



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: March 16, 2021

23

TO: Board of Supervisors

SUBJECT

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

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2020-21 Adopted Operational Plan, as measured by projected year-end fund balance from current year operations. The projected year-end balance for the General Fund is \$182.6 million, and \$270.0 million for all budgetary funds combined. The projected fund balance anticipates variances from the Fiscal Year 2020-21 Amended Budget, which assumes General Purpose Revenue will perform better than estimated, and all business groups will produce operating balances, except the Health and Human Services Agency (HHS) which projects no net operating balance due to the inclusion of emergency response costs, which are anticipated to be fully offset by receipt of additional federal and State emergency response funding to supplement CARES Act revenues to continue response efforts through the end of the fiscal year.

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

In the Land Use and Environment Group (LUEG), recommendations include appropriations adjustments for the Fallbrook Local Park, for the construction of active recreation features in San Luis Rey River Park Dulin Road Active Recreation Node, for distributing Fish and Game State Fines and Forfeitures monies to the public, for road maintenance and planning services, for the Safe Reopening Compliance Program, for expenditures related to strengthening the County of San Diego's areas in Temporary Event Food Program, Hazardous Materials Business Plan information, Recreational Water Programs, and Disaster Recovery and for unanticipated right of way needs.

In the Finance and General Government Group (FGG), recommendations include appropriations adjustments for the Sheriff Technology and Information Center Project, for information

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technology, facilities and personnel costs tied to the transition of the Board and for costs tied to the implementation of a special election to fill the vacancy in California State Assembly District 79.

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

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

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

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 13):**

2. Establish appropriations of \$37,000 in the Park Land Dedication Ordinance (PLDO) Area 36 Bonsall Fund, Operating Transfers Out based on available prior year PLDO Area 36 Bonsall Fund fund balance; *and* establish appropriations of \$37,000 in the Capital Outlay Fund, Capital Assets/Land Acquisition for Capital Project 1021895, San Luis Rey River Park Moosa Downs Active Recreation Node, based on an Operating Transfer In from the PLDO Area 36 Bonsall Fund; *and* transfer appropriations of \$190,000 in the Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1021896, San Luis Rey River Park Dulin Road Active Recreation Node to Capital Project 1021895, San Luis Rey River Park Moosa Downs Active Recreation Node to provide funds for the construction of active recreation features. **(4 VOTES)**
3. Establish appropriations of \$40,000 in the Fish and Game Propagation Fund, Other Charges, for distributing Fish and Game State Fines and Forfeitures monies to the public based on available prior year Fish and Game Propagation Fund fund balance. **(4 VOTES)**
4. Authorize the Auditor and Controller to increase the Department of Environmental Health and Quality Fund Balance Commitment within the General Fund by \$342,214 based on available prior year General Fund fund balance for future year fee-related expenses in the Department of Environmental Health and Quality. **(4 VOTES)**
5. Establish appropriations of \$25,000 in the Permanent Road Division Zone No. 12 - Lomair, Services & Supplies, for road maintenance and planning services based on special assessments collected within Lomair. **(4 VOTES)**
6. Establish appropriations of \$12,000 in the Permanent Road Division Zone No.75A - Gay Rio Drive Zone A, Services & Supplies, for road maintenance and planning services based on special assessments collected within Gay Rio Drive Zone A. **(4 VOTES)**
7. Establish appropriations of \$210,000 in the Department of Planning & Development Services, Services & Supplies, for the Safe Reopening Compliance Program based on available prior year General Fund fund balance. **(4 VOTES)**

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8. Establish appropriations of \$39,824 in the Department of Environmental Health and Quality, Services & Supplies, for expenditures related to strengthening the County of San Diego's areas in Temporary Event Food Program, Hazardous Materials Business Plan information, Recreational Water Programs, and Disaster Recovery, based on unanticipated revenue from Environmental Public Health and Emergency Response grant funds for the project period of September 1, 2020 through August 31, 2021. **(4 VOTES)**
9. Establish appropriations of \$125,000 in the Department of Public Works Road Fund (Org 53405), Other Charges, for unanticipated right of way needs, based on an Operating Transfer In from the Department of Public Works General Fund. **(4 VOTES)**
10. Transfer appropriations of \$412,724 from Sheriff's Department, Services & Supplies, to the Contributions to Capital Outlay Fund, Operating Transfers Out, to provide funding for Sheriff Technology and Information Center Project; *and* establish appropriations of \$412,724 in the Justice Facility Construction Fund for Capital Project 1021130, Sheriff Technology and Information Center Project, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
11. Establish appropriations of \$1,010,000 in the Board of Supervisors District offices, Salaries & Benefits (\$910,000) and Services & Supplies (\$100,000) for ongoing and new staffing costs, information technology costs, one-time personnel costs tied to the transition of the Board and one-time furniture and equipment needs based on available prior year General Fund fund balance; *and* approve the request to add 12.00 staff years in the Board of Supervisors district offices District 1 (4.00 staff years), District 2 (3.00 staff years), District 3 (3.00 staff years), District 4 (1.00 staff year) and District 5 (1.00 staff year) for ongoing staffing needs to support ongoing community outreach efforts. **(4 VOTES)**
12. Establish appropriations of \$3,600,000 in the Registrar of Voters, Services & Supplies, for costs tied to the implementation of a special election to fill the vacancy for the California State Assembly District 79 based on available prior year General Fund fund balance. **(4 VOTES)**
13. Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, including ratifications as noted in Appendix C, in the net amount of \$10,393,776 for major maintenance projects listed in Appendix C that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; *and* establish and cancel appropriations, including ratifications, as noted in Appendix C for a net increase of \$10,393,776 in the Major Maintenance Capital Outlay Fund and adjust related funding sources as noted to accurately classify major maintenance projects for financial reporting purposes. **(4 VOTES)**

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FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year 2020-21 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of \$4,859,824, transfers between budgetary funds of \$1,497,838 and no cancellation of appropriations. The funding sources for the increase are available prior year General Fund fund balance (\$4,820,000) and Program Revenues (\$39,824).

In all other funds combined, these actions will result in a net increase to the overall budget of \$11,082,499, transfers between budgetary funds of \$711,111, and cancellation of appropriations of \$521,111. The funding sources for the net increase are Operating Transfers In from the General Fund (\$11,452,610), Fish and Game Propagation Fund (\$40,000), Park Land Dedication Ordinance (PLDO) fund (\$37,000), Permanent Road Division fund (\$37,000) and Operating Transfers In from PLDO fund (\$37,000) which are partially offset by a decrease in Operating Transfers In from the Library Fund (\$521,111).

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

As shown in Schedule A, the General Fund year-end fund balance projection of \$182.6 million is based on the estimate that expenditures will be approximately \$164.8 million more than the Fiscal Year 2020-21 Amended Budget due to the inclusion of emergency response costs tied to the pandemic and revenues will be a net \$347.4 million more than the Fiscal Year 2020-21 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year-to-date changes that have been either approved by your Board or the Deputy Chief Administrative Officer/Chief Financial Officer, when permitted. The General Fund year-end fund balance projection includes the assumption that the County will continue to incur COVID-19 costs and anticipates receipt of additional federal and State emergency response funding to supplement CARES Act revenues to continue response efforts through the end of the fiscal year. The projected balance for all other funds combined is \$87.4 million.

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

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GENERAL FUND EXPENDITURE VARIANCES

The projected higher than budgeted expenditures generating an overall negative expenditure variance of \$164.8 million in the General Fund are primarily attributable to the following:

- \$29.4 million in negative salary and benefit appropriation variance driven by a negative variance in HHSA due to additional temporary staffing and overtime costs for COVID-19 emergency response efforts, partially offset by a positive variance in all other groups due to staff turnover and department management of vacancies.
- \$145.0 million in negative appropriation variance in Services & Supplies across the County.
 - In PSG, projected overall positive expenditure variance of \$9.6 million due to lower than anticipated expenses in various accounts supporting operations, such as information technology services in Child Support Services, lower than anticipated use of contracted services due to the COVID-19 Public Health Order in Probation, one-time costs related to the Regional Communication System (RCS) site relocations/development projects that will be re-budgeted in the Fiscal Year 2021-22 CAO Recommended Operational Plan in Sheriff's Department and lower expenditures related to the Ember Resistant Vent Program in San Diego County Fire Authority.
 - In HHSA, projected overall negative variance of \$192.2 million primarily tied to COVID-19 emergency response efforts in Administrative Support (including a continuation of the County's T3 Strategy of Test, Trace and Treat in addition to implementation of countywide vaccination efforts), Public Health Services, Aging & Independence Services and Child Welfare Services (including services to support the increased number and acuity of youth in CWS during the pandemic). This is offset by a positive variance in Behavioral Health Services primarily in contracted services associated with various mental health and alcohol and drug treatment programs due to procurement delays and also decreased service delivery costs.
 - In LUEG, projected overall positive variance of \$3.6 million primarily in the Department of Environmental Health and Quality due to lower than anticipated project costs for the Vector Habitat Remediation Program (VHRP), Plan Check fee waivers for restaurant and various accounts impacted by the Governor's Stay At Home Order, including travel and training, office expenses and supplies.
 - In FGG, projected positive variance of \$4.4 million is projected primarily in Assessor/Recorder/County Clerk (ARCC) due to the delay of one-time Microfilm Conversion/Duplication, Restoration and Treatment for ARCC Archive Film, and truncation of official records, which will be completed in Fiscal Year 2021-22 and in FGG Executive Office due to information technology projects that are anticipated to span across multiple fiscal years.
 - In FO, projected positive variance of \$29.5 million is projected that includes \$25.0 million which was appropriated to replenish the General Fund Reserve per *Administrative Code Section 113.1 General Fund Balances and Reserves* and information technology projects that are anticipated to extend beyond the current fiscal year (\$4.5 million).
- A projected net positive appropriation variance of \$12.1 million in Other Charges reflects variances primarily in HHSA driven by revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs)

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program and in PSG due to legislation that extended the State's timeline to implement juvenile justice realignment.

- A projected positive appropriation variance of \$1.8 million in Capital Assets Equipment primarily in PSG due to lower expenditures related to fire apparatus purchases.
- A projected negative appropriation variance of \$6.0 million in Expenditure Transfer & Reimbursements in PSG due to lower than anticipated expenditures in the Department of Child Support Services- Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services and lower expenditures in facility maintenance; and in HHSA due to lower than anticipated contracted costs to administer the County's Hotel/Motel Voucher program.
- A projected positive appropriation variance of \$1.7 million in Operating Transfers Out primarily in HHSA due to reduced funding needs for In-Home Support Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services.

GENERAL FUND REVENUE VARIANCES

The projected over realized revenue of \$347.4 million includes positive variances totaling \$350.2 million and negative variances of \$2.8 million. In many instances, the negative revenue variances are directly associated to the positive expenditure variances described above.

The projected positive revenue variance of \$350.2 million is primarily attributable to the following categories: Intergovernmental Revenues (\$274.5 million) mainly tied to federal and State revenues for COVID-19 emergency response efforts along with the use of Realignment revenue to help offset costs based on the assumption that the County will continue to incur significant COVID-19 emergency response costs (HHSA's projection anticipates receipt of additional federal and State emergency response funding to supplement CARES Act revenues to continue response efforts through the end of the fiscal year), pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies, and over-realized revenue for reimbursement from the California Department of Corrections and Rehabilitation for inmate housing costs, which are partially offset by projected negative variance primarily in assistance payments revenue due to revised CalWORKs caseload projections and alignment of behavioral health program revenue with anticipated spending; Taxes Current Property (\$40.8 million) primarily due to an increase in property tax collection based on a decrease in delinquency rate from 4.0% to 1.4% and higher than budgeted growth in assessed valuation; Taxes Other Than Current Secured (\$18.1 million) mainly due to higher than anticipated local secured assessed value growth and higher than budget in Teeter Tax Reserve Excess revenues; Fines, Forfeitures & Penalties (\$9.0 million) due to higher than anticipated collection of penalties and interest; Revenue from Use of Money & Property (\$5.1 million) due to a higher projected average daily cash balance than what was budgeted which was used to calculate the interest revenue; Miscellaneous Revenues (\$2.6 million) to align with the anticipated loan disbursement for the Innovative Housing Trust Fund and from various settlement receipts, California Municipal Finance Authority receipt and from escheatment offset by projected negative variance due to lower administration costs for anticipated services charged to the Employee Benefits Internal Service Fund and lower anticipated revenues related to the Ember Resistant Vent Program; and Licenses, Permits & Franchises (\$0.2 million) primarily due to a higher than anticipated number of building permit applications offset by projected negative variance of under-realized revenue due to deferral of permit fee invoices.

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The projected negative variance of \$2.8 million is largely in Charges for Current Services (\$1.5 million) related to Vector Control Trust Fund revenue and Third Party Reimbursements related to the Hazardous Materials Trust Fund, a decline in billable activities for land development projects, park and campsite closures related to the COVID-19 public health order, offset by projected positive variance due to higher than anticipated receipts from traffic school fees, over-realized revenue from Trial Court Security Subaccount and unanticipated revenue from the Jamul Indian Village and Assistance by Hire agreements; and Other Financing Sources (\$1.3 million) due to decreases in transfers from the Inmate Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions, and reduced penalty assessment revenue.

ADJUSTMENTS TO THE FISCAL YEAR 2020-21 ADOPTED BUDGET

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

The recommendations for budget adjustments are explained as follows:

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 13):**

Recommendation 2

Additional funding is needed to complete construction documents for Bonsall Community Park. Both Rio Prado Park and Bonsall Community Park are part of the San Luis Rey River Park (SLRRP), and community outreach and site analysis for both sites were completed conjunctly. Through this process it was decided to add more active recreation features to Bonsall Community Park than Rio Prado Park, increasing the cost of construction documents. If approved, this recommendation will establish appropriations in the amount of \$227,000 in the Capital Outlay Fund for Capital Project 1021895, San Luis Rey River Park Moosa Downs Active Recreation Node based on a transfer (\$190,000) from Capital Project 1021896, San Luis Rey River Park Dulin Road Active Recreation Node (Rio Prado Park) and a transfer (\$37,000) from Park Land Dedication Ordinance (PLDO) Area 36 Bonsall to provide funds for the construction of active recreation features. The total estimated cost of the project is \$25.0 million and is expected to be completed in Fall 2023.

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Recommendation 3

This request will establish appropriations of \$40,000 in the Fish and Game Propagation Fund, Other Charges, based on available prior year Fish and Game Propagation Fund fund balance generated by fines for violations of the State Fish and Game Code. These funds will be awarded to qualifying applicants meeting the guidelines for distribution of Fish and Game State Fines and Forfeitures monies to the public through a grant program supporting habitat improvement in the region.

Recommendation 4

On February 24, 2004 (23), the Fund Balance Commitment for the Department of Environmental Health and Quality (DEHQ) was established within the General Fund. This Commitment ensures that revenue received from fees and permits that exceeds costs paid by Environmental Health and Quality customers in any fiscal year is used only to fund fee-related expenses in DEHQ in future years when costs may exceed revenue. For Fiscal Year 2019-20, this excess revenue equaled \$342,214. This action authorizes the Auditor and Controller to increase the General Fund Commitment for Environmental Health and Quality in Fiscal Year 2020-21 by \$342,214 based on available prior year General Fund fund balance and does not move funds into DEHQ. If approved, the total amount in the DEHQ Fund Balance Commitment will be \$4,141,399. Consistent with Board direction on April 25, 2018 (1), DEHQ is working to rebuild its committed fund balance over the next several years to respond to uncertainty of future regulatory changes in environmental health programs, public or environmental health emergency response needs, and/or changes in economic conditions that influence permit volumes. The proposed increase to the fund balance commitment also is to comply with Proposition 26, which requires DEHQ to align fees to the services provided to fee payers in each fee category.

Recommendations 5 & 6

These recommendations will establish appropriations of \$37,000 in two Permanent Road Division (PRD) Zones for road maintenance and planning services based on available prior year PRD fund balance. Maintenance costs for these two PRDs were finalized and additional fund balance is needed to complete the repairs. Recommendation 5 will establish appropriations of \$25,000 in Permanent Road Division Zone No.12 for road maintenance and planning services in the Escondido/Hidden Meadows area, based on available prior year Permanent Road Division Zone No. 12 - Lomair fund balance. Recommendation 6 will establish appropriations of \$12,000 in Permanent Road Division Zone No. 75A for road maintenance and planning services in the Lakeside area, based on available prior year Permanent Road Division Zone No. 75A - Gay Rio Drive Zone A fund balance.

Recommendation 7

On January 12, 2021 (4), the Board authorized expansion of the Safe Reopening Compliance Program to include operations not fully complying with Safe Reopening Plan and proactive inspections. If approved, this recommendation will establish appropriations of \$210,000 in the Department of Planning & Development Services, Services & Supplies, for temporary staff and 24-hour call center services to support the Safe Reopening Compliance Team based on available prior year General Fund fund balance.

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Recommendation 8

On June 24, 2020 (12), the Board of Supervisors adopted resolutions authorizing LUEG Department Directors and/or their designee(s) to submit, negotiate, accept and execute all documents necessary to secure grant funding from non-profits, local, state and federal agencies through Fiscal Year 2024-25. On August 25, 2020, the Department of Environmental Health and Quality (DEHQ) received a Notice of Award for an Environmental Public Health and Emergency Response grant from the US Department of Health and Human Services, Centers for Disease Control and Prevention (CDC) Office of Financial Resources. The project awarded will work toward strengthening the County of San Diego's areas in the Temporary Event Food Program, Hazardous Materials Business Plan information, Recreational Water Programs, and Disaster Recovery. This is a multi-year, non-competitive grant and DEHQ was awarded up to \$39,824 annually for the project period of September 1, 2020 through August 31, 2025 subject to available funding. This is a request to establish appropriations of \$39,824 in DEHQ in Services & Supplies for expenditures related to Strengthening the County of San Diego's areas in Temporary Event Food Program, Hazardous Materials Business Plan information, Recreational Water Programs, and Disaster Recovery project, based on unanticipated revenue from Environmental Public Health and Emergency Response grant funds for the project period of September 1, 2020 through August 31, 2021.

Recommendation 9

This recommendation will establish appropriations of \$125,000 in the Department of Public Works (DPW) FY20-21 Detailed Work Program for Woodside Ave Safety project right of way services based on an Operating Transfer In from the DPW General Fund. The additional appropriations are required this fiscal year due to unanticipated right of way needs.

Recommendation 10

On August 1, 2017 (14), the Board established Capital Project 1021130, Sheriff Technology and Information Center (STIC) Project. The current project budget is \$48,243,186; funding sources are available prior year General Fund fund balance (\$46,072,848), Poway Redevelopment Fund (\$1,827,277), and Regional Communications System Trust Fund (\$343,061). Today's recommendation will establish appropriations of \$412,724 to provide for additional migration of Sheriff's Data Services Division from Building 19 to the STIC based on an Operating Transfer In from the Sheriff's Department. The funding source is existing General Purpose Revenue. Total estimated project costs are \$48,655,910. Project construction is substantially complete and migration is estimated to be completed by December 2021.

Recommendation 11

This recommendation will establish appropriations of \$1,010,000 based on available prior year General Fund fund balance to provide funding for ongoing staffing needs to support ongoing community outreach efforts, increase in information technology costs tied to increase staffing, various one-time personnel costs and one-time facility needs related to the transition of the Board of Supervisors offices in Districts 1, 2 and 3. This recommendation will also add 12.00 staff years in the Board of Supervisors District 1 (4.00 staff years), District 2 (3.00 staff years), District 3 (3.00 staff years), District 4 (1.00 staff year) and District 5 (1.00 staff year) for staffing needs to support ongoing community outreach efforts in their respective region.

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Recommendation 12

This recommendation will establish appropriations of \$3,600,000 based on available prior year General Fund fund balance to provide funding tied to implementation of a primary special election to fill the vacant seat for California State Assembly District 79 scheduled for April 6, 2021 and if there is no winner with over 50% of the vote implement the June 8, 2021 special election. The seat became vacant after Shirley Weber became California Secretary of State on January 29, 2021.

Recommendation 13

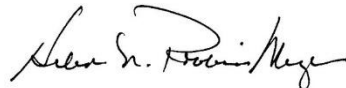
Board Policy B-37, *Use of Capital Program Funds*, notes that on occasion, due to the nature of major maintenance projects, these projects may be reclassified as an operating or capital expense based on financial reporting requirements. Pursuant to Board Policy B-37, to ensure accuracy in financial reporting,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

This recommendation will result in a net increase of appropriations in the MMCOF of \$10,393,776 and reclassification of major maintenance projects which are supported by existing department budgets.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Building Better Health, Living Safely, Sustainable Environments/Thriving and Operational Excellence in the County of San Diego's 2021-2026 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

- Schedule A
- Schedule B
- Notes to Schedules A and B
- Appendix C

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STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

December 8, 2020, Fiscal Year 2020-21 First Quarter Operational Plan Status Report and Budget Adjustment; August 25, 2020 (02), County of San Diego Fiscal Year 2020-21 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT: Finance & General Government Group

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

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**FY 2020-2021 2nd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	2nd Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 25,439	\$ 9,414	\$ 34,853
Health & Human Services Agency	(238,877)	238,877	0
Land Use & Environment	10,163	(9,488)	675
Finance & General Government	8,895	2,191	11,086
Total Agency/Group	(194,379)	240,993	46,614
General Purpose Revenue	0	104,499	104,499
Finance Other	29,542	1,985	31,528
Total General Fund	\$ (164,837)	\$ 347,478	\$ 182,641
Special Revenue Funds			
Public Safety	\$ 2,974	\$ 42,441	\$ 45,415
Health & Human Services Agency	0	0	0
Land Use & Environment	11,874	16,863	28,737
Total Special Revenue Funds	\$ 14,848	\$ 59,304	\$ 74,152
Capital Program			
Finance Other	\$ 279	\$ (279)	\$ 0
Internal Service Funds Departments			
Land Use & Environment	\$ 1,666	\$ 70	\$ 1,737
Finance & General Government	14,243	(8,679)	5,565
Finance Other	(14,195)	7,294	(6,901)
Total Internal Service Funds	\$ 1,715	\$ (1,314)	\$ 401
Enterprise Fund Departments			
Public Safety Group	\$ 558	\$ (558)	\$ 0
Land Use & Environment	1,503	2,594	4,097
Total Enterprise Funds	\$ 2,062	\$ 2,036	\$ 4,097
Special District Funds Departments			
Public Safety Group	\$ 43	\$ 389	\$ 433
Health & Human Services Agency	398	0	398
Land Use & Environment	8,164	(331)	7,833
Total Special District Funds	\$ 8,605	\$ 58	\$ 8,663
Other County Funds Departments			
HHSA - Red./Redev. Successor Agency	\$ 0	\$ 0	\$ 0
HHSA - Housing & Community Development	0	0	0
Total Other County Funds	\$ 0	\$ 0	\$ 0
Debt Service - Pension Obligation Bonds	\$ 0	\$ 82	\$ 82
Total County Year-End Operating Balance	\$ (137,328)	\$ 407,364	\$ 270,037

**FY 2020-2021 2nd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	2nd Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 260	\$ (164)	\$ 96
Child Support	1,152	1,039	2,191
District Attorney	3,153	0	3,153
Emergency Services	100	(84)	16
Medical Examiner	0	0	0
Probation	4,145	(1,737)	2,407
Public Defender	344	(344)	0
Public Safety Executive Office	382	6,240	6,622
San Diego County Fire Authority	2,914	(1,327)	1,587
Sheriff	12,989	5,791	18,780
Total General Fund	\$ 25,439	\$ 9,414	\$ 34,853

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	0	0
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	0	230	230
Sheriff - Inmate Welfare Program	2,974	(338)	2,636
Criminal Justice Facility	0	86	86
Courthouse	0	86	86
Penalty Assessment	0	922	922
Public Safety - Proposition 172	0	41,455	41,455
Total Special Revenue Funds	\$ 2,974	\$ 42,441	\$ 45,415

Enterprise Funds

Sheriff	\$ 558	\$ (558)	\$ -
Total Enterprise Funds	\$ 558	\$ (558)	\$ -

Special District Funds

Sheriff (Regional 800 MHz)	\$ 0	\$ 0	\$ 0
County Service Areas	43	(43)	0
Community Facilities Districts	0	432	432
Total Special District Funds	\$ 43	\$ 389	\$ 433

Total Public Safety Group

Total Public Safety Group	\$ 29,015	\$ 51,686	\$ 80,701
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**FY 2020-2021 2nd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue	Variance	2nd Quarter FY20- 21 Projected Fund Balance
Favorable/(Unfavorable)			

General Fund Programs

Administrative Support	\$ (104,197)	\$ 97,556	(6,641)
Aging & Independence Services	(48,324)	48,324	-
Behavioral Health Services	19,530	(18,350)	1,180
Child Welfare Services	(2,485)	2,485	-
Public Health Services	(125,731)	125,731	-
Self-Sufficiency Services	11,607	(11,607)	-
Housing & Community Development Services	10,724	(5,263)	5,461
Total General Fund	\$ (238,877)	\$ 238,877	-

Special Revenue Funds

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

Special District Funds Departments

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

Other County Funds Departments

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

Total Health & Human Services Agency	\$ (238,479)	\$ 238,877	398
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**FY 2020-2021 2nd Quarter
Projected Year-End Results**
(in thousands)

LAND USE & ENVIRONMENT GROUP

	Expenditure Variance	Revenue Variance	2nd Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund Departments			
Agriculture, Weights & Measures	\$ 900	\$ (708)	\$ 192
Department of Environmental Health and Quality	6,522	(6,185)	337
Land Use & Environment Group Exec Office	144	(60)	84
Parks & Recreation	1,328	(1,327)	2
Planning & Development Services	286	(281)	5
Public Works	982	(928)	54
Total General Fund	\$ 10,163	\$ (9,488)	\$ 675
Special Revenue Funds/Departments			
A,W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0
Parks & Recreation - PLDO	0	1,447	1,447
DPW - Aviation Funds	0	0	0
DPW - Road Fund	6,673	11,037	17,710
DPW - Survey Monument Preservation	300	0	300
DPW - Inactive Waste	368	(368)	0
DPW - Waste Planning and Recycling	1,371	55	1,425
Library Services	3,162	4,692	7,855
Total Special Revenue Funds	\$ 11,874	\$ 16,863	\$ 28,737
Internal Service Funds			
Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 1,666	\$ 70	\$ 1,737
Total Internal Service Funds	\$ 1,666	\$ 70	\$ 1,737
Enterprise Funds			
Airport Enterprise Fund	\$ 633	\$ 3,070	\$ 3,704
Wastewater Management Enterprise Fund	870	(477)	393
Total Enterprise Funds:	\$ 1,503	\$ 2,594	\$ 4,097
Special District Funds/Departments			
Air Pollution Control District	\$ 1,741	\$ (416)	\$ 1,325
Parks and Recreation	0	0	0
Parks - Community Facilities Districts	0	247	247
DPW - SD County Sanitation District	5,003	(50)	4,953
DPW - Campo WSMD-Zone A (Rancho Del Campo Water)	0	0	0
DPW - CWSMD-Zone B (Campo Hills Water)	1	(1)	0
DPW - Live Oak Springs Water	75	(75)	0
DPW - CSAs	43	7	50
DPW - PRDs	0	0	0
DPW - Community Facilities Districts	348	91	439
DPW - Flood Control	243	(188)	55
DPW - Street Lighting District	710	53	763
Total Special Districts Funds:	\$ 8,164	\$ (331)	\$ 7,833
Total Land Use & Environment Group	\$ 33,371	\$ 9,707	\$ 43,078

Numbers may not total due to rounding.

**FY 2020-2021 2nd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	2nd Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Law Enforcement Review Board	\$ 235	\$ 0	\$ 235
Assessor/Recorder/County Clerk	4,102	(199)	3,903
Auditor & Controller	198	754	952
Board of Supervisors	0	0	0
Chief Administrative Office	168	17	185
Civil Service Commission	6	0	6
Clerk of the Board of Supervisors	161	(83)	78
County Communications Office	16	828	844
County Counsel	2,032	211	2,244
County Technology Office	244	378	622
Finance & GG Exec Office	256	335	591
General Services	80	0	80
Grand Jury	325	0	325
Human Resources	615	402	1,017
Purchasing & Contracting	0	0	0
Registrar of Voters	0	0	0
Treasurer-Tax Collector	457	(452)	5
Total General Fund	\$ 8,895	\$ 2,191	\$ 11,086

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	\$ 0
Facilities Management	3,535	(3,000)	535
Major Maintenance ISF	0	0	0
Fleet Management	7,375	(8,105)	(730)
Purchasing & Contracting	3,333	2,426	5,760
Total Internal Service Funds	\$ 14,243	\$ (8,679)	\$ 5,565

**Total Finance & General
Government Group**

Total Finance & General Government Group	\$ 23,139	\$ (6,488)	\$ 16,651
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**FY 2020-2021 2nd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	2nd Quarter FY20-21 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$ 0	\$ 40,842	\$ 40,842
All Other Taxes-Local	0	18,054	18,054
Licenses, Permits & Franchises	0	(82)	(82)
Fines, Forfeitures & Penalties	0	7,638	7,638
Revenue for Use of Money & Property	0	5,385	5,385
Intergovernmental Revenue	0	32,127	32,127
Charges for Current Services	0	535	535
Miscellaneous Revenue	0	0	0

Total General Purpose Revenue

\$ 0	\$ 104,499	\$ 104,499
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General County Expenses:

Cash Borrowing Program	\$ 0	\$ 0	\$ 0
Community Enhancement	0	0	0
Contribution to County Library	0	0	0
Contributions to the Capital Outlay Fund	0	0	0
Lease Payments - Bonds	18	0	18
Local Agency Formation Comm Admin	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	29,524	1,985	31,510
Total Finance Other Expenses	29,542	1,985	31,528

Total General Fund

\$ 29,542	\$ 106,485	\$ 136,027
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Capital Program Funds

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

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

Workers Compensation	\$ 2	\$ 0	\$ 2
Unemployment Insurance	(14,197)	7,294	(6,902)
Public Liability	0	0	0

Total ISF Funds

\$ (14,195)	\$ 7,294	\$ (6,901)
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Debt Service Funds Departments

Pension Obligation Bonds	\$ 0	\$ 82	\$ 82
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Total Debt Service Funds

\$ 0	\$ 82	\$ 82
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**Total General Purpose Revenue & Finance
Other**

\$ 15,626	\$ 113,582	\$ 129,209
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**FY 2020-2021 2nd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management Reserves	Projected Operating Balances	2nd Quarter FY20-21 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 34,853	\$ 34,853
Health and Human Services Agency	0	0	0
Land Use and Environment	0	675	675
Finance & General Government	0	11,086	11,086
Agency/Group Totals	\$ 0	\$ 46,614	\$ 46,614
General Purpose Revenue	\$ 0	\$ 104,499	\$ 104,499
General County Expenses	0	31,528	31,528
Total General Purpose Revenue & General County Expense	\$ 0	\$ 136,027	\$ 136,027
Total General Fund	\$ 0	\$ 182,641	\$ 182,641

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2020-21 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 business group and department by fund or fund type.

Management Reserves

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

Variance Reporting

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

PUBLIC SAFETY GROUP

General Fund

Public Safety Group Executive Office/Contribution for Trial Courts

A positive variance of \$6.6 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.4 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to lower than anticipated costs for temporary staff, \$1.3 million in Services & Supplies due to lower than anticipated expenditures in facility maintenance, contracted services, and major maintenance projects, partially offset by a negative variance of \$1.1 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenses previously mentioned.

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

District Attorney

A positive variance of \$3.2 million is projected for the District Attorney's Office.

A positive expenditure variance of \$3.2 million is projected in Salaries & Benefits due to due to normal attrition, vacant and modified positions.

No revenue variance is projected.

Sheriff

A positive variance of \$18.8 million is projected for the Sheriff's Department.

A positive expenditure variance of \$13.0 million is projected. A positive variance of \$10.9 million in Salaries & Benefits is projected due to vacancies, attrition, under-filled positions and lower than anticipated costs for temporary staff and overtime. The Salaries & Benefits projection already takes into account the transfer of funding for Ridgehaven Renovation and Modernization major maintenance capital outlay fund project (\$12.0M). A positive variance of \$1.7 million is projected in Services & Supplies primarily for one-time costs related to the Regional Communication System (RCS) site relocations/development projects that will be re-budgeted in the Fiscal Year 2021-22 CAO Recommended Operational Plan and due to lower than anticipated expenditures in various accounts supporting operations such as professional & specialized services, contracted services, minor equipment, and travel. A positive expenditure variance of \$0.4 million is projected in Capital Assets Equipment due to lower than anticipated costs for the Cal-ID program.

A positive revenue variance of \$5.8 million is projected. A net positive variance of \$5.1 million in Intergovernmental Revenues is due over-realized revenue for reimbursement from the CA Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at state facilities in response to the COVID-19 pandemic and over-realized revenue from the Federal Government for reimbursement of CARES Act CRF expenditures, partially offset by lower than anticipated revenue in State Aid Other for reimbursement of costs to provide a jail-based competency program and in Aid from Governmental Agencies for reimbursement of costs for School Resource Officers due to school closures. A net positive variance of \$3.1 million is projected in Charges for Current Services primarily due to over-realized revenue from Trial Court Security Subaccount, partially offset by lower than anticipated revenue from jail bed leasing and civil service process fees. A negative variance of \$1.3 million is projected in Other Financing Sources due to decreases in transfers from the Inmate Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions, and reduced penalty assessment revenue. A negative variance of \$0.7 million is projected in Fines, Forfeitures and Penalties due to lower than anticipated costs for the Cal-ID program and lower than anticipated overtime costs to be reimbursed from Sheriff's Warrant Automation Trust Fund revenue. A negative variance of \$0.4 million is projected in Miscellaneous Revenues due to RCS site relocation/development projects that will be re-budgeted offset by increased Network Operating Cost revenue.

Child Support Services

A positive variance of \$2.2 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$1.2 million in Salaries & Benefits is due to vacant and modified positions and \$2.9 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations, such as information technology services, partially offset by a negative variance of \$2.9 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services.

A positive revenue variance of \$1.0 million is projected. A positive variance of \$0.5 million in Intergovernmental Revenues due to higher than anticipated State and Federal revenue and a positive variance of \$0.7 million in Charges for Current Services based on higher than anticipated incentive revenue received from the California Department of Child Support Services, partially offset by a negative variance of \$0.2 million in Miscellaneous Revenues due to lower than anticipated expenses related to the Title IV-D Child Support Services Digital Marketing Grant.

Probation

A positive net variance of \$2.4 million is projected for the Probation Department.

A positive expenditure variance of \$4.1 million is projected. A positive variance of \$2.1 million is projected in Services & Supplies primarily due to a lower than anticipated use of contracted services due to the COVID-19 Public Health Order causing both a decline in adult referrals to services and interruptions in the ability to provide certain services. A positive variance of \$2.0 million is projected in Other Charges due to legislation that extended the State's timeline to implement juvenile justice realignment.

A negative revenue variance of \$1.7 million is projected. A negative variance of \$0.1 million is projected in Fines, Forfeitures & Penalties due to lower than anticipated revenue from the Proposition 69 program. A negative variance of \$1.6 million in Charges for Current Services was due to the termination of the collection of fees for youths on probation and lower than anticipated revenue from the collection of fees for adults on probation.

Public Defender

The Public Defender has no net variance.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to vacant and modified positions, \$0.3 million in Service & Supplies is due to lower than anticipated costs for provisional/temporary help for capital cases, and a \$0.4 million negative variance in Expenditure Transfer & Reimbursement is due to lower reimbursements from Health and Human Services Agency for the Homeless Emergency Aid Program and the Defense Transition Unit.

A negative revenue variance of \$0.3 million is projected. A positive variance of \$0.2 million in Intergovernmental Revenue is due to Sexually Violent Predator reimbursements, partially offset by a negative variance of \$0.5 million in Charges for Current Services due to the elimination of Public Defender fees.

San Diego County Fire Authority

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

A positive expenditure variance of \$2.9 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacant positions, \$1.3 million in Services & Supplies is due to lower expenditures related to the Ember Resistant Vent Program, and \$1.4 million in Capital Assets Equipment is due to lower expenditures related to fire apparatus purchases.

A negative revenue variance of \$1.3 million is projected. A negative variance of \$2.1 million in Intergovernmental Revenues is due to lower than anticipated Community Development Block Grant reimbursements (\$0.2 million) and lower than anticipated revenue from by Assistance to Firefighter (\$1.5 million) and CalFire (\$0.4 million), and \$1.2 million in Miscellaneous Revenues associated with the Ember Resistant Vent Program, offset by a positive variance of \$2.0 million in Charges for Current Services due to unanticipated revenue from the Jamul Indian Village and Assistance by Hire agreements.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A net positive variance of \$2.6 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$3.0 million is projected. A positive variance of \$2.2 million is projected in Services & Supplies primarily due to savings in professional and specialized services associated with contracts for educational services, including impacts from cancelled classes due to COVID-19, and lower than anticipated expenditure needs associated with an anticipated negative revenue variance from the Sheriff's Jail Commissary Enterprise Fund. A positive variance of \$0.8 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

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

Penalty Assessment

A positive variance of \$0.9 million is projected for the Penalty Assessment Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$0.9 million is projected. A positive variance of \$1.2 million in Fines, Forfeitures & Penalties due to higher than anticipated receipts from penalty assessments offset by a negative variance of \$0.3 million in Revenue from Use of Money & Property due to lower than anticipated interest on deposits.

Proposition 172

A positive variance of \$41.5 million is projected for Proposition 172 (Prop 172) Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$41.5 million is projected in Intergovernmental Revenues due to higher than anticipated sales tax receipts in the current fiscal year and under-accrual in the prior fiscal year.

Prop 172 was approved by California voters in 1993 to create a permanent one-half cent sales tax for public safety purposes and was intended to provide funding sources to qualifying public safety programs. The projected decrease of sales tax receipts due to the impact of consumers and businesses reacting to COVID pandemic was not as adverse as originally projected.

Enterprise Fund

Sheriff's Jail Commissary Enterprise Fund

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

A positive expenditure variance of \$0.6 million is projected in Operating Transfers Out to the Inmate Welfare Fund due to a decrease in the transfer of commissary proceeds from lower than expected revenues, and lower amounts transferred to the General Fund due to vacant positions.

A negative revenue variance of \$0.6 million is projected in Miscellaneous Revenues due to decreases in projected commissary sales resulting from department policy changes restricting the type of commissary items sold to inmates and a reduction in the jail population related to the revision of bail schedules in response to the COVID-19 pandemic.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

HHSA Overall Summary

A net zero variance is projected for HHSA. This includes a negative expenditure variance of \$238.9 million offset by a positive revenue variance of \$238.9 million. The negative expenditure variance is tied to COVID-19 emergency response cost projections. HHSA's projection anticipates receipt of additional federal and State emergency response funding to supplement CARES Act revenues to continue response efforts through the end of the fiscal year.

Administrative Support

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

An overall negative variance of \$6.6 million is projected for Administrative Support.

A negative expenditure variance of \$104.2 million is projected and includes a positive variance of \$0.9 million in Salaries & Benefits to align with current spending trends, and a negative variance of \$105.1 million in Services & Supplies primarily tied to COVID-19 emergency response efforts including a continuation of the County's T3 Strategy of Test, Trace and Treat in addition to implementation of countywide vaccination efforts.

A positive revenue variance of \$97.6 million is projected and includes \$96.3 million in Intergovernmental Revenues primarily tied to federal funding for COVID-19 emergency response efforts and \$1.3 million in Charges for Current Services. The positive variance of \$1.3 million in Charges for Current Services includes \$1.0 million in Intergovernmental Transfer Agreement revenue with the Department of Health Care Services tied to the extension of the Whole Person Wellness pilot program and \$0.3 million in dispute resolution fees to align with projected spending on contracted mediation services.

Aging & Independence Services

No overall variance is projected for Aging & Independence Services.

A negative expenditure variance of \$48.3 million is projected and includes a negative variances of \$0.5 million in Salaries & Benefits due to an increase in temporary help to support the Great Plates program and \$49.4 million in Services & Supplies driven by emergency food services tied to COVID-19 response efforts offset by a positive variance of \$1.6 million savings in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational

savings in the program with no impact to services.

A positive revenue variance of \$48.3 million in revenue includes \$48.1 million in Intergovernmental Revenues and \$0.2 million in Miscellaneous Revenue tied to increased funding for the San Diego Veterans Independence Services program. The positive variance of \$48.1 million in Intergovernmental Revenues consists of \$50.1 million in federal and State funding for emergency food services tied to COVID-19 response efforts offset with a net \$2.0 million decrease primarily to align with reduced expenditures projected in the IHSS Public Authority program.

Behavioral Health Services

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

Behavioral Health Services (BHS) had a positive variance of \$1.2 million.

A positive expenditure variance of \$19.5 million includes positive variances of \$1.6 million in Salaries & Benefits due to attrition and vacant positions, \$16.6 million in Services & Supplies and \$1.3 million in Expenditure Transfer & Reimbursements associated with costs provided through various Memorandums of Understanding (MOU) with the Probation Department. The \$16.6 million positive variance in Services & Supplies includes savings of \$21.1 million primarily in contracted services associated with various mental health and alcohol and drug treatment programs due to procurement delays and also decreased service delivery costs, partially offset by a negative variance of \$4.5 million for temporary staffing costs largely due to increased need at the San Diego County Psychiatric Hospital and the Edgemoor Distinct Part Skilled Nursing Facility.

A negative revenue variance of \$18.3 million consists of a negative variance of \$18.9 million in Intergovernmental Revenues offset by a positive variance of \$0.5 million in Charges for Current Services primarily tied to updated Medi-Cal daily rates for services at Edgemoor and \$0.1 million for Miscellaneous Revenue due to recovery of prior year overpayments to contractors. The \$18.9 million negative variance in Intergovernmental Revenues is primarily tied to the alignment of behavioral health program revenue with anticipated spending as noted above.

County Child Welfare Services

No overall variance is projected for Child Welfare Services (CWS).

A negative expenditure variance of \$2.5 million is projected and includes a negative variance of \$1.7 million in Salaries & Benefits primarily tied to increased service demands resulting in increased overtime costs, temporary staffing costs, and fewer vacancies, and \$1.0 million in Services & Supplies, offset by a positive variance of \$0.2 million in Other Charges tied to increased caseloads in foster care assistance programs offset by a decreased caseload trend in adoptions assistance. The \$1.0 million negative variance in

Services & Supplies is primarily due to COVID-19 emergency response efforts, such as services to support the increased number and acuity of youth in CWS during the pandemic.

A positive revenue variance of \$2.5 million is projected and includes a positive variance of \$3.4 million in Intergovernmental Revenues offset by a negative variance of \$0.6 million in Charges for Current Services due to a lower collection estimate for child abuse and adoption fees and \$0.3 million in Revenue from Use of Money & Property to align revenue collection trends for the use of the San Pasqual Academy property. The positive variance of \$3.4 million in Intergovernmental Revenues consists of positive variances of \$5.5 million in social services administrative revenues to align with anticipated federal & State funding and \$0.8 million in anticipated supplemental federal funding for COVID-19 emergency response efforts offset by a negative variance of \$2.9 million in federal assistance payment revenue primarily tied to updated caseload projections for adoptions assistance.

Housing & Community Development Services

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

A positive variance of \$5.4 million is projected for HCDS.

A positive expenditure variance of \$10.7 million is projected and includes a negative variance of \$0.4 million in Salaries & Benefits primarily due to increased staffing needs to support the Emergency Rental Assistance Program (ERAP), a positive variance of \$15.9 million in Services & Supplies, a negative variance of \$2.1 million in Other Charges and a negative variance of \$2.7 million in Expenditure Transfer and Reimbursements due to lower than anticipated contracted costs to administer the County's Hotel/Motel Voucher program. The positive variance of \$15.9 million in Services & Supplies includes savings of \$9.2 million tied to programs addressing homelessness in the unincorporated area due to a longer than anticipated timeline to get clients housing ready due to the impacts of the pandemic, \$5.0 million tied to funds reserved for the Local Housing Trust Fund grant which did not materialize, and \$1.7 million primarily tied to savings in Multi-Year projects due to implementation overlap across fiscal years. The negative variance of \$2.1 million in Other Charges includes \$3.0 million tied to ERAP payments to eligible households funded through the County's rental assistance program offset by a positive variance of \$0.9 million in Multi-Year Projects due to the transition of clients from the HOME Homeless Tenant Based Rental Assistance (TBRA) to the Section 8 Housing Choice Voucher Program and a revised funding allocation for the HOPWA TBRA.

A negative revenue variance of \$5.3 million includes \$8.3 million in Intergovernmental Revenues offset by \$3.0 million in Miscellaneous Revenues to align with the anticipated loan disbursement for the Innovative Housing Trust Fund. The \$8.3 million negative variance in Intergovernmental Revenue includes \$12.2 million in federal and State revenue to align with anticipated spending offset by \$3.9 million in federal funding to

support housing & homelessness programs tied to COVID-19 emergency response efforts.

Public Health Services

No overall variance is projected for Public Health Services (PHS).

A negative expenditure variance of \$125.7 million is projected and includes negative variances of \$56.8 million in Salaries & Benefits primarily due to additional temporary staffing and overtime costs for COVID-19 emergency response efforts, \$69.2 million in Services & Supplies tied to COVID-19 emergency response efforts, partially offset by positive variances of \$0.3 million in Other Charges due to reduced acuity of treatment in the California Children Services program.

A positive revenue variance of \$125.7 million is projected and includes \$124.6 million in Intergovernmental Revenues and \$1.1 million in Charges for Current Services. The \$124.6 million positive variance in Intergovernmental Revenues is tied to federal revenues for COVID-19 emergency response efforts along with the use of \$10.7 million in one-time Realignment revenue and \$6.2 million in one-time State funds backfilling Realignment revenue to help offset response costs. The \$1.1 million in Charges for Current Services is primarily tied to the use of one-time Intergovernmental Transfer Revenue to help offset response costs.

Self-Sufficiency Services

No overall variance is projected for Self-Sufficiency Services.

A positive expenditure variance of \$11.6 million is projected in Other Charges. The positive variance includes \$17.7 million primarily associated with revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) and \$0.8 million in the General Relief program offset by a negative variance of \$6.9 million tied to the COVID-19 Positive Recovery Stipend program.

A negative revenue variance of \$11.6 million is projected and includes \$12.3 million in Intergovernmental Revenues, \$0.1 million in Fines, Forfeitures & Penalties based on projected eligible expenditures for the Physician Emergency Services program, partially offset by positive variances of \$0.7 million in Miscellaneous Revenues mainly due to the recoupment of payments in contracted services tied to prior year adjustments and \$0.1 million in Revenue From Use of Money & Property to align with revenue collection trends. The negative variance of \$12.3 million in Intergovernmental Revenues is driven by a decrease in assistance payments revenue tied to revised CalWORKs caseload projections, partially offset by increased federal funding for COVID-19 emergency response efforts.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures

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

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

A negative revenue variance of \$0.7 million is projected. A \$0.6 million negative variance is projected in Licenses Permits, & Franchises as a result of the deferral of fees due to the COVID-19 public health emergency. A \$0.1 million negative variance is projected in Charges for Current Services as a result of reduced agriculture inspections due to the economic impacts of the COVID-19 public health emergency.

Environmental Health and Quality

A positive variance of \$0.3 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$6.5 million is projected. A positive variance of \$3.2 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$3.3 million in Services & Supplies is due to \$0.9 million in Plan Check fee waivers for restaurants, \$1.6 million in the Vector Control program mostly due to a reduction in payments for the Vector Habitat Remediation Program, \$0.2 million in consultant contracts due to delays in the East Otay Mesa CEQA, \$0.1 million in delays in Information Technology projects, and \$0.5 million in positive expenditure variances spread over various accounts impacted by the Governor's Stay At Home Order, including travel and training, office expenses and supplies.

A negative revenue variance of \$6.2 million is projected. The negative variance consists of \$2.1 million in Licenses, Permits & Franchises due to deferral of permit fee invoices, \$0.1 million in Intergovernmental Revenues due to the cancellation of the County Fair and reduced border inspections for Hazardous Materials contracts, \$4.0 million in Charges for Current Services related to \$2.3 million in Vector Control Trust Fund revenue, \$1.6 million in Third Party Reimbursements related to the Hazardous Materials Trust Fund, and \$0.1 million in the Work Safe Stay Healthy contract associated with staff vacancies noted above and \$0.2 million in Other Governmental Health Fees due to delays in the East Otay Mesa project, offset by \$0.2 million of over-realized fee revenue for hourly billings and various accounts.

Department of Parks and Recreation

No significant variance is projected for the Department of Parks and Recreation.

A positive expenditure variance of \$1.3 million is projected in Salaries & Benefits due to staff vacancies.

A negative revenue variance of \$1.3 million is projected. A negative variance of \$2.3 million in Charges for Current Services primarily due to park and campsite closures related to the COVID-19 public health order which is partially offset by a positive variance of \$1.0 million in Intergovernmental Revenues due to CARES Act reimbursement for reassigned staff, as well as cleaning supplies and personal protective equipment purchases.

Planning & Development Services

No significant variance is projected for Planning & Development Services.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.1 million in Expenditure Transfer & Reimbursements is due to higher than anticipated reimbursements for services provided to other General Fund Departments.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$3.2 million in Charges for Current Services is due to a decline in billable activities for land development projects and a negative variance of \$0.2 million in Intergovernmental Revenues due to lower CARES Act reimbursement for unspent funds for the COVID-19 Safe Reopening Response Team; these are partially offset by a positive variance of \$3.1 million in Licenses, Permits & Franchises due to higher than anticipated building permit applications.

Public Works – General Fund

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

A positive expenditure variance of \$1.0 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.3 million in Services & Supplies is due to savings related to stormwater inspection contract support and support services from other County departments and funds.

A negative revenue variance of \$1.0 million is projected in Charges for Current Services due to staff vacancies noted above.

Special Revenue Funds

Public Works - Road Fund

A positive net variance of \$17.7 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$6.7 million is projected. A positive variance of \$5.9 million in Salaries & Benefits is due to staff vacancies and under-filled positions. Savings

of \$0.8 million in Services & Supplies is due to construction and consultant savings from completion of the Dehesa/Harbison Canyon, Clemmens Lane Sidewalk and Aviation Road projects (\$0.4 million); lower vehicle, minor equipment, and office supply costs due to teleworking (\$0.3 million); and less than anticipated landscaping costs (\$0.1 million).

A positive revenue variance of \$11.0 million is projected. A positive variance of \$12.9 million in Intergovernmental Revenues is projected due to \$13.8 million in unanticipated Highway User Tax Account (HUTA) and SB-1 gas tax funding based on actual revenue received. This is offset by negative variances of \$0.9 million in Intergovernmental Revenues due to federally funded project schedule revisions; \$1.6 million in Charges for Current Services due to schedule revisions for Sanitation District projects (\$0.5 million), re-establishing historic survey monuments for the general public (\$0.3 million), General Fund projects due to vacant positions (\$0.2 million), and reduced funding for Airports projects (\$0.6 million); and \$0.3 million in Miscellaneous Revenues due to completion of the Dehesa/Harbison Canyon Tribal-funded project.

Public Works - Waste Planning & Recycling

A positive variance of \$1.4 million is projected for the Waste Planning & Recycling Fund.

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to staff vacancies and a positive variance of \$1.3 million in Services & Supplies (contracted services for public outreach events that have been canceled) is due to the COVID-19 public health emergency.

No significant revenue variance is projected.

Park Land Dedication Ordinance

A positive variance of \$1.4 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance was realized.

A positive revenue variance of \$1.4 million is projected in Licenses, Permits, & Franchises from Park Land Dedication fees due to land development activity.

San Diego County Library

A positive net variance of \$7.8 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.1 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.3 million in Services & Supplies is due to lower-than-expected office expenses (\$0.1 million), IT related costs (\$0.8 million), utilities costs (\$0.1 million), facilities management (\$0.9 million) and special departmental expenses (\$0.4 million) due to the limited hours of operation at the library branches during the current COVID-19 public health emergency.

A positive revenue variance of \$4.7 million is projected. Positive variance of \$2.5 million is projected in Taxes Current Property due to estimated assessed value growth and \$3.1 million in Intergovernmental Revenues from property taxes associated with former redevelopment areas due to the expected steady growth in assessed values. This is partially offset by negative variances of \$0.5 million in Charges for Current Services due to less than expected demand for public printing and other library services and \$0.4 million in Miscellaneous Revenues due to lower than anticipated private donations.

Internal Service Fund

Public Works – Internal Service Funds

A positive variance of \$1.7 million is projected in the Department of Public Works Equipment Internal Service Funds.

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$1.5 million in Capital Assets Equipment is due to capitalization of equipment purchases and \$0.1 million in Services & Supplies is due to a decrease in operational costs.

A positive revenue variance of \$0.1 million is projected in Other Financing Sources due to \$0.2 million in unanticipated revenue from the Gain on Sale of Fixed Assets from the auction of aging vehicles, which is offset by \$0.1 million in under-realized revenue from Loss on Sale of Fixed Assets due to corresponding retirement book value exceeding proceeds from auction.

Special District Funds

Air Pollution Control District

A positive net variance of \$1.3 million is projected for the Air Pollution Control District.

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

A negative revenue variance of \$0.4 million is projected. A negative variance of \$0.7 million is projected in Licenses, Permits & Franchises due to reduced permit renewals and applications (the number of permits and applications can vary depending on economic factors, business activity, and the conditions related to COVID-19). This is offset by a positive revenue variance of \$0.3 million in Revenue from Use of Money & Property due to higher than anticipated interest earnings on incentive funds.

Public Works - San Diego County Sanitation District

A positive variance of \$5.0 million is projected for the San Diego County Sanitation District.

A positive expenditure variance of \$5.0 million is projected. A positive variance of \$0.9 million in Services & Supplies is due to staff vacancies, under-filled positions, and associated support costs in the Wastewater Enterprise Fund, which provides staffing for

the Sanitation District, and a positive variance of \$4.1 million in Capital Assets/Land Acquisition due to savings from completed CIP projects.

No overall significant revenue variance is projected.

Public Works - Street Lighting Districts

A positive variance of \$0.8 million is projected for the Street Lighting Districts.

A positive expenditure variance of \$0.7 million is projected in Services & Supplies is due to lower than expected costs for contracted services on hardware purchases and utilities for energy costs from LED lights conversion.

A positive revenue variance of \$0.1 million is projected in Charges for Current Services (\$0.05 million) based on current revenues from the ad valorem tax roll and in Revenue from Use of Money & Property (\$0.05 million) due to higher than anticipated interest earnings.

Enterprise Funds

Public Works - Airport Enterprise Fund

A positive net variance of \$3.7 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$0.6 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to staff vacancies, and \$0.1 million in Capital Assets Equipment is due to the deferred Gillespie and Fallbrook generator acquisitions offset by Ramona tower equipment acquisitions.

A positive revenue variance of \$3.1 million is projected in Residual Equity Transfers In due to the leasehold improvements of seven hangar buildings, previously built and owned by Sky Harbor, that were transferred to County Airports.

Public Works – Wastewater Management Enterprise Fund

A positive variance of \$0.4 million is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$0.9 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies and \$0.2 million in Services & Supplies is due to lower than anticipated costs for support services from other County departments.

A negative revenue variance of \$0.5 million is projected in Charges for Current Services due to reduced work for maintenance in the San Diego County Sanitation District due to staff vacancies identified above.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

An overall positive variance of \$3.9 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A positive expenditure variance of \$4.1 million is projected. Anticipated positive variances of \$1.0 million in Salaries & Benefits are due to normal attrition of staff and departmental vacancies and \$3.1 million in Services & Supplies including the delay of one-time Microfilm Conversion/Duplication, Restoration and Treatment for ARCC Archive Film, and truncation of official records, which will be completed in Fiscal Year 2021-22.

A negative revenue variance of \$0.2 million is projected. Anticipated negative variance of \$0.1 million in Charges for Current Services includes \$4.6 million due to the delay in one-time projects to be reimbursed from Recorder Trust Funds as mentioned above, and \$1.6 million in Marriage Ceremonies, Vital Certificates, Filing Documents and Notary Filing Fees, offset by a positive variance of \$6.1 million mostly due to projected increases in Recording Document Fees and Duplicating and Filing Fees. Anticipated negative variance of \$0.1 million in Licenses Permits & Franchises is due to less than anticipated number of marriage licenses issued.

Auditor & Controller

An overall positive variance of \$1.0 million is projected for the Auditor & Controller.

A positive expenditure variance of \$0.2 million is projected in Services & Supplies in various operational expenses.

A positive revenue variance of \$0.8 million is projected. Anticipated positive variances include \$0.7 million in Intergovernmental Revenue due to Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursement of operational expenses relate to the COVID-19 pandemic response efforts, and \$0.1 million in Charges for Current Services due to anticipated over-realized revenue associated with property tax and other administration fees for services provided by the Auditor & Controller.

County Communications Office

An overall positive variance of \$0.8 million is projected for the County Communications Office.

There is no significant expenditure variance projected.

A positive revenue variance of \$0.8 million is projected in Intergovernmental Revenue due to CARES Act reimbursement of operational expenses related to COVID-19 pandemic response efforts.

County Counsel

An overall positive variance of \$2.2 million is projected for the Office of County Counsel.

A positive expenditure variance of \$2.0 million is projected. Anticipated positive variances include \$1.9 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies and \$0.1 million in Services & Supplies due to a decrease in office expenditures, training and travel-related expenditures tied to COVID-19 restrictions and teleworking of staff.

A positive revenue variance of \$0.2 million is projected. Anticipated positive variance includes \$0.5 million in Intergovernmental Revenue due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by a negative variance of \$0.3 million in Charges for Current Services due to a decrease in legal services provided on airports and public administrator/public guardian matters.

County Technology Office

An overall positive variance of \$0.6 million is anticipated for the County Technology Office.

A positive expenditure variance of \$0.2 million is projected in Salaries & Benefits due to normal attrition of staff and departmental vacancies.

A positive revenue variance of \$0.4 million is projected in Intergovernmental Revenue due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response.

Department of Human Resources

An overall positive variance of \$1.0 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.6 million is projected. Anticipated positive variances include \$0.5 million in Salaries & Benefits primarily due to normal attrition of staff and departmental vacancies and \$0.1 million in Services & Supplies primarily due to reduced workers' compensation administration costs.

A positive revenue variance of \$0.4 million is projected. Anticipated positive variance includes \$2.0 million in Intergovernmental Revenue due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by a negative variance of \$1.6 million in Miscellaneous Revenues due to lower administration costs for anticipated services charged to the Employee Benefits Internal Service Fund.

Finance and General Government Executive Office

An overall positive variance of \$0.6 million is projected for the Finance and General Government Group Executive Office.

A positive expenditure variance of \$0.3 million is projected in Services & Supplies due to IT projects that are anticipated to span across multiple fiscal years.

A positive revenue variance of \$0.3 million is projected. Anticipated positive variance includes \$0.4 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, partially offset by a negative variance of \$0.1 million in Revenue from Use of Money & Property tied to decreased collection of revenue for Cedar & Kettner parking contracts.

Treasurer Tax Collector

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

A positive expenditure variance of \$0.5 million is projected. Anticipated positive variance of \$0.4 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies and \$0.1 million in Services & Supplies due to delays in one-time information technology (IT) projects.

A negative revenue variance of \$0.5 million is projected in Charges for Current Services due to variance in Banking Services Pooled Revenue as an offset from Salaries & Benefits and delayed IT projects as noted above.

Internal Service Funds (ISF)

Employee Benefits ISF

An overall negative variance of \$6.9 million is projected for the Employee Benefits ISF.

A negative expenditure variance of \$14.2 million is projected in Other Charges due to anticipated increases primarily tied to the impact of COVID-19 pandemic on unemployment insurance claims.

A positive revenue variance of \$7.3 million is projected due to anticipated CARES Act revenue to partially offset increases noted above.

The department will continue to monitor the unemployment insurance claims environment to mitigate future negative impacts. If action is needed, we will return to the Board of Supervisors in the Fiscal Year 2020-21 Third Quarter Operational Plan Status Report board letter with recommendations.

Purchasing and Contracting ISF

An overall positive variance of \$5.8 million is projected for the Purchasing and Contracting Internal Service Fund (ISF).

A positive expenditure variance of \$3.4 million is projected. Anticipated positive variances include \$0.8 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.5 million in Services & Supplies due to less than anticipated costs in property disposal and County Counsel expenses, \$0.1 million savings in Other Charges attributed to less than anticipated depreciation costs due to delays in the completion of the Contracts Lifecycle Management System (CLMS) IT project, and \$2.0 million in Capital Assets/Land Acquisition due to the capitalization of the CLMS system.

A positive revenue variance of \$2.4 million is projected. Anticipated positive variances include \$3.5 million in Charges for Current Services due to higher than expected County spending on contracts, partially offset by negative variances of \$0.9 million in Intergovernmental Revenue due to adjusted prior year CARES Act revenue accrual, \$0.1 million in Revenue from Use of Money & Property due to less than anticipated interest revenue, and \$0.1 million in Miscellaneous Revenues due to less than expected proceeds from rebate agreements.

Facilities Management ISF

An overall positive variance of \$0.5 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$3.5 million is projected. Anticipated positive variances include \$2.6 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.8 million in Services & Supplies primarily due to lower than anticipated pass-through expenses related to maintenance and contracted services, and \$0.1 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$3.0 million is projected. Anticipated negative variances include \$5.5 million in Charges for Current Services due to lower than anticipated reimbursement for project management, real estate and maintenance services related to the expenditure savings mentioned above and \$0.1 million in Miscellaneous Revenues due to less than anticipated lease commissions, offset by positive variances of \$1.9 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, \$0.6 million in Other Financing Sources due to an increase in Operating Transfers In from the Major Maintenance ISF related to higher than anticipated maintenance services, and \$0.1 million from Revenue from Use of Money & Property due to higher than anticipated lease payments.

Fleet Management ISF

An overall negative variance of \$0.7 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$7.4 million is projected. Anticipated positive variances include \$1.4 million in Salaries & Benefits due to normal attrition of staff and departmental

vacancies, \$4.2 million in Services & Supplies primarily due to lower than anticipated fuel and vehicle parts purchases, and savings in garage operations and support, and \$1.8 million in Other Charges due to lower than anticipated depreciation charges based on actual timing and value of vehicle and equipment replacement.

A negative revenue variance of \$8.1 million is projected. Anticipated negative revenue variance of \$8.5 million in Charges for Current Services due to lower than anticipated reimbursements based on vacant and billable positions and decreased expenditures in fuel and parts purchases, and depreciation resulting from operational adjustments related to the COVID-19 pandemic, partially offset by positive variance of \$0.4 million in Other Financing Sources due to higher than anticipated auction proceeds.

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

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$104.5 million is projected in General Purpose Revenue (GPR) and \$31.5 million positive variance is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. San Diego's economy has seen some recovery from the effects of COVID-19 pandemic but new lock down orders in December 2020 present challenges. Employment showed losses in Farm, Manufacturing, Financial Activities, Educational & Health Services, Leisure & Hospitality, Other Services and Government; while Construction, Trade, Transportation & Utilities, Information, and Professional & Business Services showed employment gains; overall employment showed a negative gain from November 2020 to December 2020. The region's unemployment rate has gone down in December 2020 compared to the previous quarter. Median home prices in San Diego for Single Family Homes were higher by 2.1% and for Existing Attached Homes by 2.2% in the second quarter of Fiscal Year 2020-21 compared to the prior quarter. Per the Kiplinger's Economic Outlook (January 11, 2021). GDP is expected to grow by 5% this year because of the additional fiscal stimulus coming from Congress. The virus surge hit the restaurant, hotel and amusements/recreation industries hard; other sectors sensitive to the pandemic like elder care facilities, transit, movie making, and government also showed losses. On a positive note, job gains were widespread in most other industries. If the vaccines work, expect the labor market to heal rapidly in 2021. The yield on the 10-year Treasury note is expected to rise from 1.1% to 2% by the end of the year; this will result in the mortgage rates rising from 2.7% to 3.5% by the end of the year. The Federal Reserve at its most recent Federal Open Market Committee meeting recommitted itself to keeping short-term interest rates near zero for the foreseeable future. Expect inflation to rise 2.1% in 2021 as the pandemic recedes. Oil prices are slowly grinding higher on hopes that the COVID-19 vaccines starting to roll out now will allow economic activity to gradually return to normal next year. Residential construction shows no signs of slowing down, rising for the seventh consecutive month. New-home sales and Existing-home sales have cooled a little. Home prices continue to rise amid a shortage of inventory. In-store and restaurant sales were hit hard in November because of the virus surge.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2020-21, the economic indicators discussed previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 8.0% in December 2020, down from 9.0% the previous quarter September 2020. In comparison, this is below the state's rate of 8.8% in December 2020 and 10.8% in September 2020.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 2nd Quarter of 2020-21, unadjusted local point of sale tax revenue increased by 1.35% in the unincorporated area, in the

Southern California Region by 11.37%, in the statewide level by 10.12% and in the San Diego regional level by 9.01% compared to last quarter September 2020.

- The positive indicators in the housing market continue in the County.
 - Increase in median housing prices for Single Family Homes (up 2.1%) and for Existing Attached Homes (up 2.2%) for the second quarter of Fiscal Year 2020-21 compared to the previous quarter September 2020.
 - Notices of Default for January-December 2020 were down 55% compared to the same period in 2019.
 - Foreclosure activity decreased 54% in January-December 2020 compared to the same period in 2019.

Current Property Taxes All Categories

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

- *Property Taxes Current Secured*

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

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.75%, but the actual assessed value (AV) increased by 5.33% (gross less regular exemptions). (Note: The 5.33% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on July 15, 2020 of 5.18%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

Current Unsecured Property Taxes are projected to be \$1.3 million above budget due to higher than budgeted growth in assessed valuation, primarily driven by the increase in the Consumer Price Index at 1.0%. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

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

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$18.1 million above budget.

- *Property Tax Prior Secured Supplemental*
 Property Tax Prior Secured Supplemental are projected to be \$0.6 million higher than budget due to an increase in collection based on a decrease in delinquency rate from 4.0% to 1.4%.
- *Real Property Transfer Taxes*
 Real Property Transfer Taxes are projected to be \$0.5 million below budget based on prior year receipts as well as data regarding current year change in ownership and the anticipated level of new construction.
- *Teeter Tax Reserve Excess*
 Teeter Tax Reserve Excess is projected to be \$7.0 million higher than budget. The budget of \$0 was based on the assumption that all penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals, Teeter Tax Reserve Excess will receive \$7.0 million in revenues in the current fiscal year.
- *Sales and Use Taxes*
 Sales and Use Taxes are projected to be \$4.7 million higher than budget. This is mostly due to the Wayfair decision in the County Pools and recoveries in various categories like Food/Drugs, Building/Construction and General Consumer Goods due to re-opening of businesses back in June 2020.
- *Transient Occupancy Tax*
 Transient Occupancy Tax is projected to be \$2.2 million higher than budget. The budget was based on the COVID-19 impact closely resembling the Great Recession, but current year receipts are higher than expected.
- *Other Tax – Aircraft*
 Other Tax Aircraft is projected to be \$0.6 million higher than budget due to higher than expected current year receipts.
- *Property Tax in Lieu of Vehicle License Fees*
 Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$11.3 million higher than budget due to unexpected growth in assessed valuation.
- *Teeter Property Tax Prior Year and Cumulative Prior Years*
 Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$7.9 million lower than budget. The decrease was based on a lower delinquency rate at the end of Fiscal Year 2019-20 (from a projected 3.1% to an actual of 1.4%) making the Teeter receivable lower thus making the revenues to be collected lower in the current fiscal year.

Licenses, Permits, and Franchises

Licenses, Permits, and Franchises is projected to be \$0.1 million lower than budget due to lower than expected Franchise Fee receipts.

Revenue from Use of Money & Property

Interest on Deposits is projected to be \$5.4 million higher than budget. The increase is due to a higher projected average daily cash balance than what was used to calculate the budgeted interest revenue.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$7.6 million higher than budget. The budget of \$8.2 million was based on the assumption that most of the penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals, Fines, Forfeitures and Penalties will receive \$15.8 million in revenues in the current fiscal year. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

Intergovernmental Revenue

A positive variance of \$32.1 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies. The pass-through distributions are continuing to increase due to continued growth in the project areas.

Charges for Current Services

Charges for Current Services is projected to be \$0.5 million higher than budget due to higher than expected revenue from A-87 billings to departments.

Miscellaneous Revenue

No projected variance in Miscellaneous Revenue.

General County Expenses

Countywide General Expense

A positive variance of \$31.5 million is projected in Countywide General Expense.

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

A positive revenue variance of \$2.0 million is projected in Miscellaneous Revenues from various settlement receipts, California Municipal Finance Authority receipt and from escheatment.

Capital Program Funds

Edgemoor Development Fund

There is zero variance projected for the Edgemoor Development Fund.

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

A negative revenue variance of \$0.3 million is projected. A negative variance \$0.6 million for Federal HHS 93.778 Medical Assistance Program revenue is due to a lower than anticipated medical rate for reimbursement. The State calculation of the Medi-Cal Utilization Ratio used to calculate federal SB 1128 reimbursement was lowered which reduced the amount of revenue available to offset Distinct Park Skilled Nursing Facility debt financing costs. This is partially offset by a positive variance of \$0.3 million related to unanticipated interest earnings based on the daily average cash fund balances

Appendix C: Major Maintenance Capital Outlay Fund (MMCOF) Adjustments for Fiscal Year 2020-2021 (2ND QUARTER)

GROUP	DEPT.	PROJECT NUMBER	PROJECT NAME	FUNDING SOURCE			NOTES	DEPARTMENTS (Acct - 56321 Opt Transfer Out)	DEPARTMENTS (Acct - 52XXX Services & Supplies)	MMCOF (Acct -54202 Fixed Asset)	DGS MMISF (Acct - 52XXX Services & Supplies)	RATIFICATION	Description
				FUND	ORG	ACCOUNT		Inc (Dec)	Inc (Dec)	Inc (Dec)	Inc (Dec)	Yes/No	
Increase (Decrease) of Appropriation													
PSG	PRO	1024538	MMCOF7808 EMJDF Generator Replacement	10100	42076	52396	5	2,000,000	(2,000,000)	2,000,000	N/A	No	New MMCOF Walk-in Project
LUEG	PKS	1024521	MMCOF7806 Clemmens Lane Artificial Turf Replacement	10100	52811	52396	5	400,000	(400,000)	400,000	N/A	No	New MMCOF Walk-in Project
PSG	SHF	1022825	MMCOF7686 Ridgehaven Renovation and Modernization	10100	52737	39884	3	12,000,000	(12,000,000)	12,000,000	N/A	No	Spending plan amendment
HHS	HHS	1024522	MMCOF7807 Mills Building 1st Floor FRC Renovation	10100	45005	52737	5	2,000,000	(2,000,000)	2,000,000	N/A	Yes	New MMCOF Walk-in Project that was ratified
HHS	HHS	1023690	MMCOF7762 North East Family Resource Center Reconfiguration and Refresh	10100	45005	52737	2	(5,000,000)	5,000,000	(5,000,000)	N/A	No	Project has been cancelled
PSG	PRO	1022072	MMCOF7666 TRU East Mesa Juvenile Detention Facility	10100	42077	52737	2	(150,000)	150,000	(150,000)	N/A	No	Project has been cancelled
Shared	Shared	1021967	MMCOF7631 NCRC South Building Roof Top Units 1 Thru 4	10100	31565	56321	8	(134,480)	134,480	(134,480)	N/A	No	Revenue source is changing from GF to JCC
FGG	DGS	1023686	MMCOF7758 San Marcos RMS Generator and ATS Replacement	10100	77582	56321	9	(35,000)	35,000	(35,000)	N/A	No	Project has been cancelled
Subtotal General Fund								11,080,520	(11,080,520)	11,080,520			
LUEG	LIB	1022942	MMCOF7692 Julian Library Local Assistance Center Upgrades	12200	57330	52737	2	(222,011)	222,011	(222,011)	N/A	No	Project has been cancelled
Subtotal Other Funds								(222,011)	222,011	(222,011)			
FGG	ARC	1022063	MMCOF7665 Kearny Mesa ARCC HVAC	10100	33275	52737	7	(165,634)	165,634	(165,634)	N/A	No	Project is complete and can be closed
LUEG	LIB	1021920	MMCOF7584 San Marcos Library HVAC Replacement	12200	57330	52737	7	(43,534)	43,534	(43,534)	N/A	No	Project is complete and can be closed
LUEG	LIB	1022940	MMCOF7690 Campo Moreno Village Library Local Assistance Center Upgrades	12200	57330	52737	7	(61,395)	61,395	(61,395)	N/A	No	Project is complete and can be closed
LUEG	LIB	1023418	MMCOF7743 Jacumba Library Emergency Generator	12200	57330	52737	7	(56,448)	56,448	(56,448)	N/A	No	Project is complete and can be closed
LUEG	LIB	1023419	MMCOF7744 Pine Valley Library Generator	12200	57330	52737	7	(69,340)	69,340	(69,340)	N/A	No	Project is complete and can be closed
LUEG	LIB	1023420	MMCOF7745 Potrero Library Generator	12200	57330	52737	7	(68,382)	68,382	(68,382)	N/A	No	Project is complete and can be closed
Subtotal Completed Projects								(464,734)	464,734	(464,734)			
Total Increase (Decrease) of Appropriation								10,393,776	(10,393,776)	10,393,776	-		
Board Letter Recommendation								REC #13	REC #13				

NOTES:

- 1 MMCOF Project identified as MMISF (maintenance/not capital)
- 2 MMCOF Project cancelled and funding source returned to Services & Supplies for department's operation
- 3 MMCOF Spending plan increased
- 4 MMCOF Spending plan decreased
- 5 MMISF Project identified as MMCOF
- 6 MMCOF Project complete and remaining funds are transferred to an existing MMISF project
- 7 MMCOF Project complete and remaining funds are transferred to Dept. Services & Supplies
- 8 Change in revenue source
- 9 MMCOF Project cancelled and funding source returned to Fund Balance