



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Fourth District

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Fifth District

DATE: March 3, 2026

13

TO: Board of Supervisors

SUBJECT

**FISCAL YEAR 2025-26 SECOND QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County of San Diego's (County) Fiscal Year 2025-26 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 \$10.2 million (or 0.1% of the General Fund budget), driven by a projected positive variance in General Purpose Revenue offset by an overall negative projection in the Public Safety Group that continue to be reviewed for solutions as described in the Notes to Schedules A and B. The projected balance for all other funds combined is \$24.1 million (0.8% of the other funds combined budget). For all budgetary funds combined, the projected balance is \$34.3 million (or 0.3% of the overall budget). The projected fund balance anticipates an overall positive expenditure variance and an overall negative revenue variance from the Fiscal Year 2025-26 Amended Budget. The projection assumes General Purpose Revenue (GPR) will perform better than estimated, and business groups will produce operating balances, except for Public Safety Group where a negative variance is projected due to cost overruns with the current medical contract for offsite hospital care. Staff are developing strategies to resolve the projected negative variance. As potential strategies are identified, those will be brought forward to the Board of Supervisors (Board) for consideration. One such strategy is being brought forward today in a separate item from this letter. The separate item requests authority to cancel the existing contract, initiate a new single source contract and establish appropriations which will partially mitigate escalating off-site hospital costs while maintaining quality of care. The funding source will be the Local Revenue Fund 2011, Community Corrections Subaccount.

A positive variance of \$34.6 million is projected in GPR, which is \$29.0 million higher compared to first quarter primarily due to the following: Aid from Redevelopment Successor Agencies resulting from higher incremental assessed valuation growth, Current Secured Property Taxes due to higher assessed value growth in State Unitary Tax collected from large multi-state utility companies, Sales & Use Taxes from steady growth in allocation from business-industry fulfillment centers, and State Motor Vehicle In-lieu Tax which comes from extra Vehicle License Fee (VLF) revenue that was collected above a baseline amount set by the State. However, \$2.5 million will

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be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.

Transfers and revisions to the amended budget can be made by formal action of the Board in accordance with the California County Budget Act, Government Code Section 29125. Increases to the overall budget require four votes. 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. Transfers of appropriations to facilitate transfers between budgetary funds require four votes even if the overall budget is not increased.

In the Public Safety Group (PSG), recommendations include appropriation adjustments to purchase and replace fire apparatuses, ambulances, and fire equipment, the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment, and for community outreach and animal adoption efforts; and to transfer appropriations for infrastructure mapping of the unincorporated area's most vulnerable infrastructure, pursuant to Board direction on October 21, 2025 (20) and December 9, 2025 (24), based on over-realized GPR.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments for road maintenance, workspace improvements, outreach events, and for dock rehabilitation.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments for the San Diego Fire Training Tower capital project, technology projects, County Television Network, and for returned grant funds from the Community Enhancement and Neighborhood Reinvestment Program to be allocated to new projects.

Today's action also includes recommendations related to the appropriation of Unlocked Reserves, including:

- The transfer of appropriations to address conditions in the Tijuana River Valley, based on Board direction on January 28, 2026 (15), and expansion of the Air Improvement Relief Effort (AIRE) program in the Tijuana River Valley, based on Board direction on January 28, 2026 (16);
- And pursuant to the Board's direction on January 28, 2026 (21) to work in coordination and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) in planning for the use of Unlocked Reserves, the transfer of appropriations to support various housing, vulnerable populations, sustainability, and infrastructure projects and programs.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2025-26 Second Quarter Report on projected year-end results.

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 12):**

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2. Increase the San Diego County Fire budget by \$6,000,000 for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various fire equipment. The funding source is an Operating Transfer In from the San Diego County Fire Protection District (SDCFPD).
 - Establish appropriations of \$6,000,000 in the San Diego County Fire, Capital Assets Equipment, for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various fire equipment, based on the Operating Transfer In from the SDCFPD. **(4 VOTES)**
3. Increase Capital Project 1026822, San Diego Fire Training Tower by \$2,850,000 from various funding sources to fully fund the project.
 - Establish appropriations of \$2,850,000 in the Justice Facility Fund for Capital Project 1026822, San Diego Fire Training Tower based on Operating Transfer In from the San Diego County Fire Protection District Fire Mitigation (\$2,000,000) and from the Contributions to Capital Outlay Fund (\$850,000) to fully fund the project; *and* transfer appropriations of \$850,000 from San Diego County Fire, Services & Supplies, to Contributions to Capital Outlay Fund, Operating Transfers Out, based on revenue from an Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection. **(4 VOTES)**
4. Increase the Depart of Animal Services (DAS) budget by \$211,504 for the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment transport, based on additional funding from U.S. Department of Homeland Security Urban Area Security Initiative grant.
 - Establish appropriations of \$211,504 in the DAS, Services & Supplies (\$58,119) and Capital Assets Equipment (\$153,385), for the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment transport based on additional funding from U.S. Department of Homeland Security Urban Area Security Initiative grant. **(4 VOTES)**
5. Increase the budget by \$112,000 in the Department of Animal Services (DAS) for community outreach and animal adoption efforts based on grant funds from PetSmart Charities and the American Society for the Prevention of Cruelty to Animals (ASPCA).
 - Establish appropriations of \$112,000 in the DAS, Salaries & Benefits, for temporary staff to support community outreach and animal adoption events based on grant funds from PetSmart Charities (\$25,000) and the ASPCA (\$87,000). **(4 VOTES)**
6. Increase the budget by \$229,419 in the Rainbow Crest Drive Permanent Road Division for road maintenance.
 - Establish appropriations of \$229,419 in the Permanent Road Division (PRD) No. 55 – Rainbow Crest Drive, Services & Supplies, for road maintenance, based on available prior year PRD 55 Rainbow Crest Road fund balance. **(4 VOTES)**

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7. Increase the budget by \$1,500,000 in the Department of Agriculture, Weights and Measures (AWM) for workspace improvements in the Pest Detection Program and Plant Pest Diagnostic Lab.
 - Establish appropriations of \$1,500,000 in the AWM, Services & Supplies, for expenditures to strengthen the Pest Detection Program and Plant Pest Diagnostic Lab through workspace improvements, based on over-realized revenues from state aids and licenses and permits. **(4 VOTES)**
8. Increase the budget by \$3,200,000 for the County Library to align with updated cost projections in salaries and benefits.
 - Establish appropriations of \$3,200,000 in the County Library, Salaries & Benefits, to align with updated cost projections and sustain outreach service levels, based on over-realized revenue from the County Library's Property Tax Current Secured. **(4 VOTES)**
9. Increase the budget by \$450,000 in the Department of Parks and Recreation (DPR) for the dock rehabilitation at Lake Morena. Grant funds were received from the State of California Parks and Recreation, Division of Boating and Waterways.
 - Establish appropriations of \$450,000 in the DPR, Services & Supplies, for the Major Maintenance project #1026098 Lake Morena Dock Rehabilitation and Boat Launch Ramp Extension, based on 2025 award from the State of California Parks and Recreation, Division of Boating and Waterways. **(4 VOTES)**
10. Increase County Communications Office (CCO) budget for technology improvements projects at the County Operations Center (COC) Chambers and the County Administration Center (CAC) to provide reliable public access to video of government meetings and information, as well as additional investments for the County Television Network, based on Public, Educational, or Governmental (PEG) funds.
 - Establish appropriations of \$3,100,000 in the CCO, Services & Supplies, for technology projects at the COC Chambers and the CAC, as well as additional investments for the County Television Network, based on PEG funds. **(4 VOTES)**
11. Allow returned grant funds of \$5,554 from the Community Enhancement Program and \$31,911 from the Neighborhood Reinvestment Program to be allocated to new projects by establishing appropriations in the respective grant programs budgets in the current fiscal year.
 - Establish appropriations of \$5,554 in the Community Enhancement Program budget Org 12900 (\$425 for District 1, \$1,438 for District 2, \$1,234 for District 3, and \$2,457 for District 5), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**
 - Establish appropriations of \$31,911 in the Neighborhood Reinvestment Program budget (\$30,000 for District 1 in Org 15650, \$186 for District 3 in Org 15660, \$1,449 for District 4 in Org 15665, and \$276 for District 5 in Org 15670), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**

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12. This recommendation is a technical adjustment that reclassifies departmental maintenance and capital spending plans based on capitalization thresholds. The result is a net increase of budget in the Major Maintenance Capital Outlay Fund (MMCOF) of \$839,555.
- Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix C, in the net amount of \$839,555 for major maintenance projects listed in Appendix C that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; *and* establish, transfer and cancel appropriations, as noted in Appendix C for a net increase of \$839,555. **(4 VOTES)**

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 13 through 18):**

13. Transfers appropriations of \$58,300 to swap revenue sources for water infrastructure and community food production projects that were funded by the American Rescue Plan Act (ARPA), from the funding source of General Purpose Revenue (GPR) freed up by Health and Human Services Agency (HHSA) reporting ARPA eligible costs to Treasury, to cover unreported salaries and benefits costs. The three capital projects are: TJ River Valley Spooners Mesa Stormwater Improvement project, Calavo Park Community Garden Project, and Collier Park Community Garden Project.
- Transfer appropriations of \$58,300 from the HHSA, Services & Supplies, to the Contributions to Capital Outlay Fund, Operating Transfers Out; *and* transfer revenue appropriations of \$58,300 within the Capital Outlay Fund from ARPA to Operating Transfer In from the General Fund to swap revenue sources in the Capital Outlay Fund for Capital Project 1027068 TJ River Valley Spooners Mesa Stormwater Improvement (\$22,000), Capital Project 1026654 Calavo Park Community Garden (\$28,000) and Capital Project 1025464 Collier Park Community Garden (\$8,300).
14. Transfer \$239,922.64 from the Multiple Species Conservation Program (MSCP) Acquisition Fund to the Department of Parks and Recreation (DPR) to properly record non-capital pre-acquisition expenses.
- Cancel appropriations of \$239,922.64 and related Operating Transfer In from the General Fund in the MSCP Acquisition Fund to properly record related non-capital pre-acquisition expenses; *and* transfer appropriations of \$239,922.64 from the Contribution to Capital Outlay Fund, Operating Transfers Out to the DPR, Services & Supplies, to properly record related non-capital pre-acquisition expenses.
15. Transfer \$22,000 from the Department of Parks and Recreation (DPR) General Fund to Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project as a revenue swap for certain costs.
- Transfer appropriations of \$22,000 from the DPR, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out. This will enable a swap in revenue of \$22,000 in the Capital Outlay Fund for Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project to Operating Transfer In from the General Fund for disallowed costs. There is no change to project's total budget.

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16. Transfer \$30,000 from the Parks Playground Equipment Capital Project to the William Heise Playground Capital Projects to support increased construction costs.
 - Transfer appropriations of \$30,000 within Capital Outlay Fund and related Operating Transfer In from the General Fund, to provide funding for Capital Project 1021902 Heise Park Playground Equipment to support increased construction costs, based on transfer from Capital Project 1021149 FY17/18 Parks Playground Equipment.

17. To fund the construction of a temporary pipe extension at Saturn Boulevard, a long-term health study and retrospective health study, and the expansion of the Air Improvement Relief Effort (AIRE) program, this recommendation will transfer appropriation capacity from Public Health Services (PHS) to Department of Parks and Recreation (DPR) and the Finance and General Government Group (FGG); it also designates specific appropriation uses within PHS, based on the use of the Unlocked Reserves to address conditions in the Tijuana River Valley as directed by the Board on January 28, 2026 (15, 16).
 - Transfer appropriations from PHS to DPR (\$2,500,000), to fund construction of a temporary pipe extension at Saturn Boulevard, based on Unlocked Reserves. This transfer of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding to be received, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.
 - Transfer appropriations from PHS to FGG (\$4,000,000), to fund the expansion of the AIRE program, based on Unlocked Reserves. This transfer of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.
 - Allocate appropriations within PHS (\$2,250,000), to fund a long-term health study (\$2,000,000), and retrospective health study (\$250,000), based on Unlocked Reserves. This reallocation of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding to be received, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.

18. This recommendation will transfer appropriation capacity from Public Safety Executive Office to the Office of Emergency Services (OES) to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.
 - Transfer appropriations of \$2,500,000 from Public Safety Executive Office to the OES, to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, based on over-realized General Purpose Revenue.

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**Recommendation on use of Unlocked Reserves based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning
(Recommendation 19):**

19. This recommendation presents appropriations for the use of Unlocked Reserves in Fiscal Year (FY) 2025-26 to the Board, based on the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) per direction given to the CAO during the January 28, 2026 (21) meeting. This item will transfer appropriations among various departments based on operational savings with no impact to existing services or the General Fund.
- Transfer and allocate appropriations of \$47,400,000 as noted in Appendix D to various departments and for the uses outlined in Appendix D, based on Unlocked Reserves. This transfer and allocation of appropriations is based on operational savings within each department, with appropriation capacity and related funding that is not anticipated to be used, and has no impact to services or the General Fund. The use of Unlocked Reserves, as outlined in Appendix D, is recommended based on San Diego County Administrative Code Section 113.1 for time-sensitive operational expenditures. This follows Board direction to develop proposals to utilize Unlocked Reserves for FY 2025–26 in coordination with and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee), and to present recommended appropriations to the Board for consideration as part of the quarterly budget adjustments.

EQUITY IMPACT STATEMENT

After the Board of Supervisors adopts the Operational Plan, it is monitored by the departments, Groups, and the Board of Supervisors. Departments are expected to work within their respective budgets. Budgets may, however, be modified during the year as circumstances warrant. In conjunction with the fund balance projection process, the Chief Administrative Officer meets with each Group to review accomplishments, emergent issues, and budget status. Department heads are required to communicate any potential problems or errors to the appropriate authority. Groups complete fund balance projections quarterly providing explanations of significant variances of their budget. The recommended actions are intended to provide resources to address inequities in County of San Diego (County) services and to identify disparities, develop meaningful outcomes, and create a County government culture of equity, belonging, and racial justice.

SUSTAINABILITY IMPACT STATEMENT

Today’s actions support the sustainability measures across the County of San Diego (County) considering the environment, economy, health/wellbeing, and/or social aspects of the community by aligning the County’s available resources with services to maintain fiscal stability and ensure long-term solvency.

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FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year (FY) 2025-26 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of \$5,410,969, transfers between budgetary funds of \$640,557, transfers within budgetary funds of \$59,000,623, and no cancellation of appropriations. The funding sources for the increases are Public, Educational, or Governmental funds (\$3,100,000), over-realized revenues from State Aids and Licenses and Permits (\$1,500,000), grant funds from the State of California Parks and Recreation, Division of Boating and Waterways (\$450,000), funding from US Dept of Homeland Security Urban Area Security Initiative grant (\$211,504), grant funds from PetSmart Charities and American Society for the Prevention of Cruelty to Animals (\$112,000), unused portions of prior year allocations for Neighborhood Reinvestment Program (\$31,911), and unused portions of prior year allocations for Community Enhancement Program (\$5,554). The transfer and allocation of appropriations identified in Recommendation 17 (\$8,750,000) and Recommendation 19 (\$47,400,000) are based on operational savings in Assessor/Recorder/County Clerk, Planning and Development Services, Registrar of Voters, Behavioral Health Services, Self-Sufficiency Services, Public Health Services and the one-time use of Unlocked Reserves. Based on San Diego County Administrative Code Section 113.1 no more than 25% can be used in one fiscal year which equates to \$95.4 million. In the FY 2025-26 First Quarter Operational Plan Status Report, \$14.2 million was appropriated for one-time lump sum payments. There is \$8.8 million to be used in Recommendation 17 and \$47.4 million to be used in Recommendation 19, which would leave a remaining balance of Unlocked Reserves for FY 2025-26 of \$25.0 million.

In all other funds combined, these actions will result in a net increase to the overall budget of \$13,118,974, transfers between budgetary funds of \$198,998, transfers within budgetary funds of \$269,923, and cancellation of appropriations of \$9,104,650. The funding sources for the increases are Operating Transfer in from the San Diego County Fire Protection District (\$6,000,000), over-realized revenue from County Library's Property Tax Current Secured (\$3,200,000), Operating Transfer In from the San Diego County Fire Protection District and Contributions to Capital Outlay Fund (\$2,850,000), and available prior year PRD 55 Rainbow Crest Road fund balance (\$229,419).

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 \$10.2 million is based on the estimate that expenditures will be approximately \$108.8 million less than the FY 2025-26 Amended Budget and revenues will be a net \$98.6 million less than the FY 2025-26 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus approved year-to-date changes. The projected balance for all other funds combined is a net of \$24.1 million.

Attachments to this letter have been included to provide additional detail of these fund balance projections. Schedule A summarizes the fund balance projection by business group, department,

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and fund category. Schedule B shows the projected General Fund fund balance by business group split between operating and reserve balances. The Notes to Schedules A and B explain variances from budget by department, fund and for General Purpose Revenue. The Notes to the General Fund Variances details General Fund Variances by expenditure and revenue are summarized briefly below.

GENERAL FUND EXPENDITURE VARIANCES

The projected second quarter positive expenditure variances in the General Fund of \$108.8 million are primarily due to positive variances in Services & Supplies (\$83.2 million), Other Charges (\$20.4 million), Capital Assets Equipment (\$7.5 million), and Salaries & Benefits (\$1.8 million) offset by negative variances in Expenditure Transfer & Reimbursements (\$3.4 million), Operating Transfers Out (\$0.5 million), and in Capital Assets Software (\$0.1 million). Expenditure variances are described in detail in the Notes to the General Fund Variances.

GENERAL FUND REVENUE VARIANCES

The projected second quarter negative revenue variances in the General Fund of \$98.6 million are primarily due to negative variances in Intergovernmental Revenues (\$105.6 million), Charges For Current Services (\$11.4 million), Revenue From Use of Money & Property (\$6.3 million), and Other Financing Sources (\$0.6 million) offset by positive variances in Taxes Other Than Current Secured (\$15.2 million), Taxes Current Property (\$9.5 million), Licenses Permits & Franchises (\$0.4 million), and Miscellaneous Revenues (\$0.4 million). Revenue variances are described in detail in the Notes to the General Fund Variances.

Adjustments to the Fiscal Year 2025-26 Amended Budget

Transfers and revisions to the amended budget can be made by formal action of the Board of Supervisors (Board) in accordance with the California County Budget Act, Government Code 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 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 12):**

Recommendation 2

On July 7, 2020 (1), the Board approved the formation of the San Diego County Fire Protection District (SDCFPD). The SDCFPD provides critical fire protection, emergency medical and response services to residents in our unincorporated communities. To maintain the necessary fire fighter safety and response capabilities, the SDCFPD must purchase necessary equipment and apparatus to provide these life-saving services. This request will establish appropriations of \$6,000,000 in the San Diego County Fire, for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various

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fire equipment based on the Operating Transfer In, from the SDCFPD. These purchases will replace existing equipment and apparatus' no additional staffing will be required.

Recommendation 3

On June 25, 2024 (9), the Board approved Capital Project 1026822, San Diego Fire Training Tower for \$150,000 in appropriations for planning. On June 24, 2025 (6), the Board appropriated \$1,500,000 for the design and construction for a total project cost of \$1,650,000 based on an Operating Transfer In from San Diego County Fire Protection District for a five-story prefabricated fire training tower with exterior fire escape at the San Diego County Fire Training Center. A training tower is an essential resource for firefighter training as it provides a controlled environment to simulate real-life structural fire scenarios, enhancing skills in fire suppression, rescue operations, ventilation strategies, and ladder operations/high-rise rescues. A training tower also improves wildfire training by preparing firefighters to better protect homes and mitigate fire spread, ultimately enhancing regional wildfire resilience. The hands-on experience provided through the training tower is vital for improving efficiency and ensuring readiness to real-life emergencies. The Training Tower will also bolster the region's overall emergency response capacity, making communities safer and more resilient.

If approved, today's recommendation will increase the San Diego Fire Training Tower project budget by \$2,850,000 based on an Operating Transfer In from SDCFPD Fire Mitigation (\$2,000,000) and the Contributions to Capital Outlay Fund (\$850,000) for a total project cost is \$4,500,000. The funding sources are Fire Mitigation Fees (\$1,650,000), available SDCFPD Fire Mitigation fund balance (\$2,000,000) and Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection (\$850,000). Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection and available SDCFPD fund balances were identified after the Fiscal Year 2024-25 closing to fully fund this project. These additional funds will fully cover the costs for the training tower project and include the additional \$850,000 for a restroom and showers as the site currently is served only by limited portable toilets. In addition, a corresponding recommendation is included in today's SDCFPD request to the Board which is necessary for this item to move forward. Construction is anticipated to begin July 2026 and be completed July 2027.

Recommendation 4

On October 8, 2024 (2) the Board authorized Office of Emergency Services (OES) to accept grant funds from the U.S. Department of Homeland Security Urban Area Security Initiative (UASI). The Board also authorized OES to sign any extension, amendments, administer and distribute grant funds in the County of which the Department of Animal Services (DAS) is a recipient. As a result, DAS was initially allocated \$250,000 to purchase mobile livestock emergency sheltering supplies and associated trailers for equipment transport. On May 29, 2025, the DAS received notification of an additional allocation through OES of \$211,504 in UASI grant funds for a total allocation of \$461,504. This recommendation will establish appropriations of \$211,504 for the purchase of mobile livestock emergency sheltering supplies, bullet proof vests and triage tents to enhance emergency preparedness and response capabilities for animal care during disasters, based on UASI grant funds.

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Recommendation 5

In December 2025, DAS received award notification of grant funds from the PetSmart Charities and America Society for the Prevention of Cruelty on Animals (ASCPA). This recommendation will establish appropriations of \$112,000 in DAS for temporary staff to support community outreach and adoptions events, supporting the goal of increased in-store adoptions and greater public awareness. The funding sources are grant funds from PetSmart Charities (\$25,000) and the ASCPA (\$87,000).

Recommendation 6

This recommendation will establish appropriations of \$229,419 in the Permanent Road Division No. 55 – Rainbow Crest Drive for road maintenance. This is due to an increase in the estimated road project costs, which were determined at the time of budget. The additional funding is needed to cover the full cost of the project as provided by the vendor. The funding source is available prior year fund balance within Permanent Road Division No. 55 – Rainbow Crest Drive.

Recommendation 7

This recommendation will establish appropriations of \$1,500,000 in Agriculture, Weights and Measures (AWM) for workspace improvements to the pest detection program and plant pest diagnostics lab. The workspace improvements enhance safety, efficiency and productivity of staff. AWM's Pest Detection Program and Plant Pest Diagnostic Lab are essential to California's pest prevention network and is our county's last line of defense against the introduction and spread of invasive agricultural pests works to safeguard the food supply, agricultural trade, and the environment. Timely detection and identification of these pests allow for prompt response before they multiply and spread, becoming challenging and costly to eradicate. This is a strategic investment in enhancing employee safety and engagement while protecting the food supply and supporting the local \$1.7 billion agricultural industry. The use of over realized funds, which may only be used for eligible agricultural programs, to finance these specialized workspace improvements eliminates the need for future emergency capital requests, prevents costly invasive agricultural pest outbreaks, and strengthens AWM's capacity for operational effectiveness and efficiency to meet state mandates. This request supports critical infrastructure upgrades that will enhance AWM's capacity to safeguard the food supply, agricultural trade, and the environment.

Recommendation 8

The County Library's outreach events are supported by a combination of regular library staff and temporary personnel, supplementing standard operating hours. Each branch requires a minimum staffing level to maintain daily operations, which is met through both permanent and temporary staff and management of the schedule, so all shifts are filled. Expanded outreach and community initiatives outside the branches are managed by these same resources. When vacancies or staff absences occur, coverage is provided through reassignment of permanent staff, overtime, or additional temporary staffing. Over the last two fiscal years, the County Library has expanded the level of outreach by more than 100 events, with a strong focus on school-based outreach, community events, and partnerships with organizations like County Parks and cultural groups. In developing the FY 2025-26 budget for the County Library, the increased level of outreach and utilization of temporary staff while maintaining operations was not reflected, resulting in insufficient appropriations in the County Library's salary and benefits budget. To align with updated cost projections and sustain current outreach levels, additional appropriations must be

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added. This recommendation will accommodate the continued level of outreach in Fiscal Year 2025-26, and the additional appropriations of \$3,200,000 in Salaries & Benefits will be funded by over realized revenue from the County Library's Property Taxes Current Secured.

Recommendation 9

On October 23, 2024 (07), the Board adopted resolutions authorizing Land Use and Environment Group Department Directors and/or their designee(s) to submit, negotiate, and execute all documents necessary to secure grants and apply for non-profit, local, state and federal grant funds for their respective projects until June 30, 2030. On December 19, 2025, the Department of Parks and Recreation (DPR) received a Notice of Award from the State of California Parks and Recreation Division of Boating and Waterways. The grant of \$450,000 will provide funding for MMCOF 7940 Lake Morena Dock Rehabilitation and Boat Launch Ramp Extension for the design, permitting, and construction of improvements to Geezer Cove and Horseshoe Cove boat launching facilities at Lake Morena Park located at 2550 Lake Morena Drive, Campo, CA 92123. The scope of work will include American Disability Act (ADA) compliant access to the boat launch facilities at Geezer Cove and Horseshoe Cove at Lake Morena Park to accommodate the changing water levels within Lake Morena. This grant funding along with the \$300,000 already secured for the repair of the dock will cover the ADA improvements that are necessary to make the boat launch facilities ADA compliant. The funding source is State of California Parks and Recreation, Division of Boating and Waterways Grant Fund. The total project cost is \$750,000. The estimated completion date for this project is February 1, 2028.

Recommendation 10

Public, Educational, or Governmental (PEG) funds are derived from cable franchise fees and can be used for capital expenses that support local government public programming, including communication tools and technology. These amounts were not included in the FY2025-26 Operational Plan because project scope and PEG funding eligibility were determined and finalized in the current fiscal year.

The first project at the County Operations Center Chambers will modernize the audio/visual and video production equipment to support public meetings, news conference broadcast and streaming capabilities. Total project cost is estimated at \$1,700,000, of which \$1,500,000 is PEG eligible. The remaining \$200,000 will be funded using existing Shared Major Maintenance funds in Finance Other. The project is estimated to be completed within three months from the start date with the goal to complete by end of 2026.

A second project at the County Administration Center will provide audio/visual and video technology in designated conference rooms to allow for streaming and taped video news conferences and other events. This will provide high-quality broadcasting of County boards/commissions/ committee meetings, press conferences, and additional County programming needs. Total project cost is estimated at \$1.4 million and is entirely based on PEG funding. Project timelines are currently being developed and the goal is to have this project completed by end of 2026.

An additional \$200,000 of PEG funds will be used to purchase equipment and technology that supports the County Television Network. If approved, this recommendation will establish total

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appropriations of \$3,100,000 in the County Communications Office based on PEG funds based on the items above.

Recommendation 11

This recommendation establishes appropriations of \$5,554 in the Community Enhancement budget Org 12900 (\$425 for District 1, \$1,438 for District 2, \$1,234 for District 3, and \$2,457 for District 5) based on unused portions of prior year allocations that were returned by grantees in the current fiscal year. This will allow the recently returned funds to be allocated to other projects.

This recommendation establishes appropriations of \$30,000 in the Neighborhood Reinvestment Program budget (District 1 Org 15650), \$186 in the Neighborhood Reinvestment Program budget (District 3 Org 15660), \$1,449 in the Neighborhood Reinvestment Program budget (District 4 Org 15665), and \$276 in the Neighborhood Reinvestment Program budget (District 5 Org 15670) based on unused portions of prior year allocations that were returned by grantees in the current fiscal year. This will allow the recently returned funds to be allocated to other projects.

Recommendation 12

This recommendation will result in a net increase of appropriation in the Maintenance Capital Outlay Fund (MMCOF) of \$839,555, which is supported by existing department budgets. 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 Chief Financial Officer shall make required adjustments to departmental operating budgets and within the MMCOF or the Major Maintenance Internal Service Fund. 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.

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 13 through 18):**

Recommendation 13

This recommendation will allow for technical adjustments needed to utilize American Rescue Plan Act (ARPA) funds and retain flexibility in meeting program needs within the approved ARPA Framework. There is no change to projects' total budget. Funding source is available one-time General Fund fund balance in Health and Human Services Agency (HHS).

The transfer of appropriations of \$58,300 to swap revenue sources for water infrastructure and community food production projects that were funded by ARPA, from the funding source of GPR freed up by HHS reporting ARPA eligible costs to Treasury, to cover unreported salaries and benefits costs. The three capital projects are: TJ River Valley Spooners Mesa Stormwater Improvement project, Calavo Park Community Garden Project, and Collier Park Community Garden Project.

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Recommendation 14

This recommendation will cancel appropriations of \$239,922.64 from the Multiple Species Conservation Program Acquisition Fund and transfer to DPR Services & Supplies to properly record non-capital expenditures for pre-acquisition costs of due diligence activities related to property that was not acquired in Capital projects: 1026287 Marston Parcels Acq, 1026288 Lawrence Welk Avedian Acq, 1027042 Rancho Guejito Acq, 1027043 Campo Martin Acq, 1027044 Lost Valley Campground Acq, 1027569 Vantol Dye Road Acq, and 1023370 Ocean Breeze Land Imp. These expenditures did not meet the criteria for capitalization pursuant to County of San Diego Administrative Manual policy 0050-02-01, Control of Capital Assets and Minor Equipment.

Recommendation 15

This recommendation will transfer appropriations of \$22,000 from the DPR, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out to enable a swap in revenue of \$22,000 in the Capital Outlay Fund for Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project to Operating Transfer In from the General Fund. There is no change to project total budget. Funding source is available prior year General Fund fund balance in the DPR, based on FY 2024-25 year-end savings that were realized from a service contract that was completed ahead of schedule and at a lower cost. The swap in revenue is needed to cover certain costs based on the State Water Resources Control Board granting agency eligibility guidelines. The total project cost is \$2,000,000. The estimated completion date for this project is December 2026.

Recommendation 16

This recommendation will transfer appropriations of \$30,000 from Capital Project 1021149 FY17/18 Parks Playground Equipment to Capital Project 1021902 Heise Park Playground Equipment, to provide funding for the increased construction costs resulting from construction change order due to existing field conditions. These unforeseen site conditions require importing base material for the construction of an accessible playground slide feature. Capital Project 1021149, FY17/18 Parks Playground Equipment, is nearing completion, with \$30,000 remaining and available for transfer to Capital Project 1021902, Heise Park Playground; therefore, this recommendation is submitted for Q2 FY 2025-26. Total project cost is \$330,000. The estimated completion date for this project is Spring 2026.

Recommendation 17

On September 9, 2025 (23), the Board of Supervisors (Board) adopted changes to the Administrative Code relating to General Fund Balances and Reserves that became effective on October 9, 2025. On January 28, 2026 (15), the Board directed the Chief Administrative Officer (CAO) to include the following items within the Unlocked Reserves Framework: \$2,500,000 for the capital costs to construct a temporary pipe extension at Saturn Boulevard, \$2,000,000 for the long-term health study, and \$250,000 for a retrospective health study. In addition, on January 28, 2026 (16), the Board directed the CAO to add the Air Improvement Relief Effort (AIRE) program to the Unlocked Reserves framework and negotiate a Memorandum of Agreement (Agreement) providing \$4,000,000 to the San Diego Air Pollution Control District for expansion of its air purifier distribution program in the Tijuana River Valley. This recommendation will transfer appropriation capacity of \$8,750,000 from Public Health Services to the Groups and their

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corresponding departments for the Tijuana River sewage crisis including Saturn Boulevard infrastructure and epidemiological health study, and air purifiers, based on Board direction related to use of Unlocked Reserves to address conditions in the Tijuana River Valley. These transfers of appropriations are based on Public Health Services operational savings and have no impact to services or the General Fund.

Recommendation 18

The current Fiscal Year 2025-26 Operational Plan does not include funding for the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure. On October 21, 2025 (20), the Board directed the CAO to identify funding for a procurement to map, catalog, and database the unincorporated area's most vulnerable infrastructure and return to the Board to establish appropriations of \$2,500,000 for the procurement in the Office of Emergency Services (OES) during the first quarter operational status letter based on funding identified. On December 9, 2025 (24), during the first quarter operational plan status report, the Board directed the CAO to continue to pursue funding in the OES for the procurement to map, catalogue, and database the unincorporated area's most vulnerable infrastructure and report back to the Board if funding is identified.

This recommendation will transfer appropriation capacity of \$2,500,000 from Public Safety Executive Office to OES for the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, based on over-realized General Purpose Revenue. These transfers are based on Public Safety Executive Office operational savings and have no impact to services.

Recommendation on use of Unlocked Reserves based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Recommendation 19):

Recommendation 19

On September 9, 2025 (23), the Board of Supervisors (Board) adopted updates to the San Diego County Administrative Code relating to General Fund Balances and Reserves. These changes were designed to implement one-time resources to mitigate potential current and future budget impacts. The Board directed the Chief Administrative Officer (CAO) to create a proposed framework for use of these resources, known as Unlocked Reserves. The Administrative Code limits how much of the Unlocked Reserves can be used in a single fiscal year to 25% of the total amount determined at the time the Unlocked Reserves were established, which was \$381 million.

On January 28, 2026 (21), the Board further directed the CAO to develop proposals for the use of Unlocked Reserves in FY 2025–26, in coordination with and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning. This recommendation implements that direction by proposing appropriations of \$47,400,000, supported by Unlocked Reserves, for areas including Housing, Vulnerable Populations, Sustainability, and Infrastructure, based on the advice and guidance of the Subcommittee.

This recommendation will transfer and use existing appropriations that are not planned to be used in FY 2025-26, based on operational savings in various County departments and have no impact

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on services or the General Fund. The use of Unlocked Reserves is consistent with San Diego County Administrative Code Section 113.1 and addresses time-sensitive operational needs while advancing Board priorities. For further details, reference Appendix D, which specifies the transfer and allocation of appropriations in various departments. This supports the fiscal and budgetary adjustments to implement the programs listed.

There may be future Board action required depending on the item. Any authority required in order to expend funds for the programs listed will be brought forward to the Board by the CAO as needed and in cooperation with owning departments. If all of the items are approved, this will leave \$25,000,000 million in the Unlocked Reserves amount for the current fiscal year.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Sustainability, Equity, Empower, Community and Justice in the County of San Diego's 2026-2031 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Schedules A and B
Notes to Schedules A and B
Notes to the General Fund Variances
Appendix C: MMCOF Adjustments
Appendix D: Unlocked Reserves

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund				
Public Safety	\$ (12,502)	\$ (15,757)	\$ (28,259)	-1.1%
Health & Human Services Agency	95,953	(94,422)	1,531	0.0%
Land Use & Environment	12,796	(9,856)	2,940	0.7%
Finance & General Government	12,580	(11,405)	1,175	0.3%
Total Agency/Group	108,826	(131,439)	(22,613)	-0.3%
General Purpose Revenue	0	32,078	32,078	1.5%
Finance Other	0	784	784	0.1%
Total General Fund	\$ 108,826	\$ (98,577)	\$ 10,249	0.1%
Non-General Funds:				
Special Revenue Funds				
Public Safety	\$ 2,120	\$ 1,804	\$ 3,924	0.9%
Health & Human Services Agency	0	0	0	0.0%
Land Use & Environment	30,683	(21,712)	8,971	1.6%
Total Special Revenue Funds	\$ 32,803	\$ (19,908)	\$ 12,895	1.2%
Capital Program				
Finance Other	\$ (43)	\$ 560	\$ 517	0.1%
Internal Service Funds Departments				
Land Use & Environment	\$ 0	\$ 157	\$ 157	0.4%
Finance & General Government	3,149	(2,254)	896	0.1%
Finance Other	1,405	129	1,534	0.9%
Total Internal Service Funds	\$ 4,554	\$ (1,968)	\$ 2,586	0.3%
Enterprise Fund Departments				
Public Safety Group	\$ 0	\$ 2	\$ 2	0.0%
Land Use & Environment	2,933	(1,052)	1,881	3.7%
Total Enterprise Funds	\$ 2,933	\$ (1,050)	\$ 1,883	3.2%
Special District Funds Departments				
Public Safety Group	\$ (0)	\$ 848	\$ 848	1.5%
Land Use & Environment	4,631	708	5,339	3.9%
Total Special District Funds	\$ 4,631	\$ 1,556	\$ 6,187	3.2%
Other County Funds Departments				
FGG - Red./Redev. Successor Agency	\$ 0	\$ 42	\$ 42	0.5%
HHSA - Housing & Community Development	0	0	0	0.0%
Total Other County Funds	\$ 0	\$ 42	\$ 42	0.5%
Debt Service - Pension Obligation Bonds	\$ 0	\$ 0	\$ 0	0.0%
Total Non-General Fund	\$ 44,878	\$ (20,768)	\$ 24,110	0.8%
Total County Year-End Operating Balance	\$ 153,704	\$ (119,345)	\$ 34,359	0.3%

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule A

PUBLIC SAFETY GROUP

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			

General Fund Departments

Animal Services	\$ (0)	\$ 1	\$ 1	0.0%
Child Support	2,685	(1,797)	887	1.5%
District Attorney	-	0	-	0.0%
Emergency Services	2,552	(51)	2,501	11.6%
Medical Examiner	418	(237)	181	0.7%
Probation	4,491	(4,488)	3	0.0%
Public Defender	657	(908)	(251)	-0.2%
Public Safety Executive Office	883	(3,137)	(2,254)	-2.2%
San Diego County Fire	51	(48)	3	0.0%
Sheriff	(24,239)	(5,091)	(29,330)	-2.0%
Total General Fund	\$ (12,502)	\$ (15,757)	\$ (28,259)	-1.1%

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0	0.0%
Probation - Asset Forfeiture	0	0	0	0.0%
Probation - Incarcerated Peoples' Welfare Program	0	0	0	0.0%
Sheriff - Asset Forfeiture	(0)	2,278	2,278	32.6%
Sheriff - Incarcerated Peoples' Welfare Program	1,645	2	1,647	18.9%
Criminal Justice Facility	0	0	0	0.0%
Courthouse	0	0	0	0.0%
Penalty Assessment	0	0	0	0.0%
Public Safety - Proposition 172	475	(475)	0	0.0%
Total Special Revenue Funds	\$ 2,120	\$ 1,804	\$ 3,924	0.9%

Enterprise Funds

Jail Commissary Enterprise Fund	\$ 0	\$ 2	\$ 2	0.0%
Total Enterprise Funds	\$ 0	\$ 2	\$ 2	0.0%

Special District Funds

Sheriff (Regional 800 MHz)	\$ 0	\$ 1	\$ 1	0.4%
County Service Areas	(0)	847	847	4.0%
Community Facilities Districts	-	-	-	0.0%
County Service Areas 17 & 69	(0)	-	(0)	0.0%
Total Special District Funds	\$ (0)	\$ 848	\$ 848	1.5%

Total Public Safety Group

	\$ (10,382)	\$ (13,104)	\$ (23,486)	-0.7%
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Numbers may not total due to rounding.

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule A

HEALTH & HUMAN SERVICES AGENCY

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			

General Fund Programs

Administrative Support	\$ 384	\$ (462)	\$ (77)	0.0%
Aging & Independence Services	(0)	(4,414)	(4,414)	-1.4%
Behavioral Health Services	34,906	(34,906)	0	0.0%
Child and Family Well-Being	0	(0)	(0)	0.0%
Public Health Services	32,878	(32,878)	(0)	0.0%
Regional Operations	-	0	-	—
Self-Sufficiency Services	19,291	(12,915)	6,375	0.8%
Medical Care Services	-	0	-	—
Housing & Community Development Services	8,494	(8,847)	(354)	-0.1%
Homeless Solutions and Equitable Communities	-	0	-	—
Total General Fund	\$ 95,953	\$ (94,422)	\$ 1,531	0.0%

Special Revenue Funds

Tobacco Securitization Fund	\$ 0	\$ 0	\$ 0	0.0%
Total Special Revenue Funds	\$ 0	\$ 0	\$ 0	0.0%

Other County Funds Departments

Housing & Community Development	\$ 0	\$ 0	\$ 0	0.0%
Total Other County Funds Departments	\$ 0	\$ 0	\$ 0	0.0%

Total Health & Human Services Agency

	\$ 95,953	\$ (94,422)	\$ 1,531	0.0%
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**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule A

LAND USE & ENVIRONMENT GROUP

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund Departments				
Agriculture, Weights & Measures	\$ 4	\$ 7	\$ 11	0.0%
Department of Environmental Health and Quality	3,039	(809)	2,230	3.0%
Land Use & Environment Group Exec Office	(0)	0	0	0.0%
Parks & Recreation	(0)	0	(0)	0.0%
Planning & Development Services	7,890	(7,884)	6	0.0%
Public Works	1,863	(1,170)	693	0.8%
Total General Fund	\$ 12,796	\$ (9,856)	\$ 2,940	0.7%
Special Revenue Funds/Departments				
Parks & Recreation (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0	0.0%
Parks & Recreation - PLDO	0	15	15	0.1%
DPW - Aviation Funds	0	0	0	0.0%
DPW - Road Fund	28,319	(23,609)	4,710	1.0%
DPW - Survey Monument Preservation	100	(100)	0	0.0%
DPW - Inactive Waste	2	(2)	0	0.0%
DPW - Waste Planning and Recycling	1,473	127	1,600	20.3%
Library Services	789	1,858	2,647	3.6%
Total Special Revenue Funds	\$ 30,683	\$ (21,712)	\$ 8,971	1.6%
Internal Service Funds				
Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 0	\$ 157	\$ 157	0.4%
Total Internal Service Funds	\$ 0	\$ 157	\$ 157	0.4%
Enterprise Funds				
Airport Enterprise Fund	\$ 1,768	\$ 113	\$ 1,881	4.7%
Wastewater Management Enterprise Fund	1,165	(1,165)	0	0.0%
Total Enterprise Funds:	\$ 2,933	\$ (1,052)	\$ 1,881	3.7%
Special District Funds/Departments				
Parks and Recreation	\$ (0)	\$ 28	\$ 28	0.5%
Parks - Community Facilities Districts	(0)	53	53	2.2%
DPW - SD County Sanitation Districts	3,633	340	3,973	4.0%
DPW - CSAs	115	14	130	17.6%
DPW - PRDs	316	111	427	4.8%
DPW - Community Facilities Districts	206	1	207	15.5%
DPW - Flood Control	0	156	156	0.9%
DPW - Street Lighting District	361	4	365	12.1%
Total Special Districts Funds:	\$ 4,631	\$ 708	\$ 5,339	3.9%
Total Land Use & Environment Group	\$ 51,042	\$ (31,754)	\$ 19,288	1.6%

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule A

**FINANCE & GENERAL GOVERNMENT
GROUP**

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			

General Fund Departments

Law Enforcement Review Board	\$ 185	\$ 7	\$ 192	7.1%
Assessor/Recorder/County Clerk	4,450	(4,450)	(0)	0.0%
Auditor & Controller	0	376	376	0.7%
Board of Supervisors	38	0	38	0.2%
Chief Administrative Office	201	(201)	0	0.0%
Civil Service Commission	3	0	3	0.4%
Clerk of the Board of Supervisors	232	44	276	4.5%
County Communications Office	43	0	43	0.8%
County Counsel	0	0	0	0.0%
County Technology Office	0	0	0	0.0%
Finance & GG Exec Office	350	(295)	55	0.1%
General Services	0	0	0	0.0%
Grand Jury	37	0	37	4.7%
Human Resources	842	(1,375)	(533)	-1.5%
Purchasing & Contracting	0	0	0	—
Registrar of Voters	6,197	(5,529)	668	1.1%
Treasurer-Tax Collector	2	19.0	21	0.1%
Total General Fund	\$ 12,580	\$ (11,405)	\$ 1,175	0.3%

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	\$ 0	0.0%
Facilities Management	3,001	(2,400)	601	0.2%
Major Maintenance ISF	0	(0)	(0)	0.0%
Fleet Management	113	(113)	(0)	0.0%
Purchasing & Contracting	35	260	295	1.3%
Total Internal Service Funds	\$ 3,149	\$ (2,254)	\$ 896	0.1%

Other County Funds Departments

Red. Agency/Redevelopment Successor /	\$ 0	\$ 42	\$ 42	0.5%
Total Other County Funds Departments	\$ 0	\$ 42	\$ 42	0.5%

**Total Finance & General
Government Group**

	\$ 15,729	\$ (13,616)	\$ 2,113	0.2%
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Numbers may not total due to rounding.

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule A

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

	Expenditure Variance	Revenue Variance	2nd Quarter FY25-26 Projected Fund Balance	% of Proj FB to Budget
Favorable/(Unfavorable)				

General Fund

General Purpose Revenue:

All Current Property Taxes	\$ 0	\$ 9,538	\$ 9,538	0.9%
All Other Taxes-Local	0	15,167	15,167	2.0%
Licenses, Permits & Franchises	0	(63)	(63)	-1.8%
Fines, Forfeitures & Penalties	0	0	0	0.0%
Revenue for Use of Money & Property	0	(6,557)	(6,557)	-12.1%
Intergovernmental Revenue	0	11,002	11,002	5.2%
Charges for Current Services	0	1,705	1,705	81.2%
Miscellaneous Revenue	0	1,286	1,286	64.3%

Total General Purpose Revenue

	\$ 0	\$ 32,078	\$ 32,078	1.5%
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General County Expenses:

Cash Borrowing Program	\$ 0	\$ 0	\$ 0	0.0%
Community Enhancement	0	0	0	0.0%
Contribution to County Library	0	0	0	—
Contributions to the Capital Outlay Fund	(0)	0	(0)	0.0%
Lease Payments - Bonds	0	(0)	0	0.0%
Local Agency Formation Comm Admin	0	0	0	0.0%
Neighborhood Reinvestment Program	0	0	0	0.0%
Appropriation for Contingencies	0	0	0	—
Countywide Expenses	0	784	784	0.3%
Total Finance Other Expenses	0	784	784	0.1%

Total General Fund

	\$ 0	\$ 32,862	\$ 32,862	5.8%
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Capital Program Funds

Capital Program	\$ (43)	\$ 560	\$ 517	0.1%
Total Capital Program Funds	\$ (43)	\$ 560	\$ 517	0.1%

Internal Service Funds Departments

Workers Compensation	\$ 1,217	\$ 117	\$ 1,334	2.1%
Unemployment Insurance	0	0	0	0.0%
Insurance ISF	189	0	189	1.3%
Public Liability	0	12	12	0.0%
Total ISF Funds	\$ 1,405	\$ 129	\$ 1,534	0.9%

Debt Service Funds Departments

Pension Obligation Bonds	\$ 0	\$ 0	\$ 0	0.0%
Total Debt Service Funds	\$ 0	\$ 0	\$ 0	0.0%

**Total General Purpose Revenue & Finance
Other**

	\$ 1,362	\$ 33,551	\$ 34,913	2.4%
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Numbers may not total due to rounding.

**FY 2025-26 2nd Quarter
Projected Year-End Results
(in thousands)**

Schedule B

Category	Projected Appropriation for Contingencies	Projected Operating Balances	2nd Quarter FY25-26 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ (28,259)	\$ (28,259)
Health and Human Services Agency	0	1,531	1,531
Land Use and Environment	0	2,940	2,940
Finance & General Government	0	1,175	1,175
Agency/Group Totals	\$ 0	\$ (22,613)	\$ (22,613)
General Purpose Revenue	\$ 0	\$ 32,078	\$ 32,078
General County Expenses	0	784	784
Appropriation for Contingencies	0	0	0
Total General Purpose Revenue & General County Expense	\$ 0	\$ 32,862	\$ 32,862
Total General Fund	\$ 0	\$ 10,249	\$ 10,249

Numbers may not total due to rounding.

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2025-26 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. No Management Reserves were budgeted in Fiscal Year 2025-26.

Variance Reporting

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

2nd Quarter Operational Fund Balance for Fiscal Year 2025-26

Schedule A summarizes the County's Fiscal Year 2025-26 operational results, measured by fund balance from current year operations, excluding anticipated designation of fund balance (restricted, committed, assigned) or final adjustments to take place in the annual comprehensive financial report (ACFR). Projected fund balance for the General Fund is \$10.2 million, and for all budgetary funds combined is projected to be \$34.3 million. In the General Fund, all business groups are projected to produce operating balances except for Public Safety Group, Land Use and Environment Group (\$2.9 million), Health and Human Services Agency (\$1.5 million) Finance and General Government Group (\$1.2 million) and Finance Other (\$32.8 million); offset by negative fund balance in Public Safety Group (\$28.2 million).

The balance for all other funds combined are projected to be \$24.1 million and consist of positive fund balance in Special Revenue Funds (\$12.9 million), Special District Funds

(\$6.2 million), Internal Service Funds (\$2.6 million), Enterprise Funds (\$1.9 million), and Capital Program (\$0.5 million).

PUBLIC SAFETY GROUP

The Public Safety Group is projecting a negative overall variance of \$23.5 million, of which \$28.3 million is tied to negative variance in the General Fund and \$4.8 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Child Support

A positive variance of \$0.9 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$2.7 million is projected. A positive variance of \$3.0 million in Salaries & Benefits is due to vacant and modified positions, \$0.3 million in Services & Supplies due to lower expenses related to information technology and contracted services, offset by a negative variance of \$0.6 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency.

A negative revenue variance of \$1.8 million is projected in Intergovernmental Revenues due to lower than anticipated State and federal reimbursement revenue related to the expenditure savings mentioned above.

Office of Emergency Services

A positive variance of \$2.5 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$2.5 million in Services & Supplies is due to a transfer of appropriations from the Public Safety Executive Office to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.

No overall revenue variance is projected.

Probation

No significant variance is projected for the Probation Department.

A positive expenditure of \$4.5 million is projected. A positive variance of \$4.6 million in Services & Supplies is due to lower than anticipated costs related to interim housing and residential treatment programs, offset by a negative variance of \$0.1 million in

Expenditure Transfer & Reimbursements due to a reduction in the agreement for services provided to Health & Human Services Agency.

A negative revenue variance of \$4.5 million is projected. A negative variance of \$4.4 million in Intergovernmental Revenues is due to lower contracted services mentioned above funded by Community Corrections Subaccount and Community Corrections Performance Incentives Act and \$0.1 million in Charges For Current Services related to the Work Furlough program expenditures.

Public Defender

A negative variance of \$0.2 million is projected for the Public Defender.

A positive expenditure variance of \$0.7 million is projected. A positive variance of \$0.3 million in Salaries & Benefits is primarily due to modified and vacant positions. A positive variance of \$0.4 million in Expenditure Transfer & Reimbursements is due to the extension of the Memorandum of Understanding with Health and Human Services Agency.

A negative revenue variance of \$0.9 million is projected in Intergovernmental Revenues due to lower reimbursements for eligible expenditures from Community Assistance, Recovery, and Empowerment (CARE) Court (\$0.8 million) and in Edward Byrne Memorial Justice Assistance Grant (JAG) (\$0.7 million) partially, offset by unanticipated reimbursements from prior years State mandated program, Sexually Violent Predators claims (\$0.6 million).

Public Safety Group Executive Office/Contribution for Trial Courts

A positive variance of \$0.3 million is projected for the Public Safety Group Executive Office including Contribution for Trial Courts.

Public Safety Executive Office

A negative variance of \$2.3 million is projected for the Public Safety Executive Office.

A positive expenditure variance of \$0.9 million is projected in Services & Supplies primarily due to procurement delays related to the resource and reentry hub. A positive variance of \$3.2 would have been realized but \$2.5 million from the Public Safety Executive Office was transferred to Office of Emergency services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.

A negative revenue variance of \$3.1 million is projected in Intergovernmental Revenues primarily due to lower than anticipated expenditures mentioned above funded by the Community Corrections Subaccount.

Contribution for Trial Courts

A positive variance of \$0.2 million is projected for Contribution for Trial Courts.

A positive expenditure variance of \$0.2 million is projected in Other Charges due to lower than anticipated Enhanced Collection costs.

No revenue variance is projected.

Sheriff

A negative variance of \$29.3 million is projected for the Sheriff's Office.

A negative expenditure variance of \$24.2 million is projected. A negative variance of \$13.7 million in Salaries & Benefits is projected primarily tied to salary adjustments exacerbated by increased costs necessary to house an average daily population which has risen by approximately 300-500 incarcerated persons, as a result of Proposition 36, *The Homelessness, Drug Addiction, and Theft Reduction Act*, implementation.

A positive variance of \$4.6 million is projected in Services & Supplies due to lower costs in various accounts including uniform allowance, professional & specialized services, contracted services with a portion associated with the Cal-ID program and Community Corrections Subaccount, fuel and facilities management costs including anticipated credits from the Department of General Services due to overbilling in the current and prior fiscal years. These are offset by higher than anticipated costs in food associated with increased contract costs. A negative variance of \$15.1 million is projected in Other Charges due to higher than anticipated costs for medical and mental health services contracts for the incarcerated population. Of the \$15.1 million overage, \$8.8 million is related to prior year offsite hospital costs billed to the Sheriff's Office by the medical provider, NaphCare.

The Sheriff's Office has already implemented several mitigation actions to address this expected overage, including the reutilization and repurposing of existing positions for the highest of priorities; reducing overtime and temporary help when possible; limiting non-essential travel and training; maximizing other resources including volunteer staff, pursuing grant funding and donations; deferring projects, repairs and purchases that have not yet started, and exploring fees and revenues that can be increased. Discussions and further actions continue to be explored to minimize expenditures and maximize revenues between the Sheriff's Office, Public Safety Executive Office and the Office of Financial Planning. Possible revenue mitigations include Community Corrections Subaccount, Booking Fees, Reimbursement from HHS for Mental Health Services and Opioid Settlement Funds. The Sheriff will submit a Board letter on March 3, 2026 for the Board's consideration and approval to address the Sheriff's negative variance by approximately \$13.9 million due to cost overruns with the current medical contract. This Board letter will request authority to cancel the existing contract with current provider, NaphCare, authority to initiate a new single source contract with AmeriChoice and establish appropriations which will partially mitigate escalating off-site hospital costs while

maintaining quality of care. The funding source will be the Local Revenue Fund 2011, Community Corrections Subaccount. Actual current year overrun costs will not be known until a new contract is negotiated and will be included in future projections and for funding consideration.

A negative revenue variance of \$5.1 million is projected. Projected negative variances of \$4.5 million in Intergovernmental Revenues is due to lower than anticipated costs for Community Corrections Subaccount offset by revenue for State mandates, \$0.6 million in Other Financing Sources due to a decrease in transfers from Proposition 172, *Local Public Safety Protection and Improvement Act of 1993*, resulting from lower than expected receipts and from the Incarcerated Peoples' Welfare Fund associated with vacant positions, \$0.3 million in Charges For Current Services from lower reimbursement for law enforcement services due to vacancies, from the Trial Court Security Subaccount offset by jail bed leasing revenue including prior year amounts owed, \$0.2 million in Miscellaneous Revenues due to lower than anticipated costs for the Regional Communications System program, and \$0.1 million projected in Fines, Forfeitures & Penalties due to lower than anticipated costs for the Cal-ID program. These are offset by a \$0.6 million positive revenue variance in Licenses Permits & Franchises due to higher collections from license fees.

Special Revenue Funds

Sheriff's Asset Forfeiture Program

A positive variance of \$2.3 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

No expenditure variance is projected.

A positive revenue variance of \$2.3 million is projected. A positive variance of \$2.0 million in Intergovernmental Revenues is due to increased asset forfeiture from US Department of Justice and US Treasury Department, \$0.2 million in Fines, Forfeitures & Penalties based on increased asset forfeiture from State seizures and \$0.1 million in Revenue From Use of Money & Property from higher interest earnings.

Sheriff's Incarcerated Peoples' Welfare Fund

A positive variance of \$1.6 million is projected for the Incarcerated Peoples' Welfare Fund.

A positive expenditure variance of \$1.6 million is project. A positive variance of \$1.4 million is projected in Services & Supplies due to lower operational costs related to psychosocial services from changes in programming format, a shift of certain services to be provided under a different program outside the fund, and lower expenditures for transportation due to a shift in funding. A positive variance of \$0.2 million is projected in Operating Transfers Out associated with vacant positions in the General Fund.

No significant revenue variance is projected.

Special District Funds

San Diego County Fire Protection District

A positive variance of \$0.8 million is projected for San Diego County Fire Protection District.

No expenditure variance is projected.

A positive revenue variance of \$0.8 million is projected in Charges For Current Services due to wildfire incident response reimbursements received through Assistance-by-Hire agreement.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

The Health and Human Services Agency is projecting a positive overall variance of \$1.5 million, tied to a positive variance in the General Fund. The details of these variances are noted below.

General Fund

Administrative Support

An overall negative variance of \$0.1 million is projected for Administrative Support.

A positive expenditure variance of \$0.4 million is projected and consists of a positive variance of \$2.9 million in Salaries and Benefits tied to vacant positions and attrition, offset by a negative variance of \$2.5 million in Services and Supplies due to higher than anticipated operating costs associated with Facilities Internal Service Fund (ISF), including utilities, mailing and other facility-related costs.

A negative revenue variance of \$0.5 million in Intergovernmental Revenues is primarily tied to realignment to align with spending.

Aging & Independence Services

An overall negative variance of \$4.4 million is projected for Aging & Independence Services (AIS).

A zero expenditure variance is projected and includes a negative variance of \$1.5 million in Salaries & Benefits due to a lower vacancy rate than budgeted, a positive variance of \$1.3 million in Services & Supplies and a positive variance of \$0.2 million in Operating Transfers Out due to reduced funding needs for the In-Home Support Services (IHSS) Public Authority related to anticipated operational needs in the program with no impact to services. The positive variance of \$1.3 million in Services & Supplies is primarily tied to negative variances of \$2.9 million due to an adjustment to the In-Home Supportive Service (IHSS) Maintenance of Effort (MOE) resulting from an approved wage increase for the IHSS Individual Providers during labor negotiations with the United Domestic Workers, \$1.1 million tied to increase in allocations for participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program, and \$0.7 million tied to higher operating costs to align with current spending levels, partially offset by savings from the conclusion of SNAP-Ed funding, completion of one-time allocations, reduced contracted services and lower participation in Multi Senior Services Program (MSSP). A negative variance of \$4.7 million would have been projected in Services & Supplies but \$6.0 million is now projected in Housing and Community Development Services (HCDS) to utilize available appropriation capacity and maintain a zero overall expenditure variance for AIS, pending the transfer of appropriation to AIS.

A negative revenue variance of \$4.4 million is projected and includes a negative variance of \$5.8 million in Intergovernmental Revenues and positive variances of \$1.2 million in Miscellaneous Revenues mainly tied to the SD-VISA program and \$0.2 million in Revenue from Use of Money & Property due to unanticipated revenue for Public Administrator and Public Guardian interest earned through the Treasury Office investment pool. The negative variance of \$5.8 million in Intergovernmental Revenues consists of negative variances of \$6.0 million associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts, \$1.3 million tied to lower participation than anticipated in the MSSP program, \$1.1 million due to the SNAP-Ed federal funding ending, \$0.3 million to align budget with the completion of one-time, multi-year funding and carryover encumbrances from prior years that are no longer needed as mentioned above, partially offset by positive variances of \$2.9 million in social services administrative revenues to align with allocations and projected spending.

Behavioral Health Services

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

A zero overall variance is projected for BHS.

A positive expenditure variance of \$34.9 million is projected and includes a positive variance of \$1.0 million in Salaries & Benefits attributed to longer timeframes to hire staff, hard to recruit classifications, and vacancies due to attrition, a positive variance of \$36.7 million in Services & Supplies, offset by \$2.8 million in Expenditure Transfer & Reimbursements due to Public Safety Group agreement has ended and efforts are being redirected to support the Department of Health Care Services mandated services under the Next Move Program which provides outpatient treatment services. The positive variance of \$36.7 million in Services & Supplies is driven by operating costs primarily for contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days, offset by negative variances in one-time IT resource needs and temporary staffing costs at the SDCPH.

A negative revenue variance of \$34.9 million is projected and includes negative variances of \$34.0 million in Intergovernmental Revenues, and \$1.6 million in Miscellaneous Revenues due to the recoupment of payments in contracted services from prior year adjustments offset by \$0.7 million in Charges for Current Services tied to an increase in Intergovernmental Transfer (IGT) revenue primarily due to new rate increase in census enrollment days for Medi-Cal. The \$34.0 million negative variances in Intergovernmental Revenues includes \$18.2 million in realignment revenue to align with spending, and \$15.8 million to align federal and State funding to anticipated billable service units and aligning grant funding with overall anticipated expenditures.

Child and Family Well Being

A zero overall variance projected for Child and Family Well-Being (CFWB).

A zero expenditure variance is projected and includes a negative variance of \$5.9 million in Salaries & Benefits tied to a lower vacancy rate than budgeted as well as overtime costs offset by positive variances of \$5.6 million in Services and Supplies driven by the projected amounts in Housing & Community Development Services (HCDS) to mitigate the S&B negative variance and lower than anticipated operating costs associated with travel, transportation and utilities ISFs, and \$0.3 million in Other Charges mainly to align with the revised projected caseloads in assistance programs. A positive variance of \$1.4 million would have shown in Services & Supplies but \$4.2 million is now projected in HCDS to utilize available appropriation capacity and maintain a zero overall expenditure variance for CFWB, pending the transfer of appropriation.

A zero revenue variance is projected and includes a zero variance in Intergovernmental Revenues which consists of negative variances of \$4.2 million associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts offset by positive variances of \$3.1 million primarily in social services administrative revenues to align with anticipated federal and state funding and projected expenditures mentioned above and \$1.1 million in State assistance payment revenues associated with revised caseload projections.

Housing & Community Development Services

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

An overall negative variance of \$0.4 million is projected for HCDS.

A positive expenditure variance of \$8.4 million is projected and includes a positive variance of \$2.2 million in Salaries & Benefits due to attrition and vacant positions, a positive variance of \$8.5 million in Services & Supplies and a negative variance of \$2.3 million in Other Charges primarily driven by \$1.5 million for the projected repayment of Emergency Rental Assistance Program (ERAP) funds to the Federal Treasury, resulting from ineligible awards identified by the County, and \$0.8 million in HOPWA Tenant Based Rental Assistance (TBRA) with higher than anticipated expenditures due to program growth and rent increase in the region. The positive variance of \$8.5 million in Services & Supplies consists of \$15.3 million in No Place Like Home (NPLH) due to the grant being fully utilized, and \$5.0 million associated with the fully grant-funded carry forward prior year encumbrances that are no longer needed after aligning the expenditure with the current funding allocation, with no impact to service or to local funds, offset by \$0.5 million for the Landlord Incentive Program (LIP), fully funded by SB 105, to increase housing access for homeless clients and support the County's effort to end homelessness, \$0.5 million for the Inclement Weather Program, providing safe temporary housing to individuals impacted by severe weather events, and \$0.6 million in operational costs, primarily for temporary contract staff to provide clerical support during the department's transition to a new case management system. The operating variance is partially offset by \$10.2 million for projected expenditures tied to Aging and Independence Services (AIS) and Child and Family Well-Being (CFWB) to mitigate appropriation impacts which will be resolved with a budget transfer.

A negative revenue variance of \$8.8 million in Intergovernmental Revenue is projected, primarily due to the full utilization of NPLH funds and prior-year encumbrances no longer needed which aligns with anticipated funding allocations. This is partially offset by increased revenues associated with HOPWA TBRA and SB 105, as noted above, along with \$10.2 million in funding tied to pending appropriations adjustments for AIS and CFWB.

Public Health Services

A zero overall variance is projected for Public Health Services (PHS).

A positive expenditure variance of \$32.9 million is projected and includes a positive variance of \$10.2 million in Salaries & Benefits due to vacancies, attrition and a reduced hiring activity in response to reductions in federal and State funding across multiple programs, a positive variance of \$15.0 million in Services & Supplies, and a positive variance of \$7.7 million in Capital Assets Equipment primarily due to the termination of the mobile health lab contract and the elimination of planned equipment purchase for the lab due to the anticipated conclusion of the Epidemiology & Laboratory Capacity Enhancing Detection Expansion grant. The positive variance of \$15.0 million in Services & Supplies consists of \$5.7 million due to procurement delays due to delayed funding notifications, \$3.2 million due to loss of CalFresh Healthy Living funding that will not be renewed by the federal grantor this fiscal year, \$3.0 million for the Immunizations program to align projections with the grant resources and workplan as a result of significant reduction in federal funding, \$0.9 million in California Children's Services contracts and IT projects to align with revised funding allocations, and \$2.2 million less projected for the Epidemiology program to align projections with anticipated spending due to the demobilization of COVID-19 associated activities. Epidemiology & Laboratory Capacity Enhancing Detection and Epidemiology & Laboratory Capacity Enhancing Detection Expansion, and Epidemiology & Laboratory Capacity Infection Prevention Control grants were terminated early by the US Health & Human Services Agency. In FY 24/25, a Temporary Restraining Order was subsequently issued by the U.S. District Court for the District of Rhode Island that affected all grant recipients nationwide, reinstating the original funding pending a final court ruling. In FY 25/26, the U.S. Department of Health and Human Services voluntarily withdrew its appeal of the preliminary injunction over the termination of this funding. Second Quarter projections assume continuity of these federal funds. Additionally, approximately \$0.3 million in Services & Supplies is allocated to support the initial exposure characterization component for the overall Tijuana River Valley study.

A negative revenue variance of \$32.9 million is projected and includes negative variances of \$32.9 million in Intergovernmental Revenues and \$0.6 million in Charges for Current Services primarily to align projected reimbursements and fees in Vital Records, offset by a positive variance of \$0.6 million in Miscellaneous Revenues based on unanticipated grant allocation to support the development of Public Health professionals. The negative variance of \$32.9 million in Intergovernmental Revenues is primarily tied to negative variances of \$22.7 million in realignment revenues to align with spending and adjustments in various PHS grant revenues to reflect revised grant awards and align with anticipated Salaries & Benefits and Services & Supplies spending levels, as noted above, \$5.8 million in Immunization Action Plan grant to align with workplan, \$2.4 million due to ending of the CalFresh Healthy Living grant, \$1.1 million in COVID-19 Expanding Laboratory Capacity, and \$0.9 million in California Children's Services (CCS) tied to projection based on actual State allocation.

Self-Sufficiency Services

An overall positive variance of \$6.4 million is projected for Self-Sufficiency Services (SSS).

A positive expenditure variance of \$19.3 million is projected and includes negative variances of \$9.8 million in Salaries & Benefits primarily attributed to estimated salaries & benefit costs that exceeds the projected appropriation capacity available to absorb the impacts of the new labor agreement and due to higher than budgeted overtime, and \$8.2 million in Services & Supplies and a positive variance of \$37.3 million in Other Charges. The negative variance of \$8.2 million in Services & Supplies is primarily tied to increases in contracted services based on revised allocations for CalWORKs Housing Support Program associated with California Department of Social Services redistribution of unspent prior year funding. The positive variance of \$37.3 million in Other Charges consists of positive variances of \$36.4 million in CalWORKs programs and \$0.9 million in the General Relief program primarily due to lower than budgeted caseload levels.

A negative revenue variance of \$12.9 million is projected and consists of a negative variance of \$13.4 million in Intergovernmental Revenues and positive variances of \$0.3 million in Revenue from Use of Money and Property tied to unanticipated GASB 87 lease revenue, \$0.1 million in Fines, Forfeitures, and Penalties based on reimbursement of eligible costs for the Physician Emergency Services program, and \$0.1 million in Miscellaneous Revenues tied to contractor overpayments from Fiscal Year 2024-25. The negative variance of \$13.4 million in Intergovernmental Revenues consists of a negative variance of \$35.1 million in assistance payment revenue, partially offset by a positive variance of 15.8 million in social services administrative revenues to align with allocations and projected expenditures and \$5.9 million in Medi-Cal funding tied to a one-time payment from the State's prior-year closeout process.

LAND USE AND ENVIRONMENT GROUP

The Land Use and Environment Group is projecting a positive overall variance of \$19.2 million, of which \$2.9 million is tied to a positive variance in the General Fund and \$16.3 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Agriculture, Weights & Measures (AWM)

No significant variance is projected for the Department of Agriculture, Weights & Measures.

No significant variance is projected for expenditures. A positive variance of \$1.4 million in Salaries & Benefits is due to vacancies, retirements and under-filled positions. A negative variance of \$0.5 million in Services & Supplies is due to major maintenance improvement projects. A negative variance of \$0.1 million in Capital Assets Software due to a reclassification of a capital item. A negative variance of \$0.1 million in Capital Assets Equipment is due to the purchase of specialty equipment. A negative variance of \$0.7 million in Operating Transfers Out is due to unanticipated major maintenance capital outlay projects.

No significant variance is projected for revenues.

Environmental Health and Quality

A positive variance of \$2.2 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$3.0 million is projected. A positive variance of \$2.7 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$0.3 million in Services & Supplies is primarily due to a \$0.2 million reduction in larvicide purchases for Vector Control Program and \$0.1 million for reduced consultant services.

A negative revenue variance of \$0.8 million is projected. A negative variance of \$0.7 million in Charges for Current Services is due to less than anticipated services requested by customers and a negative variance of \$0.1 million in Licenses Permits & Franchises is due to less plan check submittals from customers.

Planning and Development Services (PDS)

No significant variance is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$7.9 million is projected. A positive variance of \$4.7 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$3.5 million in Services & Supplies is primarily due to schedule changes to one-time only projects and reduced consultant contract spending. A negative variance of \$0.3 million in Expenditure Transfer & Reimbursements is due to a decrease in services rendered to other General Fund departments.

A negative revenue variance of \$7.9 million is projected. A negative variance of \$6.7 million in Charges for Current Services is due to a decline in billable activities for land development, project planning, and building projects related to staff vacancies. A negative variance of \$1.2 million in Intergovernmental Revenue is due to delays in grant related projects.

Department of Public Works (DPW)

A positive variance of \$0.7 million is projected for the Department of Public Works – General Fund.

A positive expenditure variance of \$1.9 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to vacancies. A positive variance of \$1.1 million in Services & Supplies is due to reduced fleet cost (\$0.2 million), less support from other County departments (\$0.2 million), and less than budgeted cost from completed stormwater projects (\$0.7 million).

A negative revenue variance of \$1.2 million is projected. A negative variance of \$1.2 million is in Charges For Current Services due to reduced labor charges for land development projects and other County funded projects.

Special Revenue Funds

Department of Public Works – Road Fund

A positive variance of \$4.7 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$28.3 million is projected. A positive variance of \$4.7 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$22.0 million in Services & Supplies is due to scheduled project changes in Capital Improvement Program (CIP) Detailed Work Plan and savings in consultant contracts due to County staff performing services in lieu of consultants and contractors. A positive variance of \$1.6 million in Other Charges is due to right-of-way easement scheduled project changes.

A negative revenue variance of \$23.6 million is projected. A negative variance of \$13.1 million in Taxes Other than Current Secured is due to TransNet funded capital project schedule changes. A negative variance of \$5.5 million in Charges for Current Services is

due to project schedule changes for other County funded capital projects (\$2.1 million), Regional Transportation Congestion Improvement Program (RTCIP) funded capital projects (\$2.5 million), and Transportation Impact Fee (TIF) funded capital projects (\$0.9 million). A negative variance of \$5.0 million in Intergovernmental Revenues is due to project schedule changes for State and Federal grant funded capital projects.

San Diego County Library

A positive variance of \$2.6 million is projected for the San Diego County Library.

A positive expenditure variance of \$0.8 million is projected. A positive variance of \$0.8 million in Services & Supplies is due to lower than budgeted costs in IT network services, fixed asset projects, and office printing expenses.

A positive revenue variance of \$1.8 million is projected. A positive variance of \$1.6 million in Taxes Current Property is due to an increase in ad-valorem taxes. A positive variance of \$0.2 million in Revenue from Use of Money and Property is due to higher than anticipated interest earned.

Department of Public Works – County Waste Management and Recycling

A positive variance of \$1.6 million is projected for the County Waste Management and Recycling.

A positive expenditure variance of \$1.5 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacancies. A positive variance of \$1.3 million in Services & Supplies is due to delayed contract procurements for services related to surplus food donations, household chemicals/hazardous product collection, and recycling contamination reduction.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.1 million in Intergovernmental Revenues is due to Household Hazardous Waste grant and Recycling Market Development Zone (RMDZ) grant revenue.

Special District Funds

Department of Public Works – Sanitation Districts

A positive variance of \$3.9 million is projected for the Sanitation Districts.

A positive expenditure variance of \$3.6 million is projected. A positive variance of \$2.3 million in Services & Supplies is due to less than budgeted costs in maintenance of equipment and routine maintenance of structures as a result of fewer repairs. A positive variance of \$1.3 million in Operating Transfers Out is due to one-time vehicle purchases originally planned but no longer required for the current fiscal year.

A positive revenue variance of \$0.3 million is projected. A positive variance of \$0.3 million in Other Financing Sources is due to a fund transfer from General Fund for the Sewer Replacement San Diego River Basin capital project.

Enterprise Funds

Department of Public Works – Wastewater Management Enterprise Fund

No variance is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.6 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.5 million in Services & Supplies is due to sewer maintenance contract transferred to Sanitation District and less than anticipated vehicle usage cost. A positive variance of \$0.1 million in Operating Transfers Out is due to one-time vehicle purchases originally planned but no longer required for the current fiscal year.

A negative revenue variance of \$1.2 million is projected. A negative variance of \$1.2 million in Charges for Current Services is due to reduced billable activities from San Diego Sanitation District support resulting from staff vacancies.

Department of Public Works – Airport Enterprise Fund

A positive variance of \$1.9 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$1.8 million is projected. A positive variance of \$0.1 million in Services & Supplies is due to cost savings from the transfer of security services to Department of General Services. A positive variance of \$1.7 million in Capital Assets/Land Acquisition is due to the completion of Gillespie Field Runway 27-R Rehabilitation project.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.3 million in Licenses Permits & Franchises is due to unanticipated revenue from American Airlines.

A positive variance of \$0.6 million in Revenue from Use of Money & Property is due to increase in parking and landing fees. A negative revenue variance of \$0.8 million in Intergovernmental Revenues is due to the completion of the Gillespie Field Runway 27-R Rehabilitation project.

FINANCE AND GENERAL GOVERNMENT GROUP

The Finance and General Group is projecting a positive overall variance of \$3.6 million, of which \$1.2 million is tied to a positive variance in the General Fund and \$2.4 million is tied to positive variances in all other funds combined. The details of these variances are noted below.

General Fund

Assessor/Recorder/County Clerk

There is no overall variance projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$4.5 million is due to variances of \$0.6 million in Salaries & Benefits due to vacancies and staff attrition and a net \$3.9 million in Services & Supplies related to the delay of the Archives Collection Management System, partially offset by increased software costs associated with Mainframe roadmap projects and maintenance of the Assessor's legacy IT systems.

A negative revenue variance of \$4.5 million is due to negative variances of \$4.3 million in Charges for Current Services and \$0.2 million in Licenses Permits & Franchises due to less than anticipated marriage licenses issued. The negative variance in Charges for Current Service includes variances of \$3.5 million in Recorder Fee Modernization due to the impact of the legislative change and shift of SSN Truncation projects to Modernization, \$0.9 million in Micrographics Fee due to delay of the Archives Collection Management System and a legislative change limiting the use of these funds for the County Recorder Archives and trusted systems, \$0.3 million in E-Recording fees due to less than anticipated contracted services, \$0.3 million in SSN Truncation due to shift of funding to Modernization fees, and \$0.1 million in Marriage Ceremony due to less than anticipated marriage ceremonies performed. These negative variances are partially offset by positive variances of \$0.4 million in Recording Document due to an estimated slight increase in the number of documents recorded and \$0.4 million Recording Fees due to an estimated slight increase in vital records.

Human Resources

An overall negative variance of \$0.5 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.9 million in Services & Supplies is due to lower than anticipated costs related to pre-employment medical screenings and information technology that are charged to the Employee Benefits ISF, and contracted services related to miscellaneous insurance costs.

A negative revenue variance of \$1.4 million is due to \$1.8 million in Miscellaneous Revenues which includes \$1.5 million from lower than anticipated costs related to pre-

employment medical screenings and information technology that are charged to the Employee Benefits ISF, and \$0.3 million due to unrealized revenue related to miscellaneous insurance costs, partially offset by a positive variance of \$0.4 million in Charges for Current Services due to increased services to employees and customers.

Registrar of Voters

A positive variance of \$0.7 million is projected in the Registrar of Voters.

A positive expenditure variance of \$6.2 million is projected and includes \$2.1 million in Salaries & Benefits due to fewer Vote Centers than anticipated for the November 4, 2025 Special Statewide Election. A positive variance of \$4.1 million in Services & Supplies is due to delays associated with the replacement of the election management system and reduction in Vote Centers.

A negative revenue variance of \$5.5 million is projected and includes \$4.9 million in Intergovernmental Revenues due to reimbursable costs tied to both the replacement of the election management system and number of Vote Centers. A negative variance of \$0.6 million in Charges For Current Services is due to lower than anticipated reimbursements from local jurisdictions for their share of election costs.

Internal Service Funds (ISF)

Facilities Management ISF

An overall positive variance of \$0.6 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$3.0 million in Salaries & Benefits is due to vacant positions as a result of restructuring efforts, attrition of staff, and lower overtime costs than projected.

A negative revenue variance of \$2.4 million in Charges for Current Services is due to lower than anticipated reimbursement related to the expenditure variances mentioned above.

Employee Benefits ISF

A positive variance of \$1.3 million is projected for the Employee Benefits ISF.

A positive expenditure variance of \$1.2 million is due to \$1.8 million in Services & Supplies which consists of \$0.3 million in workers compensation excess insurance premium and \$1.5 million from lower than anticipated workers compensation costs related to pre-employment medical screening and information technology, partially offset by a negative variance of \$0.6 million in Other Charges due to updated actuarial estimates of long-term liability.

A positive revenue variance of \$0.1 million is due to a positive variance of \$1.6 million in Miscellaneous Revenues due to unanticipated reimbursement from Public Risk Innovation, Solution, and Management (PRISM) related to COVID claims, partially offset by a negative variance of \$1.5 million in Charges for Current Services due to lower than anticipated workers compensation costs.

GENERAL PURPOSE REVENUE & GENERAL COUNTY EXPENSES

A positive variance of \$34.6 million is projected in General Purpose Revenue (GPR) primarily in:

- \$10.8 million – Redevelopment Successor Agency
- \$9.0 million - Current Secured Property Taxes
- \$7.4 million – Sales & Use Tax
- \$3.2 million – State Motor Vehicle In-lieu Tax
- \$2.7 million – Teeter Tax Reserve Excess
- \$2.0 million – Real Property Transfer Tax
- \$1.7 million – A-87 Cost Allocation
- \$1.7 million – Transit Occupancy Tax
- \$1.4 million – Aircraft Unsecured Tax
- \$0.9 million – Other Miscellaneous
- \$0.5 million – Current Unsecured Property Taxes
- \$0.4 million – Flex-Plan Forfeitures
- (\$0.5 million) – State Aid – Homeowners Property Tax Relief (HOPTR)
- (\$6.6 million) – Interest on Deposit & Investment

GPR projections have increased from \$5.6 million in First Quarter to \$34.6 million in Second Quarter primarily due to higher than budget in pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies resulting from higher incremental assessed valuation growth. Current Secured Property Taxes is also projected to be higher than budget as a result of higher assessed value growth in State Unitary Tax collected from large multi-state utility companies. State Unitary Tax was held flat in the First Quarter because the underlying data was not yet available to provide a reliable estimate. As data became available, it indicated stronger growth than previously assumed. Another driver is due to continued growth in Sales & Use Taxes from allocation in business-industry fulfillment centers which also drives a steady growth in the countywide use tax pool for the County. The Second Quarter projection also includes unanticipated higher State Motor Vehicle In-lieu Tax which comes from “Allocation of Vehicle License Fee Collection in Excess” refers to extra Vehicle License Fee (VLF) revenue that was collected above a baseline amount set by the State.

However, \$2.5 million will be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area’s most vulnerable infrastructure, resulting in an adjusted GPR projection of \$32.1 million. This is primarily in State Motor Vehicle In-Lieu Tax, reducing it to \$0.7 million.

A positive variance of \$0.8 million is projected in General County Expenses primarily in:

- \$0.8 million – Countywide General Expenses

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the economy. For Fiscal Year 2025-26, the economic indicators and trends used for projection are summarized below followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment preliminary rate of 4.6% in November 2025 is up from 4.5% the year-ago. In comparison, this is below the unemployment rate of 5.4% for California and a little above 4.3% for the nation during the same period.
- During the 2nd Quarter of 2025-26, unadjusted local point of sales tax revenue decreased by -21.38% in the unincorporated area due to removal of one-time adjustments and corrections but increased by 3.80% in the San Diego regional level, 4.70% in the Southern California Region and 4.46% in the statewide level, compared to the same time period last year.
- There are positive and negative indicators in the housing market in the County.
 - Median housing prices for Single Family Homes (up 1.5%) and for Existing Attached Homes (down 0.4%) for October-December 2025 average compared to the same time period last year.
 - Notices of Default higher by 16% in January-December 2025 compared to the same period in 2024.
 - Foreclosure activity lower by 9% in January-December 2025 compared to the same period in 2024.

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 \$9.5 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$9.0 million higher than budget primarily due to factoring in anticipated assessed value (AV) growth once the roll was closed.

The current secured property taxes had an actual assessed value (AV) growth of 4.89% (gross less regular exemptions). (Note: The 4.89% increase represents the change in the assessed value for only the secured roll. This is lower than the countywide overall increase published by the Assessor/Recorder/County Clerk of 4.95%, which includes all assessed value components, secured and unsecured.)

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.3 million higher than budget due to projected higher revenue based on prior year receipts. However, \$0.8 million was appropriated in Q1 to provide funding for one-time needs, which will result in an adjusted projection of \$0.5 million. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

No projected variance in Property Taxes Current Supplemental.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$15.2 million above budget.

- *Property Tax Prior Unsecured*

Property Tax Prior Unsecured are projected to be \$0.2 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Property Tax Prior Year Unsecured Supplemental*

Property Tax Prior Year Unsecured Supplemental are projected to be \$0.1 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Sales & Use Taxes*

Sales & Use Taxes are projected to be \$7.4 million higher than budget. This projection assumes steady allocation from business-industry fulfillment centers and modest growth from countywide use tax pools largely due to continued strength in online sales.

- *Aircraft Unsecured Tax*

Other Tax Aircraft is projected to be \$1.4 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Transient Occupancy Tax*

Transient Occupancy Tax is projected to be \$1.7 million higher than budget. This is based on prior year receipts and continued growth in the hotel industry and tourism as a whole.

- *Documentary Transfer Taxes*

Documentary Transfer Taxes are projected to be \$2.0 million higher than budget due to projected home prices remaining high with projection of a slight increase in sales volume.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) are projected to be \$0.4 million lower than budget due to lower than budgeted growth in assessed valuation.

- *Cannabis Tax*

Cannabis Tax are projected to be \$0.3 million higher than budget based on year-to-date current year actuals going higher than expected.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$2.7 million higher than budget. This is based on returned excess Teeter Tax Reserve requirement, current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.

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

Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$0.2 million lower than budget. The decrease is based on a lower collection of receivables from prior fiscal year.

Licenses, Permits, and Franchises

Licenses, Permits and Franchises are projected to be \$0.1 million lower than budget due to lower-than-expected payments from Franchise Fees.

Revenue from Use of Money & Property

Revenue from Use of Money & Property are projected to be \$6.6 million lower than budget. The decrease is due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

Intergovernmental Revenues

Intergovernmental Revenues are projected to be \$13.5 million higher than budget primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies (\$10.8 million) and in State Motor Vehicle In-lieu (\$3.2 million), offset by lower than budget in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million). The pass-through distributions continue to increase due to

continued growth in the project areas. In addition, residual balance estimates tied to Redevelopment Successor Agencies continue to increase. However, \$2.5 million will be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, resulting in an adjusted higher Intergovernmental Revenue of \$11 million as described above.

Charges for Current Services

Charges for Current Services are projected to be \$1.7 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

Miscellaneous Revenues

Miscellaneous Revenues are projected to be \$1.3 million higher than budget due to closure of Flex Forfeitures Trust Funds (\$0.4 million) and one-time unanticipated Port Payment for the Chula Vista Bayfront Project (\$0.9 million).

General County Expenses

Countywide General Expense

A positive variance of \$0.8 million is projected in Countywide General Expense.

No significant expenditure variance is projected.

A positive revenue variance of \$0.8 million is projected in Miscellaneous Revenues due to reimbursement from the Small Business Loan Program and various miscellaneous revenues.

Capital Program Funds

Edgemoor Development Fund

A positive variance of \$0.5 million is projected in the Edgemoor Development Fund.

No significant expenditure variance is projected.

A positive revenue variance of \$0.5 million is projected. This includes a positive variance of \$0.6 million in Other Financing Sources based on the latest revenue projection related to sale of fixed assets, offset by lower than anticipated revenue of \$0.1 million in Intergovernmental Revenue tied to Senate Bill 1128 Medi-Cal based on the latest FY22-23 audit report data.

**COUNTY OF SAN DIEGO
GENERAL FUND VARIANCES
Fiscal Year 2025-26 2nd Quarter**

GENERAL FUND EXPENDITURE VARIANCES

The projected lower than budgeted expenditures generating an overall positive expenditure variance of \$108.8 million in the General Fund are primarily attributable to the following:

Salaries & Benefits

\$1.8 million in projected overall Salaries & Benefits positive appropriation variance. As of January 20, 2026, the vacancy rate (including newly added positions) was 5.3% (1,078 of 20,285 positions).

Public Safety Group

In PSG, the projected overall negative expenditure variance is \$10.0 million. A negative variance is primarily tied to salary adjustments, exacerbated by increased costs necessary to house an average daily population which has increased by approximately 300-500 incarcerated persons, as a result of Prop 36, *The Homelessness, Drug Addiction, and Theft Reduction Act*, implementation. The Sheriff will submit a Board letter on March 3, 2026 for the Board's consideration and approval to address the Sheriff's negative variance by approximately \$13.9 million due to cost overruns with the current medical contract. This Board letter will request authority to cancel the existing contract with current provider, NaphCare, and authority to initiate a new single source contract with AmeriChoice and establish appropriations which will partially mitigate escalating off-site hospital costs while maintaining quality of care. The funding source will be Local Revenue Fund 2011, Community Corrections Subaccount. Actual current year overrun costs will not be known until a new contract is negotiated and will be included in future projections and for funding consideration. The Sheriff's Office will continue to closely monitor payroll expenditures and develop a mitigation strategy with the Public Safety Group Executive Office and the Office of Financial Planning.

Health and Human Services Agency

In HHSA, the projected overall negative expenditure variance of \$0.9 million is attributed primarily in costs that exceed the projected appropriation capacity available to absorb the impacts of the new labor agreement and a lower vacancy rate than budgeted.

Land Use and Environment Group

In LUEG, the projected overall positive expenditure variance of \$9.6 million is primarily due to vacancies and under-filled positions.

Finance and General Government Group

In FGG, the projected overall positive expenditure variance of \$3.1 million is primarily due to lesser number of Vote Centers for the November 4, 2025 Special Statewide Election.

Services & Supplies

\$83.2 million in projected positive appropriation variance in Services & Supplies across the County.

Public Safety Group

In PSG, projected overall positive expenditure variance of \$12.9 million due to lower than anticipated costs related to interim housing and residential treatment programs, the transfer of appropriations from the Public Safety Executive Office to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, and, in the Sheriff's Office, due to lower costs in various accounts including uniform allowance, professional & specialized services, contracted services with a portion associated with the Cal-ID program and Community Corrections Subaccount, fuel and facilities management costs including anticipated credits from the Department of General Services due to overbilling in the current and prior fiscal years, and in Public Safety Executive Office due to procurement delays related to the resource and reentry hub.

Health and Human Services Agency

In HHSA, projected overall positive variance of \$56.5 million is in various departments. This consists of positive variances in:

- Behavioral Health Services (BHS) is driven by operating costs primarily for contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days, offset by negative variances in one-time IT resource needs and temporary staffing costs at the San Diego County Psychiatric Hospital (SDCPH).
- Public Health Services (PHS) is primarily due to procurement delays resulting from delayed funding notifications, loss of CalFresh Healthy Living funding that will not be renewed by the federal grantor this fiscal year, Immunizations program to align projections with the grant resources and workplan as a result of significant reduction in federal funding, California Children's Services contracts and IT projects to align with revised funding allocations, and in the Epidemiology program to align projections with anticipated spending due to the demobilization of COVID-19 associated activities.
- Housing & Community Development Services in No Place Like Home (NPLH) grant funds that has been fully utilized with no further projects anticipated and carry forward from prior year encumbrances that are no longer needed after aligning expenditures with current funding allocations, with no impact to service or to local funds offset by

the Landlord Incentive Program (LIP), fully funded by SB 105, to increase housing access for homeless clients and support the County's effort to end homelessness operational costs, the Inclement Weather Program providing safe temporary housing to individuals impacted by severe weather events, and temporary contract help to provide clerical support as the department transitions to a new case management system.

- Child and Family Well Being (CFWB) is mainly due to lower than anticipated operating costs associated with travel, transportation and utilities ISFs.
- Aging & Independence Services (AIS) is primarily tied to an adjustment to the In-Home Supportive Service (IHSS) Maintenance of Effort (MOE) resulting from an approved wage increase for the IHSS Individual Providers during labor negotiations with the United Domestic Workers, increase in allocations for participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program, and higher operating costs to align with current spending levels, partially offset by savings from the conclusion of SNAP-Ed funding, completion of one-time allocations, reduced contracted services and lower participation in Multi Senior Services Program (MSSP). A negative variance would have been projected in Services & Supplies but now a positive variance is projected in Housing and Community Development Services (HCDS) to utilize available appropriation capacity and maintain a zero overall expenditure variance for AIS, pending the transfer of appropriation to AIS.

These are offset by negative variance in Self-Sufficiency Services primarily tied to increases in contracted services based on revised allocations for CalWORKs Housing Support Program associated with California Department of Social Services redistribution of unspent prior year funding and in Administrative Support due to higher than anticipated operating costs associated with Facilities Internal Service Fund (ISF), including utilities, mailing and other facility-related costs.

Land Use and Environment Group

In LUEG, projected overall positive variance of \$4.3 million primarily in Planning and Development Services is due to schedule changes to one-time only projects and reduced consultant contract spending and in Department of Public Works due to reduced fleet cost, less support from other County departments, and less than budgeted cost from completed stormwater projects.

Finance and General Government Group

In FGG, projected overall positive variance of \$9.5 million is primarily in Registrar of Voters due to delays associated with the replacement of the election management system and from lesser number of Vote Centers for the November 4, 2025 Special Statewide Election and in Assessor/Recorder/County Clerk to application services and contracted services related to the delay of the Archives Collection Management System, partially offset by increased software costs associated with Mainframe roadmap projects and maintenance of the Assessor's legacy systems, and in Human Resources due to lower than anticipated costs related to pre-employment medical screenings and information

technology that are charged to the Employee Benefits ISF, and contracted services related to miscellaneous insurance costs.

Other Charges

A projected positive appropriation variance of \$20.4 million in Other Charges is primarily in Self-Sufficiency Services due to lower than budgeted caseload levels in CalWORKs programs and General Relief program offset by a projected negative variance in the Sheriff's Office due to higher than anticipated costs for medical and mental health services contracts for the incarcerated population and in Housing & Community Development Services driven by the projected repayment of Emergency Rental Assistance Program (ERAP) funds to the Federal Treasury, resulting from ineligible awards identified by the County, and in HOPWA Tenant Based Rental Assistance (TBRA) with higher than anticipated expenditures due to program growth and rent increase in the region.

Capital Assets Equipment

A projected positive appropriation variance of \$7.5 million in Capital Assets Equipment is in HHSA primarily in PHS due to the termination of the mobile health lab contract and the elimination of planned equipment purchase for the lab due to the anticipated conclusion of the Epidemiology & Laboratory Capacity Enhancing Detection Expansion grant.

Expenditure Transfer & Reimbursements

A projected negative appropriation variance of \$3.4 million in Expenditure Transfer & Reimbursements in HHSA is primarily Behavioral Health Services due to Public Safety Group agreement has ended and efforts are being redirected to support the Department of Health Care Services mandated services under the Next Move Program which provides outpatient treatment services and in PSG primarily in Child Support due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency.

Operating Transfers Out

A projected negative appropriation variance of \$0.5 million in Operating Transfers Out in LUEG is primarily in Agriculture, Weights and Measures due to unanticipated major maintenance capital outlay projects.

GENERAL FUND REVENUE VARIANCES

The projected under-realized revenue of \$98.6 million includes positive variances totaling \$25.5 million and negative variances of \$124.1 million. In many instances, the negative revenue variances are directly associated with the positive expenditure variances described above, that is, the County does not receive the supporting revenue when a cost is not incurred.

*The projected **positive revenue variance** of \$25.5 million is primarily attributable to the following categories:*

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$15.2 million above budget.

The revenue variances in Taxes Other Than Current Secured are mainly in Sales and Use Taxes which assumes steady allocation from business-industry fulfillment centers and modest growth from countywide use tax pools largely due to continued strength in online sales, in Teeter Tax Reserve Excess based on returned excess Teeter Tax Reserve requirement on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year, in Documentary Transfer Tax due to projected home prices remaining high with projection of a slight increase in sales volume, in Transit Occupancy Tax based on prior year receipts and continued growth in the hotel industry and tourism as a whole, and in Aircraft Unsecured Tax projected to be higher than budget based on year-to-date current year actuals going higher than expected.

Taxes Current Property

Taxes Current Property (\$9.5 million) variance is primarily in Current Secured Property Taxes due to higher than budget primarily due to factoring in anticipated assessed value (AV) growth once the roll was closed and in Current Unsecured Property Taxes due to projected higher revenue based on prior year receipts. \$0.8 million will be appropriated to provide funding for one-time needs, which will result in an adjusted projection of \$0.5 million. 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.

Licenses, Permits & Franchises

Licenses, Permits & Franchises (\$0.4 million) variance in the Sheriff's Office is primarily due to higher collections from license fees.

Miscellaneous Revenues

Miscellaneous Revenues (\$0.4 million) variance is primarily due closure of Flex Forfeitures Trust Funds, a one-time unanticipated Port Payment for the Chula Vista Bayfront project and SD-VISA program offset by negative variances from lower than anticipated costs related to pre-employment medical screenings and information technology that are charged to the Employee Benefits ISF and contracted services related to miscellaneous insurance costs and recoupment of payments in contracted services from prior year adjustments.

*The projected **negative revenue variance** of \$124.1 million is primarily attributed to:*

Intergovernmental Revenues

\$105.6 million in projected negative revenue variance in Intergovernmental Revenues across the County.

Public Safety Group

In PSG (\$14.8 million), the variance is primarily due to lower than anticipated costs for Community Corrections Subaccount offset by revenue for State mandates, lower contracted services funded by Community Corrections Subaccount and Community Corrections Performance Incentives Act, and lower than anticipated State and federal reimbursement revenue related to the lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency, and lower reimbursements for eligible expenditures related to Community Assistance, Recovery, and Empowerment (CARE) Court, Edward Byrne Memorial Justice Assistance Grant (JAG), partially offset by unanticipated reimbursements from prior years State mandated program, Sexually Violent Predators claims

Health and Human Services Agency

In HHSA (\$95.4 million), the variance is in various departments. This consists of negative variances in:

- Behavioral Health Services (BHS) primarily tied to realignment revenue to align with spending and to align federal and State funding to anticipated billable service units and aligning grant funding with overall anticipated expenditures.
- Public Health Services (PHS) primarily in realignment revenues to align with spending and adjustments in various PHS grant revenues to reflect revised grant awards and align with anticipated Salaries & Benefits and Services & Supplies spending levels, in Immunization Action Plan grant to align with workplan, ending of the CalFresh Healthy Living grant, in COVID-19 Expanding Laboratory Capacity, in California Children's Services (CCS) tied to projection based on actual State allocation.

- Self-Sufficiency Services due to negative variance in assistance payment revenue, partially offset in social services administrative revenues to align with allocations and projected expenditures, and in Medi-Cal funding tied to a one-time payment from the State's prior-year closeout process.
- Housing & Community Development Services (HCDS) primarily due to the full utilization of No Place Like Home (NPLH) funds and prior-year encumbrances no longer needed which aligns with anticipated funding allocations. This is partially offset by increased revenues associated with HOPWA Tenant Based Rental Assistance (TBRA) and SB 105, as noted above, along with tied to pending appropriations adjustments for Aging and Independence Services (AIS) and Child and Family Well-Being (CFWB).
- Aging and Independence Services (AIS) due to negative variances associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts, lower participation than anticipated in the MSSP program, SNAP-Ed federal funding ending, to align budget with the completion of one-time, multi-year funding and carryover encumbrances from prior years that are no longer needed, partially offset by positive variances in social services administrative revenues to align with allocations and projected spending.

Land Use and Environment Group

In LUEG (\$1.3 million), the variance is primarily due to delays in grant related projects.

Finance and General Government Group

In FGG (\$5.0 million), the variance is primarily due to reimbursable costs tied to the replacement of the election management system and lesser number of Vote Centers for the November 4, 2025 Special Statewide Election.

Finance Other

In Finance Other, a positive variance of \$13.5 million is primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies (\$10.8 million) and in State Motor Vehicle In-lieu (\$3.2 million), offset by lower that budget in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million). However, \$2.5 million will be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, resulting in an adjusted higher Intergovernmental Revenue of \$11.0 million as described above

Charges for Current Services

Charges for Current Services (\$11.4 million) is due primarily in a decline in billable activities for land development, project planning, and building projects due to staff vacancies, reduced labor charges for land development projects and other County funded projects, align projected reimbursements and fees in Vital Records, lower than anticipated

reimbursements from local jurisdictions for their share of election costs, in Recorder Fee Modernization due to the impact of the legislative change and shift of SSN Truncation projects to Modernization, in Micrographics Fee due to delay of the Archives Collection Management System and legislative change limiting the use of these funds for the County Recorder Archives and trusted systems, in E-Recording fees due to less than anticipated contracted services, in SSN Truncation due to shift of funding to Modernization fees, and in Marriage Ceremony due to less than anticipated marriage ceremonies performed. These are partially offset due to estimated slight increase in the number of documents recorded and an estimated slight increase in vital records.

Revenue from Use of Money & Property

Revenue from Use of Money & Property (\$6.3 million) is primarily due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

Other Financing Sources

Other Financing Sources (\$0.6 million) variance is primarily due to a decrease in transfers from Proposition 172, *Local Public Safety Protection and Improvement Act of 1993*, resulting from lower than expected receipts and from the Incarcerated Peoples' Welfare Fund associated with vacant positions.

Fines, Forfeitures & Penalties

Fines, Forfeitures & Penalties (\$0.1 million) variance is primarily due to due to lower than anticipated costs for the Cal-ID program.

GENERAL FUND PROJECTION NOTES

The General Fund year-end fund balance projection includes receipt of additional Federal Emergency Management Agency (FEMA) revenue to cover costs incurred. Total FEMA costs are currently estimated at \$438.3 million. This includes \$438.3 million of costs incurred from the beginning of the pandemic through May 11, 2023, when FEMA eligibility ended, and \$2.4 million for Fiscal Year 2024-25 for allowable administrative costs to manage the grant beyond the FEMA eligibility date. To date, a total of \$323.5 million in FEMA reimbursement payments have been received and projections anticipate receiving an additional \$3.3 million by December 31, 2025, for prior year efforts. The remaining balance of \$114.9 million, which includes the 10% withhold amount as part of the FEMA close out process, is anticipated to be received in future fiscal years. County staff continue to actively monitor federal actions and legislation, which may impact FEMA reimbursements or other federal revenues, and evaluating the potential impacts of these actions.

Appendix C: Major Maintenance Capital Outlay Fund (MMCOF) Adjustments for Fiscal Year 2025-2026 (2ND QUARTER)

GROUP	DEPT.	PROJECT NUMBER	PROJECT NAME	FUNDING SOURCE			NOTES	DEPARTMENTS (Acct - 56321 Opt Transfer Out)	DEPARTMENTS (Acct - 5XXXX Services & Supplies) or (Acct - 56311 Opt Trx Out)	MMCOF (Acct - 54202 Fixed Asset)	RATIFICATION	Description	
				FUND	ORG	ACCOUNT		1 thru 11	Inc (Dec)	Inc (Dec)			Inc (Dec)
Increase (Decrease) of Appropriation													
LUG	AWM	1028019	MMCOF7A67 IPC Warehouse Expansion	10100	48600	52737	2	1,500,000	(1,500,000)	1,500,000	No	New Walk-In Project	
HHS	HHS	1027888	MMCOF7A65 Lemon Grove FRC Security System Upgrade	10100	46441	52708	3	30,000	(30,000)	30,000	No	Spending plan amendment	
LUG	DPR	1026098	MMCOF7940 Lake Morena Dock Rehabilitation And Boat Launch Ramp Extension	10100	52811	52222	3	450,000	(450,000)	450,000	No	Spending plan amendment	
Subtotal General Fund								1,980,000.00	(1,980,000.00)	1,980,000.00			
FGG	GSM	1026824	MMCOF7998 Energy Measures Implementation at Various RMS Facilities	37600	87875	52737	3	200,000	(200,000)	200,000	No	Spending plan amendment	
PSG	SHF	1027618	MMCOF7A59 SBRC Security System Replacement	26005	7A60D/7A61D	54202	3	N/A	N/A	7,500,000	No	Spending plan amendment (Bond Funding); Transferred from CP 1027619 (\$6.8M) & 1027620 (\$700K)	
LUG	DPR	1026101	MMCOF7943 Cactus Park Refurbishment	26005	7815D/7A24D	54202	3, 11	N/A	N/A	117,677	No	Spending plan amendment; Transferred from CP 1024608 (\$74K) & 1026850 (\$43K)	
LUG	DPR	1026850	MMCOF7A24 4S Ranch Patriot Park Playground Replacement	26005	7A24D	54202	4, 11	N/A	N/A	(43,000)	No	Spending plan amendment; Transferred to CP 1026101	
LUG	DPR	1025449	MMCOF7878 Sweetwater Ball Field Turf Replacement	26005	7765D/7949D	54202	3, 11	N/A	N/A	146,528	No	Spending plan amendment; Transferred from CP 1023693 (\$7K) & 1026107 (\$138K)	
LUG	DPR	1026107	MMCOF7949 Spring Valley Gym Hvac Unit Replacements	26005	7949D	54202	4, 11	N/A	N/A	(138,799)	No	Transferred to CP 1025449	
Subtotal Other Funds								200,000.00	(200,000.00)	7,782,406.10			
PSG	PRO	1024538	MMCOF7808 EMJDF Generator Replacement	10100	42077	52737	5	(1,037,781)	1,037,781	(1,037,781)	No	Project is complete and can be closed	
FGG	GSM	1026222	MMCOF7988 DPW Wastewater Sites Lighting and HVAC Efficiency Replacements	37600	87875	52737	5	(1,002)	1,002	(1,002)	No	Project is complete and can be closed	
PSG	SHF	1024624	MMCOF7826 RSD Sheriff Air Handlers	10100	39884	52737	5	(50,719)	50,719	(50,719)	No	Project is complete and can be closed	
PSG	SHF	1026123	MMCOF7965 Astrea Sheriff Aviation HVAC Unit Replacements	10100	39884	52737	5	(9,030)	9,030	(9,030)	No	Project is complete and can be closed	
PSG	SHF	1026864	MMCOF7A37 Miramar K9 Fencing Replacement	10100	39884	52737	5	(2,810)	2,810	(2,810)	No	Project is complete and can be closed	
LUG	DPR	1024608	MMCOF7815 Flinn Springs Park Bridge	26005	7815D	54202	9, 11	N/A	N/A	(74,677)	No	Project is cancelled; Transferred to CP 1026101	
LUG	DPR	1023693	MMCOF7765 Sweetwater Regional Park Road Repair	26005	7765D	54202	6, 11	N/A	N/A	(7,729)	No	Project is complete and can be closed; Transferred to CP 1025449	
PSG	SHF	1021963	MMCOF7627 Vista Detention Facility ADA Ramp	10100	39884	52737	8	(239,103)	239,103	(239,103)	No	Project is cancelled	
PSG	SHF	1027619	MMCOF7A60 East Mesa Reentry Facility Cameras System Replacement	26005	7A60D	54202	9	N/A	N/A	(6,800,000)	No	Project is cancelled; Transferred to CP 1027618	
PSG	SHF	1027620	MMCOF7A61 Rock Mountain Detention Facility Water Proofing Kitchen Equipment Water Heaters	26005	7A61D	54202	9	N/A	N/A	(700,000)	No	Project is cancelled; Transferred to CP 1027618	
Subtotal Completed/Cancelled Projects								(1,340,444.57)	1,340,444.57	(8,922,850.67)			
Total Increase (Decrease) of Appropriation								839,555	(839,555)	839,555			
Board Letter Recommendation								REC #12		REC #12			

NOTES:

- 1 MMCOF Project identified as MMISF (maintenance/not capital)
- 2 MMISF Project identified as MMCOF
- 3 MMCOF Spending plan increased
- 4 MMCOF Spending plan decreased
- 5 MMCOF Project complete and remaining funds are transferred to Dept. Services & Supplies
- 6 MMCOF Project complete and remaining funds are transferred to an existing MMCOF project

- 7 MMCOF Project complete and remaining funds are transferred to a new MMCOF walk-in project
- 8 MMCOF Project cancelled and funding source returned to Services & Supplies for department's operation
- 9 MMCOF Project cancelled and funding transferred to an existing MMCOF project
- 10 MMCOF Project cancelled and funding transferred to a new MMCOF walk-in project
- 11 Completed MMCOF to MMCOF transfers that have already been processed
- 12 Change in revenue source

Appendix D (Rec #19)
Unlocked Reserves
Category, Use and Transfer of Appropriations
Fiscal Year 2025-26

Category	Use of Unlocked Reserves	Appropriations From	Appropriations To	Amount
Housing	Shallow Rent Subsidy Program <i>extend current County program to two additional cohorts</i>	Behavioral Health Services	Housing & Community Development Services	2,775,000
	Tenant Legal Services <i>extension or expansion of current County program</i>	Housing & Community Development Services	Housing & Community Development Services	3,000,000
	LGBTQ+ Affirming Homelessness Prevention & Housing Support <i>extension of current County program by 2 years</i>	Housing & Community Development Services	Housing & Community Development Services	3,200,000
	Rental Assistance <i>delivered in conjunction with the City Heights Community Development Corp</i>	Self-Sufficiency Services	Housing & Community Development Services	3,600,000
	Rental Assistance <i>delivered in conjunction with the Urban League of San Diego County</i>	Self-Sufficiency Services	Housing & Community Development Services	350,000
	Affordable Housing Development <i>conditional grant to Partnership for the Advancement of New Americans (PANA)</i>	Self-Sufficiency Services	Chief Administrative Office - Economic Development & Government Affairs	5,000,000
Vulnerable Populations	Supplemental Security Income Program <i>extension of current County program</i>	Behavioral Health Services	Behavioral Health Services	2,000,000
	Domestic Violence Services <i>extension of an agreement with the City of San Diego for the Casa Mariposa Domestic Violence Shelter</i>	Public Health Services	Housing & Community Development Services	1,500,000
	Community Violence Intervention <i>delivered in conjunction with the Union of Pan Asian Communities (UPAC)</i>	Public Health Services	Public Safety Executive Office	175,000
	Senior Nutrition <i>extension or expansion of County program</i>	Self-Sufficiency Services	Aging & Independence Services	1,800,000
	Hunger Relief <i>grant to the San Diego Food Bank</i>	Self-Sufficiency Services	Self-Sufficiency Services	1,000,000
Sustainability	Multiple Species Conservation Plan (MSCP) <i>funding of the current County program</i>	Planning & Development Services	Finance Other	2,000,000
Infrastructure	Critical facility maintenance and improvements <i>maintenance projects for County facilities, which have been identified as critical</i>	Public Health Services	Finance Other	9,000,000
	Property Tax System <i>support one-time costs related to the County's property tax system</i>	Assessor/Recorder/County Clerk	Finance Other	2,000,000
		Registrar of Voters	Finance Other	3,000,000
		Public Health Services	Finance Other	7,000,000
Grand Total - Unlocked Reserves			47,400,000	