contract Administration*

A positive variance of \$0.4 million is projected for Defense Attorney/Contract Administration.

A positive expenditure variance of \$0.5 million is projected in services and supplies due to savings in the weekly ancillary and defense costs for cases outside the indigent defense contract. A negative revenue variance of \$0.1 million is projected in court appointed attorney fees due to implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery.

*Department of Child Support Services*

A net positive variance of \$1.7 million is projected for the Department of Child Support Services (DCSS).

A net positive expenditure variance of \$1.5 million is projected. A positive variance of \$0.4 million is projected in salaries and benefits due to a limit on backfilling positions as they become vacant. The Operational Plan anticipates that certain positions remain vacant. In the Governor's Proposed Budget, the State Department of Child Support Services does not increase the Fiscal Year 2007-08 allocation to support increases in staffing costs in local child support agencies. The increase in staff costs will be funded through the continued downsizing of staff to a level that can be supported with the current allocation. A positive expenditure variance of \$1.1 million is projected in services and supplies. This is due to decreased costs as a result of a renegotiated lease, renegotiated contracts for services, and streamlining services.

A net positive revenue variance of \$0.2 million is projected. A positive variance of \$1.7 million is projected for Federal IV-D revenue. A negative variance of \$1.3 million is projected for State revenue. These variances are due to adjustments made by the State DCSS to recoup an overpayment of State revenue and an underpayment of Federal IV-D revenue. A negative revenue variance of \$0.2 million is projected for FSD Recovered Costs, resulting from a decline in public assistance child support collections.

*District Attorney*

A net positive variance of \$0.7 million is projected for the District Attorney's Office.

A net positive variance of \$0.4 million is projected for total expenditures. A positive expenditure variance of \$1.1 million in salaries and benefits is due to pending recruitment and hiring of grant funded positions related to grant programs awarded mid-year. A positive variance of \$0.1 million is projected in services and supplies due to the delay in purchasing information technology equipment. A positive variance of \$0.1 million is projected in other costs due to the reduced involvement of outside law enforcement agencies in the Regional Auto Theft Task Force. A negative 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. The associated salaries and benefits appropriations are being directed to operational needs for expenditures related to non-permanent employees including student workers and temporary professionals.

A net positive revenue variance of \$0.3 million is primarily attributable to unanticipated revenue for the Southwest Border Prosecution Initiative of \$0.8 million and unanticipated revenue for the Vertical Prosecution Block Grant Program of \$0.5 million. This is offset by negative variances for the Disability and Health Care Fraud Program of \$0.3 million and the Worker's Compensation Insurance Fraud Program of \$0.2 million due to delays in hiring new positions, a negative variance of \$0.2 million for recovered expenditures, a negative variance of \$0.2 million for miscellaneous revenues, and a negative variance of \$0.1 million for the Real Estate Fraud Program.

*Medical Examiner*

An overall net positive variance of \$0.4 million is projected for the Medical Examiner.

A net positive expenditure variance of \$0.5 million is a result of projected savings in salaries and benefits of \$0.4 million due to vacant Deputy Medical Examiner and Fellow positions 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 lower than budgeted reimbursements for forensic toxicology expenditures due to the expenditure savings noted above.

*Probation*

An overall net positive variance of \$1.2 million is projected for the Probation Department.

A net negative expenditure variance of \$0.3 million is projected due to a positive variance of \$0.5 million in salaries and benefits, offset by a negative variance of \$0.8 million in services and supplies and other charges, primarily due to increased food costs in the institutions and increased communications costs. This negative variance will be mitigated in the Fiscal Year 2006-07 Third Quarter Operational Plan Status Report by the appropriation of over-realized revenues discussed below.

A net positive revenue variance of \$1.5 million is projected. Federal and State Meal program revenues are projected to exceed budget by \$0.2 million due to increasing population in institutions. Work Project crew revenue, Airport Enterprise Funds, Road Funds, and Internal Service Funds accounts are projected to generate an additional \$0.7 million in revenue due to increased demand for Work Project work crews. Proposition 36 funds are projected to exceed budget due to reallocation of an additional \$0.5 million from the Health and Human Services Agency to offset total program costs. Title IV-E revenue will be over-realized by \$0.2 million due to projected increase in the number of officers who time survey for the program. Juvenile Justice Crime Prevention (JJCPA) and Temporary Assistance for Needy Families (TANF) will be over-realized by \$0.8 million based on prior year realized revenue. Standards and Training for Corrections (STC) will be over-realized by \$0.6 million. An additional \$0.7 million in revenue will be realized from various sources including Foster Care, charges for sealing records and court fees. These positive variances are offset by the following projected negative revenue variance of \$2.2 million. Revenue from offender reimbursements for the cost of Supervision/ Investigations (Other Court Costs and Court Administration Fees account) is projected to be under budget by \$0.4 million due to the implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery. Parental reimbursements and Institutional Care Federal revenue for wards detained in institutions are projected to be below budget by \$0.7 million primarily due to fewer undocumented wards detained in Juvenile Hall. Other State Grants will be under-realized by \$0.4 million due to a delayed start for the SB618 program. An additional \$0.7 million in revenue will be under-realized due to Federal Grants such as SB933 and Justice Assistance Grant (JAG).

*Public Defender*

A net positive variance of \$0.7 million is projected for the Public Defender.

A net positive variance of \$1.1 million is projected in salaries and benefits. The cost savings is due primarily to modified positions.

A negative variance of \$0.4 million is projected in revenue due primarily to the implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery and a minimal adjustment for SB90 disallowed expenses for Sexually Violent Predators claims.

*Public Safety Group Executive Office*

A positive variance of \$2.6 million is projected for the Public Safety Group Executive Office.

An overall positive expenditure variance of \$1.7 million is projected. A positive variance of \$1.9 million in services and supplies is due to projected savings in contracted services. A negative variance of \$0.2 million in other charges is due to a technical change in accounting for the Hall of Justice (HOJ) debt service obligation.

A positive revenue variance of \$0.9 million is due to anticipated over-realized Hall of Justice parking fee revenues and rents and concessions.

*Sheriff*

A net positive variance of \$16.9 million is projected for the Sheriff's Department.

An overall positive expenditure variance of \$16.8 million is projected. Salaries and benefits are projected to be \$14.0 million under budget due to salary savings as a result of 278 vacant positions. This projection includes "Expected New Hires" of 95 deputies from forthcoming academies, 15 deputies from lateral transfers and 32 professional staff. It also anticipates 84 retirements/departures. An additional positive variance of \$2.8 million is due to a projected year-end balance in management reserves.

A net positive revenue variance of \$0.1 million is projected. A positive variance of \$0.9 million is projected in Reimbursement Mandated SB 90 due to unanticipated revenue in State reimbursements from previous years. A positive variance of \$0.4 million is projected in SB 924 Correctional Training (STC) due to unanticipated State revenue. A negative variance of \$0.6 million is projected in Reimbursement from Trial Courts due to a new methodology being used by General Services when allocating shared space cost, which decreases the amount of revenue the Trial Courts will reimburse for Weapons Screening. A negative variance of \$0.5 million is projected in Operating Transfers from the Inmate Welfare Fund due to a shortfall in revenue associated with the telephone contract. A negative variance of \$0.1 million is projected in State Aid – Auto Theft Task Force due to a vacant position.

## **Special Revenue Funds**

### *Proposition 172*

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

The Proposition 172 Special Revenue Fund finished Fiscal Year 2005-06 with a \$17.0 million year-end fund balance after adjusting for year-end accruals and actual realized revenues. An additional amount of \$4.9 million remains in the fund from previous years for a total of \$21.9 million. Pursuant to Board of Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan agreed to by the Sheriff, the District Attorney and the Probation Department. A total of \$9.1 million has been appropriated to date through the adoption of the Fiscal Year 2006-07 Operational Plan and through actions of the Board of Supervisors. The Public Safety Group is submitting requests for additional appropriations for the District Attorney and the Probation Department totaling \$2.6 million in the Fiscal Year 2006-07 Second Quarter Operational Plan Status Report.

### *Jail Stores ISF*

A net positive variance of \$0.8 million is projected for the Jail Stores ISF

A positive expenditure variance of \$1.0 million is primarily in Professional and Specialized Services due to the deferral of payment to the telephone vendor associated with the sales of inmate telephone prepaid calling cards, along with the discontinuance in use of prepaid calling cards. A negative revenue variance of \$0.2 million is the net result of a \$0.5 million shortfall in the Recovered Expenditures account due to the discontinuance of telephone prepaid calling card sales to inmates offset by \$0.3 million over-realized in Internal Service Fund Sales due to an increased trend in sales of sundry items to inmates.

### *Sheriff's Inmate Welfare*

A net negative variance of \$0.7 million is projected for the Inmate Welfare Fund. Available Inmate Welfare Fund Balance of \$0.7 million will be used to offset the variance.

A positive expenditure variance of \$1.1 million is projected. A positive variance in services and supplies of \$0.6 million is due mainly to planned reductions in expenditures to offset the inmate telephone contract revenue shortfall. A positive variance in operating transfers of \$0.5 million is projected, also due to the shortfall in revenue associated with the inmate telephone contract.

A net negative revenue variance of \$1.8 million is projected. A negative variance of \$2.2 million is due to non-payment by the vendor for the inmate telephone contract. A positive variance of \$0.4 million is projected due to increased print shop sales and higher than anticipated interest earnings. Available Inmate

Welfare Fund Balance of \$0.7 million will be used to offset the remaining telephone contract revenue shortfall.

## **HEALTH AND HUMAN SERVICES AGENCY**

### **General Fund**

#### *Agency Administration*

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

A net positive variance of \$6.0 million is projected for Agency Administration as a result of expenditure savings of \$11.4 million and projected under-realized revenues of \$5.4 million.

The \$11.4 million expenditure savings includes \$0.8 million in salaries and benefits due to normal attrition, \$5.6 million in services and supplies and a projected year-end balance of \$5.0 million in management reserves. The \$5.6 million savings in services and supplies includes \$3.0 million of emergency appropriations, funded by Tobacco Settlement Revenues, that is set aside as a reserve for bioterrorism, \$2.1 million of information technology appropriations for the transition to Northrup Grumman that won't be used so the department can align costs with the CalWIN allocation, and \$0.5 million in various other services and supplies accounts. The projected \$5.4 million of under-realized revenues is associated with the expenditure savings.

#### *Aging and Independence Services*

A net positive variance of \$1.5 million is projected for Aging and Independence Services as a result of expenditure savings of \$5.1 million and projected under-realized revenues of \$3.6 million.

The expenditure savings of \$5.1 million includes \$0.5 million in salaries and benefits due to vacancies, \$1.1 million in services and supplies and \$3.5 million in operating transfers for the In Home Support Services (IHSS) Public Authority due to health benefits costs being less than budgeted. The projected savings of \$1.1 million in services and supplies is due to reduced IT application costs and other miscellaneous services and supplies. The projected \$3.5 million of under-realized revenues is associated with the expenditure savings.

#### *Behavioral Health Services*

Behavioral Health Services consists of the following: Adult Mental Health Services, Children's Mental Health Services, Alcohol and Other Drug Services, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital (SDCPH) and Edgemoor Hospital.

A net positive variance of \$0.4 million is projected in Behavioral Health Services as a result of expenditure savings of \$23.0 million and projected under-realized revenues of \$22.6 million.

The \$23.0 million expenditure savings includes \$23.2 million in services and supplies and \$0.1 million in other charges. The savings are offset by an over-expenditure of \$0.3 million in salaries and benefits primarily in SDCPH and Edgemoor Hospital due to cost of living increases and equity adjustments. The \$23.2 million savings in services and supplies includes \$21.2 million in Adult and Childrens' Mental Health due to Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services being less than budgeted, delays in contract implementation for Prop 63 and the Mental Health Management Information Systems, and reduced utilization of Medi-Cal inpatient services. It also includes \$2.6 million in Alcohol and Other Drug Services due to savings in contracts for California Screening, Brief Intervention, Referral and Treatment (CASBIRT). The savings in services and supplies are offset by an over-expenditure of \$0.6 million in Inpatient Health Services due to increased medication costs and temporary contract help for SDCPH. The projected \$22.6 million of under-realized revenues is associated with the expenditure savings.

#### *County Child Welfare Services*

A net positive variance of \$1.3 million is projected for County Child Welfare Services as the result of expenditure savings of \$24.0 million offset by a \$22.7 million under realized revenues.

The \$24.0 million expenditure savings includes \$3.5 million in salaries and benefits due to normal attrition and hiring delays, \$22.6 million in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents (AAP) and KinGap due to caseload projections that are less than budgeted. The savings are offset by a \$2.1 million over-expenditure in services and supplies primarily due to Adoptions and Foster Home Licensing recruitment activities and facilities repair costs for Polinsky and San Pasqual. The \$22.7 million in projected under-realized revenues is associated with the expenditure savings.

#### *Public Administration/Public Guardian*

A net positive variance of \$0.4 million is projected for Public Administration/Public Guardian due to expenditure savings of \$0.3 million in salaries and benefits as a result of vacancies and over-realized revenues of \$0.1 million due to an increase in Public Guardian assets and collections.

#### *Public Health Services*

A net positive variance of \$1.2 million is projected for Public Health Services as a result of expenditure savings of \$1.8 million offset by \$0.6 million in under-realized revenues.

The projected expenditure savings of \$1.8 million include \$0.2 million in salaries and benefits due to vacancies, \$1.3 million in services and supplies due primarily to savings in computer related expenditures and \$0.3 million savings in other charges due to a decrease in Child Health Disability and Prevention Treatment Reimbursement Program visits because of the success of Healthy Families program. The projected \$0.6 million in under-realized revenues is due to \$0.4 million in State Child Health Disability revenue that is associated with expenditure savings in other charges and services and supplies, and \$0.2 million in EMS Penalty Assessment revenue that bypassed EMS and was transferred directly to County Medical Services for administration costs.

### *Regional Operations*

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

A net positive variance of \$1.3 million is projected for Regional Operations as a result of expenditure savings of \$25.2 million offset by under-realized revenues of \$23.9 million. The projected savings include \$3.7 million in salaries and benefits due to normal attrition, \$1.4 million in services and supplies due to telecommunications costs associated with the Northrup Grumman transition and special departmental expense for special projects being lower than expected, and \$20.1 million in other charges based on projected caseloads. Savings in other charges consists of \$3.5 million for Child Care payments and \$16.6 million for CalWORKS, Welfare to Work and Refugee Assistance payments. The projected \$23.9 million of under-realized revenues is associated with the expenditure savings.

### *Strategic Planning and Operational Support (SPOS)*

A net positive variance of \$1.4 million is projected for Strategic Planning and Operational Support as a result of \$4.1 million expenditure savings offset by under-realized revenues of \$2.7 million. The projected savings include \$0.9 million in salaries and benefits due to vacancies, and \$3.2 million in services and supplies. The savings in services and supplies is primarily due to \$2.1 million less than anticipated for County Medical Services costs associated with the new eligibility requirements, as well as one-time retro payments being less than budgeted, and \$1.1 million under-spending for the California Healthcare for Indigents Program (CHIP) due to a reduced allocation. The projected \$2.7 million in under-realized revenues is associated with the expenditure savings.

## **Special Revenue Funds**

### *Tobacco Securitization Fund*

A net positive 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, based on an annual draw of \$24.2 million. Fund reports will be based on maximum annual draw of \$27.5 million beginning in FY07-08.

## **LAND USE AND ENVIRONMENT GROUP**

### **General Fund**

#### *Agriculture, Weights and Measures*

A net positive variance of \$0.3 million is projected for Agriculture, Weights and Measures. Projected savings of \$1.0 million in salaries and benefits is primarily due to the delay in hiring for new positions in the High Risk contract (that prevents the introduction of exotic pests through designated pathways), under-filling positions, and attrition. Projected net savings in services and supplies of \$0.3 million is primarily due to emergency measures related to the Sudden Oak Death (SOD) contract that are not anticipated at this time.

A net negative revenue variance of \$1.0 million is projected. A negative variance of \$0.8 million is related to the savings in services and supplies and salaries and benefits costs noted above, from the SOD and High Risk contracts. A negative variance of \$0.3 million is due to a reduction of erosion control services. A positive variance of \$0.1 million is due to recovery of investigative costs and pesticide civil administrative penalties.

#### *Environmental Health*

A net positive variance of \$1.4 million is projected for the Department of Environmental Health. There is a favorable expenditure variance of \$2.1 million. Projected savings of \$1.8 million in salaries and benefits is due to the delays in hiring, under-filling positions, and intentionally holding a position vacant to offset projected under-realized revenue in land use plan check projects. Projected savings in services and supplies of \$0.3 million is due to savings in various accounts related to under-filling positions.

A net negative revenue variance of \$0.7 million is projected. Charges for services are projected to be under-realized by \$0.5 million primarily due to a downturn in land use development projects. Intergovernmental revenues are projected to be \$0.2 million under-realized due to the Radiological Health Contract not being maximized because of vacancies. This revenue shortfall is offset by expenditure savings.

#### *LUEG Executive Office*

A net positive variance of \$3.6 million is projected for the LUEG Executive Office. This includes a projected year-end balance of \$3.5 in management reserves, which will be used in the continuing Business Process Re-engineering and Information Technology efforts of the various departments. In addition, \$0.1 million in over-realized revenues is due to charges from other funds being greater

than anticipated as determined by the A-87 Plan–Executive Office support to other funds.

#### *Department of Parks and Recreation*

A net favorable variance of \$0.7 million is projected by year-end. A net positive expenditure variance of \$0.8 million is primarily due to projected savings in salaries and benefits of \$0.7 million. These savings are generated by short-term vacancies within the department due to the time it took to classify and fill new positions and to backfill an existing position. There are also projected savings in services and supplies of \$0.1 million due to construction delays at the new Spring Valley Gym and Teen Center.

A net negative revenue variance of \$0.1 million is projected due to the new Spring Valley Gym and Teen Center construction delays which will result in a shortfall of budgeted recreational program revenue. Other variances in revenue include a \$0.4 million positive variance in intergovernmental revenues due to the realization of bond act and joint power authority revenue offset by a \$0.4 million negative variance in charges for services revenue due to position vacancies.

#### *Planning and Land Use*

A net positive variance of \$1.5 million is projected for Planning and Land Use. There is a positive expenditure variance of \$5.9 million. A positive variance of \$2.7 million in salaries and benefits is due to vacancies pending recruitment and the intentional holding of 10 positions vacant to offset projected shortfalls in building inspection and plan check revenue. Projected savings in services and supplies of \$3.2 million includes \$2.6 million in consultant services. This is comprised of \$1.2 million that is related to the Multiple Species Conservation Program (funding and expenditures span several years for MSCP activities and will not be fully expended in the current fiscal year), \$0.7 million in projected savings in the General Fund Allocation to the Fire Safety and Fuels Reduction Program and \$0.7 million related to consultant savings in the Building Division for overflow plan check and building inspection services. The balance of the service and supplies savings of \$0.6 million is spread over various services and supplies accounts.

A projected revenue shortfall of \$4.4 million is comprised of several accounts. Projected negative variances of \$1.2 million in Construction Permits, \$0.7 million in Plan Check Field Inspection and \$2.3 million in Services to Property Owners are a result of fewer than normal construction projects. This revenue shortfall is offset by savings in salaries and benefits costs. The remaining \$0.2 million is spread over various other revenue accounts.

### **Special Revenue Funds**

#### *Parks and Recreation*

### *Park Land Dedication*

A favorable variance of \$0.5 million for Park Land Dedication is projected by year-end, due to additional revenue being realized from park land dedication fees. The surplus is due to a higher level of development than anticipated.

### *Department of Public Works*

#### *Road Fund*

A net positive variance of \$4.4 million is projected for the Road Fund. A positive expenditure variance of \$0.9 million includes \$1.2 million savings in salaries and benefits due to turnover and vacancies offset by a negative variance of \$0.3 million in services and supplies due to increased costs in various projects.

A positive revenue variance of \$3.5 million is projected. Revenue from use of money & property is projected to be over-realized by \$0.7 million, due to interest on deposits and investments, developer deposits and rents and concessions. Intergovernmental revenues will be over-realized by \$5.1 million, primarily due to reimbursement from Federal Aid for Disaster and Federal Aid Rain Damage for the 2005 Winter Storms. Charges for services are projected to be under-realized by \$2.5 million due to decreased work for others due to program changes. Miscellaneous revenue is projected to be over-realized by \$0.2 million primarily due to the sale of surplus property.

## **Enterprise Funds**

### *Department of Public Works*

#### *Airports*

A net positive variance of \$3.2 million is projected for the Airport Enterprise Fund as a result of expenditure savings of \$6.4 million and projected under-realized revenues of \$3.2 million.

Projected savings in services and supplies of \$1.5 million is due to under-spent line item accounts for landscaping supplies & services, internal agreements, consultant contracts (as needed contracts) and rents & leases in equipment. Projected savings of \$4.9 million in Capital Assets/Land Acquisition is due to anticipated bids and construction contract awards in July 2007 for the Palomar Runway Rehabilitation, Gillespie Field West Transient Ramp, Palomar Runway Safety Area Phase 2 projects, Fallbrook Modular Terminal Building/Construct Terminal Parking Apron and Gillespie Field Overlay Transient Ramp projects.

A net negative variance of \$3.2 million in revenue includes \$4.1 million in under-realized revenue from Federal grants related to Capital projects offset by a \$0.9 million surplus in Rents and Concessions for additional equity payments under terms of the amended lease agreement for 4 Fixed Based Operators, North Ramp anticipated lease revenue and Palomar Airport hangar sales. The \$4.1

million unearned revenue is offset by the expenditure savings in capital projects noted above.

## **Special District Funds**

### *Air Pollution Control District*

A net positive variance of \$0.9 million is projected for the Air Pollution Control District. A positive expenditure variance of \$1.2 million includes savings in salaries and benefits of \$0.8 million due to hiring delays, vacancies, and under-filled positions and savings of \$0.4 million in services and supplies due to delays in procurement of modular partitions and an energy management system.

A net negative revenue variance of \$0.3 million includes \$0.4 million in under-realized permit fees due to lower than anticipated incoming application levels and \$0.3 million under-realized in miscellaneous revenue from asbestos inspections, caused by a decline in condominium conversion activity. This is offset by \$0.4 million in over-realized revenue from interest projected to be earned based on Moyer and mitigation fund balances.

## **COMMUNITY SERVICES GROUP**

### **General Fund**

#### *Animal Services*

A net positive variance of \$0.7 million is projected for year-end. A positive expenditure variance of \$0.3 million is primarily due to savings in services and supplies of \$0.2 million and an additional \$0.1 million savings in salaries and benefits due to vacancies resulting from turn-over. A net positive revenue variance of \$0.4 million is projected due to an unanticipated revenue allocation of \$0.7 million from SB90 combined with a decrease of approximately \$0.3 million due to decreased dog license sales. The department is working with its contract cities to promote the benefits of licensing (at rabies clinics for example) and recent fee increases are also expected to improve collections.

#### *CSG Executive Office*

The projected favorable variance of \$7.1 million in the CSG Executive Office is due to a projected balance in management reserves at year-end. The Group office maintains these reserves to mitigate the risks of its departments' operations, to accumulate funds for one-time projects, and to provide funding for emergencies.

#### *Housing and Community Development*

No net variance is projected for HCD. HCD projects a positive expenditure variance of \$1.3 million. The variance is the result of salaries and benefits savings of \$0.8 million due to vacant and under-filled positions, and \$0.5 million in overall services and supplies savings (office and miscellaneous expense, inter-

departmental expense and postage). The expenditure variance is offset by a corresponding projected revenue shortfall of \$1.3 million, since the department's direct expenditures are 100% offset by outside revenue sources.

#### *Contribution from the General Fund to Purchasing and Contracting ISF*

A net positive variance of \$0.3 million is projected for the Contribution from the General Fund to Purchasing & Contracting ISF. This appropriation provides a portion of the funding for the Records Management division and, due to unfilled vacancies in the ISF, is not projected to be used.

### **Internal Service Funds (ISFs)**

#### *Purchasing and Contracting ISF*

A net positive variance of \$0.4 million is projected for the Purchasing and Contracting Internal Service Fund comprised of a positive expenditure variance of \$0.6 million offset by a negative revenue variance of \$0.2 million. The expenditure variance includes projected savings of \$0.3 million in salaries and benefits due to employee turnover and subsequent vacancies and projected savings in services and supplies of \$0.3 million due to combined cost savings in various services and supplies accounts. The negative revenue variance of \$0.2 million is due to operating transfers into the fund not being made due to vacancies in the Records Management Services.

#### *Facilities Management*

A net unfavorable variance of \$2.0 million is projected by fiscal year-end for Facilities Management. A favorable expenditure variance of \$10.0 million is offset by a projected unfavorable revenue variance of \$12.0 million for Facilities Management. Facilities Management consists of two funds, the Major Maintenance ISF and the Facilities Management ISF.

In the Major Maintenance ISF, a favorable expenditure variance of \$8.0 million is projected to offset an unfavorable revenue variance of \$8.0 million for a net zero variance. The favorable expenditure variance consists of projected under-spending in services & supplies of \$6.6 million and in operating transfers of \$1.4 million (the operating transfers are paid to the Facilities Management fund for project management services). The projected under-expenditure is based on an estimate of 76% of the budgeted work being done in the fiscal year, which is comparable to last year's 76%. The negative revenue variance is due to reduced charges for services for the reduced amount of work.

In the Facilities Management ISF, a total unfavorable variance of \$2.0 million is projected, comprised of a favorable expenditure variance of \$2.1 million offset by an unfavorable revenue variance of \$4.1 million. The expenditure variance is the result of a favorable variance of \$1.4 million in salaries and benefits and a favorable variance of \$0.7 million in services and supplies. The revenue variance is made up of several offsetting categories: \$5.6 million unfavorable in

charges for services, and a net \$1.5 million favorable variance in other categories. Substantially all of the projected total unfavorable variance is due to a combination of higher than budgeted contract costs and under-collection of revenue in the facilities maintenance and contracts functions. The department's mitigation plan is to monitor costs and service requests and request budget adjustments to be funded in the 3<sup>rd</sup> Quarter Budget Status board letter.

#### *Fleet Management*

A net unfavorable variance of \$1.3 million is projected for the Fleet Management Internal Service Fund. A total favorable expenditure variance of \$2.5 million is offset by an unfavorable revenue variance of \$3.8 million.

The favorable expenditure variance of \$2.5 million is the result of \$0.5 million of savings in salaries and benefits due to staff vacancies, \$1.3 million of savings in services and supplies primarily due to a change in the accounting for parts purchases that eliminates payments from one division of Fleet to another and savings in fuel costs due to market fluctuations in the price of fuel, \$0.4 million of savings in other charges due to less than anticipated recording of depreciation, \$0.2 million of savings in Capital Assets due to pending departmental decisions regarding the purchase of vehicles (buses) and \$0.1 million in unused Contingency Reserves.

The unfavorable revenue variance of \$3.8 million is due to offsetting projections in several categories. Charges for services is projected to be \$4.0 million under budget. This variance is due to the change in the accounting for parts purchases noted above, and to projections for fewer billable hours than budgeted due to staff vacancies, absences and non-billable activities such as training. Other Financing is projected to be \$0.3 million under budget due to the loss on the sale of fixed assets as result of the full salvage value on the sale of vehicles being less than anticipated. Interest earnings are projected to be \$0.3 million over budget. Miscellaneous revenues are projected to be over budget by \$0.2 million due to third party recoveries for insurance settlements.

Mitigation plan: The Fleet ISF is projecting that expenditures will exceed revenues due to less than budgeted billable hours associated with staff vacancies. As a remedy the department is monitoring workload and filling vacant positions to increase billable hours. The current year's operating deficit will be offset by Fiscal Year 2005-06 fund balance in the Fleet group of funds.

### **Special Revenue Funds**

#### *Housing and Community Development Special Revenue Fund*

No net variance is projected. A favorable expenditure variance of \$18.0 million is offset by an unfavorable revenue variance of the same amount. 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 \$18.0 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 \$1.9 million is projected for the Library. The expenditure variance is expected to be \$2.1 million. Projected savings of \$0.9 million in salaries and benefits is the result of normal staff turnover and vacancies that are anticipated to be filled. Active recruitment for hard-to-fill positions continues to be a priority for the Library. A net under-expenditure of \$0.1 million in services and supplies is primarily the result of delays in scheduled maintenance to facilities, slight reductions in contracted services, and planned minor equipment purchases, offset by a planned small increase in acquisition of specialty library materials. A net negative variance in Capital Assets Equipment of \$0.1 million is due to the purchase of equipment for recently remodeled branch libraries. The expenditure variance also includes \$1.2 million in a projected year-end balance in management reserves. The department maintains these reserves for emergencies and to accumulate funding for future one-time expenditures, such as major maintenance and technology improvements.

A net negative variance of \$0.2 million is projected for revenues. Due to decreases in supplemental tax revenues, revenue from current secured property taxes is projected to be \$0.2 million under budget. Aid from Other Governmental Agencies is expected to be \$0.1 million more than budgeted due to increased grant revenue. Charges for current services are projected to be \$0.1 million less than budgeted, primarily due to reductions in the amount of fees collected.

#### **Finance & General Government Group**

##### *Assessor/Recorder/County Clerk*

An overall net favorable variance of \$2.0 million is projected for the Assessor/Recorder/County Clerk.

A net positive expenditure variance of \$1.4 million is primarily due to projected savings in salaries and benefits due to staff turnover and vacancies.

A net positive revenue variance of \$0.6 million is projected. This variance is primarily due to anticipated over-realized revenue of \$3.8 million in AB 2890 revenue due to greater than anticipated receipts for supplemental assessments and a surplus of \$0.1 million in fees for certified copies. This is offset by projected shortfalls of \$2.5 million in Recording Document revenue and \$0.5 million in Property Tax System Administration revenue due to the housing and refinancing slowdown, and \$0.3 million in modernization fees that is related to the projected expenditure savings noted above.

*Auditor and Controller*

An overall net positive variance of \$1.7 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$1.8 million is projected primarily due to anticipated savings in salaries and benefits (\$1.6 million) due to longer than anticipated delays in hiring. The department experienced an average of 28 to 30 vacancies during the first half of the fiscal year and anticipates an average of 25 vacancies through the end of the fiscal year due to staff turnover and longer than anticipated delays in hiring. The additional factor contributing to the variance is a projected year-end balance of \$0.2 million in management reserves.

A net negative revenue variance of \$0.1 million is projected due to a revenue shortfall of \$0.1 million in A-87 revenues as a result of adjustments for actual costs and credits carried forward in the Fiscal Year 2006-07 cost plan and several shortfalls/surpluses in various revenue accounts.

*Clerk of the Board*

An overall net positive variance of \$0.6 million is projected for the Clerk of the Board of Supervisors.

A net positive expenditure variance of \$0.6 million is primarily due to \$0.2 million in projected salary savings as a result of hiring delays, \$0.2 million in projected service and supplies savings due to lower than anticipated contract and utility costs and a projected year-end balance of \$0.2 million in management reserves.

*County Counsel*

An overall net positive variance of \$0.4 million is projected for the Office of County Counsel.

A net positive expenditure variance of \$0.5 million is due primarily to a projected positive variance of \$0.3 million in expenditure transfers and reimbursements to offset the costs of the legal staff members that provide exclusive legal services to HHSA and DEH and projected salary savings of \$0.2 million due to retirements and departures of staff.

A net negative revenue variance of \$0.1 million is due primarily to revenue shortfalls associated with the salary and benefit savings described above.

*Finance and General Government Executive Office*

An overall favorable variance of \$2.9 million is projected for the Finance and General Government Executive Office primarily due to projected savings in salaries and benefits of \$0.2 million and a projected year-end balance of \$2.7 million in management reserves.



### *Human Resources*

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

A net positive expenditure variance of \$1.5 million is projected. This expenditure variance is primarily due to projected savings of \$0.7 million in salaries and benefits due to staff turnover and the use of modified positions. A positive variance of \$0.8 million in services and supplies is due to cancellation of prior year encumbrances and anticipated savings on various insurance policies.

A net negative revenue variance of \$0.1 million is projected due to lower than budgeted reimbursed costs from the Workers Compensation Internal Service Fund, which is related to a portion of the expenditure savings noted above.

### *Treasurer-Tax Collector*

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

A net positive expenditure variance of \$0.4 million is projected. This variance is primarily due to anticipated savings in salaries and benefits of \$0.1 million and anticipated savings in services and supplies of \$0.1 million and a projected year-end balance of \$0.2 million in management reserves.

A net positive revenue variance of \$0.2 million is projected. This variance is primarily due to \$0.1 million in over-realized revenues from AB2890 Recovered Cost, and \$0.1 million in over-realized revenues from Other Assessments and Tax Collection fees. This over-realized revenue is directly related to mortgage rates and the local employment rate which both impact the local housing market.

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

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

A net positive variance of \$48.0 million is projected for these two categories combined, comprised of an estimated additional \$7.1 million in General Purpose Revenues and a \$40.9 million net positive variance in General County activities.

#### General Revenues

The San Diego economy continues to show overall positive, but slower, growth.

- San Diego's unemployment rate averaged 4.3% in 2005 and 3.9% in 2006. San Diego's unemployment rate continues to compare favorably to both the U.S. (5.1% in 2005 and 4.7% in 2006) and California unemployment rates (5.4% in 2005 and 4.8% in 2006).

- Unadjusted local sales tax transactions grew by 0.1% for the County as a whole for July through September 2006 compared to the same time period for 2005. The unincorporated area shows an unadjusted sales tax decline of 8.5%; adjusting for retroactive pay adjustments the decline was 1.8%. The decrease was primarily in the business and industry category, specifically in heavy industrials and repair shop/hand tool rentals. Reviewing sales tax data for January through September 2006, however, shows that the unincorporated area sales tax grew by 1.6% compared to the same period in 2005. In comparison, Southern California and the State experienced sales tax revenue growth of 1.7% and 1.0%, respectively, for July through September 2006 compared to the same period for 2005.
- The housing boom that has been driving the U.S., California, and local economies has softened. The demand for housing in the County is slowing, as evidenced by the reduction in residential building permits, declining median housing prices, and the length of time of property listings. Overall, property tax growth is decelerating and property turnover and new construction are being watched closely. Relatively low interest rates and the area's population growth continue to mitigate against the possibility of a decline in property taxes.

#### *All Current Property Taxes*

All Current Property taxes are estimated to show a net negative variance of \$5.9 million.

- *Property Taxes - Current Supplemental*  
Current Supplemental Property Taxes are projected to be \$6.7 million lower than budget. This projection is based on a review of collections to open charges through the January 16 Property Tax System apportionment (apportionment 6 of 13). The current secured supplemental roll (charges) is down 18.5% from the same time last year. Further, supplemental bill releases are down 24% countywide (approximately \$56.1 million) through January 13, 2007 compared to the same period last year.
- *Property Taxes - Current Unsecured*  
Current Unsecured Property Taxes are projected to be \$0.8 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base. The final roll included adjustments for personal property and improvements that increased the current unsecured roll's assessed value by 15.4% resulting in the projected revenue increase.

### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be \$3.4 million under budget.

- *Property Tax in Lieu of VLF*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$3.4 million over the budgeted amount of \$274.5 million. The assessed value growth factor for 2006-07 is 12.15%, approximately 1.15% higher than the 11.0% growth rate used to calculate the budgeted revenue. An adjustment was also made to the County's 2005-06 Property Tax in Lieu of VLF revenue based on final calculations of the assessed value across the various local governments. This change resulted in a one-time positive adjustment to the County for 2005-06 of \$272,400 and it also raised the County's base in 2006-07. The County's new base for 2006-07 is \$277.7 million.
- *Real Property Transfer Taxes*

A negative variance of \$8.7 million in revenue is estimated for Real Property Transfer Taxes (RPTT) due to much weaker activity than anticipated in the real estate sector. According to DataQuick Information Systems, the total number of homes sold in San Diego in December 2006 (3,613 homes) dropped 15% compared to December 2005 (4,262 homes). In addition, the median price of homes declined 6.4% compared to December 2005.
- *Sales and Use Taxes*

A positive revenue variance of \$0.7 million is estimated for Sales and Use Taxes based on current activity through January for Fiscal Year 2006-07 and projected advances through the end of the year.
- *Redevelopment Agency Tax Increment*

A projected \$4.3 million positive revenue variance is estimated for the Redevelopment Agency Tax Increment. This projection is based on the year to date collections compared to last year at the same time, and expected collections based on existing Redevelopment Agreements with growth from the share of inflation/incremental revenue clauses and settlement payments increases in various agreements.
- *Teeter Tax Reserve Excess*

The Teeter Tax Reserve Excess is estimated to be \$3.5 million lower than budget. This projection is based on a review of total reserves available to meet the Revenue and Taxation Code requirement of maintaining a reserve of not less than 25% of the total teetered delinquent secured taxes and assessments (R&C section 4703.2). For Fiscal Year 2006-07, the reserve requirement is \$16.7 million.

Through June 30, 2006, the available reserve was \$10.3 million. Approximately \$6.4 million of the penalty and interest revenue generated from payments on the teetered delinquent property taxes will need to be set aside to reach the required reserve before any revenue can be recognized in the General Fund. Better data is expected by the end of the third quarter and a revised estimate will be provided at that time.

- *Other Tax Aircraft Unsecured*

A positive revenue variance of \$0.3 million is estimated for Other Tax Aircraft Unsecured based on current activity through January for Fiscal Year 2006-07 and projected adjustments and corrections through the end of the year.

*Licenses, Permits, and Franchises*

Franchise payments from San Diego Gas and Electric are expected to be received in March 2007. The March 2007 payment is projected to include marginal growth over March 2006 actuals of \$4.7 million based on total sales of electric energy and gas.

*Fines, Forfeitures and Penalties*

Penalties and Cost Delinquency Taxes are projected to be approximately \$3.5 million above budget. This increase is attributed to the overall increase in the property tax base as well as a continued higher delinquency rate compared to prior years. Revenues in this account reflect the 10% penalty that is assessed on late current year property tax payments.

*Revenue from Use of Money and Property*

A net positive variance of \$10.0 million is projected for interest on deposits. This positive variance is based on two factors: one, higher cash balances during the year than assumed when the budget figures were prepared in March/April 2006, and two, higher than estimated interest rates compared to 2005-06. The 2006-07 second quarter interest apportionment rate was 5.18%, compared to a 2005-06 average rate of 3.47%.

*Intergovernmental Revenues*

A net positive variance of \$2.0 million is projected. State Motor Vehicle In-Lieu Tax revenues were budgeted at zero. The state-local agreement of 2004 inadvertently deleted the payment mechanism to transfer excess State Motor Vehicle In-Lieu Tax revenue collections to local governments. The payment mechanism was fixed in budget trailer bill AB 1805 and the California Department of Finance mailed to the County of San Diego payments totaling \$1.97 million for Fiscal Years 2004-05 and 2005-06.

### *Miscellaneous Revenues*

A net positive revenue variance of \$0.4 million is projected. Generally the County transfers the fund balance from the annual flex plan forfeitures fund to the County General Fund at the end of the following fiscal year. However, due to timing changes and a new service provider, the County did not close out the Fiscal Year 2004-05 fund in 2005-06. All disbursements have subsequently been processed and a total transfer of \$1.4 million is planned for 2006-07, a positive variance of \$0.4 million over the budgeted amount.

### General County Expenses

#### *Contingency Reserve*

The entire \$20.0 million budgeted in the Contingency Reserve in FY 2006-07 is expected to be unspent at year-end.

#### *Facility Lease Payments*

A net positive variance of \$0.7 million is projected. A positive variance of \$0.5 million is the result of lease payment savings of \$0.3 million for the 1998 Hall of Justice and \$0.2 million for the 1999 East Mesa project. A positive variance of \$0.2 million is the result of rents and concessions from the Metropolitan Transit Development Board (MTDB) being higher than expected.

#### *Contributions to Capital/Debt Reduction*

Appropriations of \$15.0 million were established on May 9, 2006 in Contributions to Capital for the Edgemoor Skilled Nursing Facility project based on General Fund fund balance for unanticipated costs related to the project. These appropriations were unspent at the end of Fiscal Year 2005-06 and were carried forward into 2006-07. On September 25, 2006, \$5.0 million was expended and in October an additional \$0.3 million was expended, for a total of \$5.3 million. On October 31, 2006, the Board of Supervisors approved and authorized the Clerk of the Board of Supervisors to execute the Declaration of Official Intent to reimburse certain expenditures from proceeds of indebtedness. Subsequently, as a result of the issuance of additional lease revenue bonds for the Edgemoor Project in December, 2006, the \$5.3 million spent to date was returned to the County from the proceeds. Overall, a positive variance of \$15.0 million is expected in Contributions to Capital in Fiscal Year 2006-07.

#### *ERP Lease Purchase Payments*

Savings of \$1.7 million in the Enterprise Resource Planning (ERP) lease purchase payment is projected. \$6.7 million was budgeted for the ERP system lease-purchase payment, but only \$5.0 million was required this year. The final payments were made to the vendor last year, allowing the ERP acquisition fund to be closed out. There was a remaining balance in the fund from interest earnings and it was used to offset a portion of the current year lease payment.

*Countywide Exp. – General Fund Adj. – Registrar of Voters*

Unbudgeted revenue totaling \$3.1 million is projected for FY 2006-07. The State of California reimbursed the County of San Diego for costs related to the November, 2005 statewide election (\$2.68 million) and the County is expected to be reimbursed approximately \$0.4 million for the April 2006 50<sup>th</sup> congressional district election. These reimbursements offset most of the General County fund balance used in Fiscal Year 2005-06 to support appropriations for these elections. The State is reimbursing the County on a per voter basis for the 50<sup>th</sup> congressional district election, which will result in about half the cost of the election being recovered.

## **Special Revenue Funds**

*Capital Program*

A net positive variance of \$5.6 million is projected for the Edgemoor Development Fund in the Capital Program. The positive expenditure variance of \$2.6 million in services and supplies is due to costs, related to the sale and lease of property at the Edgemoor site, being less than expected.

A positive year-end revenue variance of \$3.0 million is projected. A positive variance of \$2.3 million is due to recovered expenditures related to the Edgemoor trustee returning to the County of San Diego \$2.3 million of the 2007/08 lease payment. The amount was originally prepaid to the trustee due to the delays in the completion of the Edgemoor Skilled Nursing Facility. As part of the issuance of additional certificates of participation to complete the Edgemoor project, the lease prepayment was returned to the County and the payment will be made to the certificate holders on the required due date. The remaining positive variance of \$0.7 million is due to the proceeds from the sale of a fixed asset being higher than expected.

## **Internal Service Funds**

*Workers Compensation Employee Benefits ISF*

A net positive variance of \$4.0 million is projected for the fund. The contingency reserve appropriations are not anticipated to be spent in Fiscal Year 2006-07. The unspent appropriations are expected to improve the fund's year-end cash balance.

*Public Liability ISF*

Staff is projecting no net variance in the Public Liability ISF, but there is a potential for an overall negative variance of \$4.8 million.

The cash balance in the Public Liability ISF has exceeded the actuarially determined reserve levels over the last several years. This cash position has allowed a portion of the estimated annual expenditures to be offset with fund balance in lieu of departmental contributions. Subsequent to completion of the

Fiscal Year 2006-07 budget, a new actuarial valuation was completed that reported a significantly higher liability compared to the previous year. The liability as of June 30, 2006 was \$31.1 million as compared to \$17.5 million in 2005. This increased total liability exceeded the cash balance in the fund by \$1.2 million, effectively eliminating fund balance as an available funding source. Subsequent review determined that the increase was primarily due to a change in the methodology for reporting potential litigation settlement costs to the actuary. County staff has met with the actuary to refine the risk versus estimated payout levels and has submitted updated data for the next actuarial valuation report, scheduled to be released in draft form in late February. It is anticipated that the new report will reduce the actuarial liability and thereby free up fund balance to meet the portion of expenditures that are not offset by contributions from departments and interest earnings. Staff will provide an update in the 3rd Quarter Status Report.

### **Debt Service Funds**

#### *Pension Obligation Bonds (POB's)*

A net positive variance of \$3.5 million is projected for the fund. The variance of \$0.5 million is due to administrative cost savings related to the POBs. \$1.0 million is due to the actual variable interest rate on the POBs being less than the budgeted variable interest rate, and approximately \$2.0 million is expected to be over-realized in charges for current services and aid from intergovernmental agencies. Available year-end over-realized revenue and appropriation savings will be retained in the fund to pay-down or reduce the principal balance of the POBs when conditions are favorable or when allowed by the bond indenture.