



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Third District

PAM SLATER-PRICE  
Third District

RON ROBERTS  
Fourth District

BILL HORN  
Fifth District

**DATE:** May 17, 2005

**TO:** Board of Supervisors

**SUBJECT:** FISCAL YEAR 2004-05 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET AND STAFFING ADJUSTMENTS (District: All)

### SUMMARY:

#### Overview

This report summarizes the third quarter status of the County's FY 2004-05 Operational Plan as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$156.4 million and for all budgetary funds combined is \$227.0 million.

Further, this letter recommends budget adjustments to fund various one-time projects from current budgetary savings, management reserves, fund balance or unanticipated revenues. Among these projects are funds to begin the construction of the Sheriff's Alpine substation, video surveillance enhancements for the East Mesa Juvenile Detention Facility, critical building and utility system improvements at the East Mesa Justice Complex, and technology infrastructure improvements at the Assessor/Recorder/County Clerk's building in San Marcos. Also recommended is an augmentation of appropriations for the County Medical Services Program to ensure that adequate funds are available to pay all expenses, and various technical adjustments within and between departments, including the Pension Obligation Fund and the Cash Borrowing Program. Finally it recommends the transfer of two positions from HHS to County Counsel to better support public administrator/public guardian services.

#### Recommendation(s)

#### CHIEF ADMINISTRATIVE OFFICER

Recommendation(s)

#### Chief Administrative Officer

1. Accept the FY 2004-05 third quarter report on projected year-end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.
3. Establish appropriations of \$3,190 in the District Attorney's Federal Asset Forfeiture Seized Asset Forfeiture Fund for services and supplies based on unanticipated

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revenue from the Jurisdictions Unified for Drug Gang Enforcement (JUDGE) Seized Asset Forfeiture Trust Fund. (4 VOTES)

4. Transfer appropriations of \$4,000,000 from the Sheriff's Department salaries and benefits to the Contributions to Capital Outlay Fund (Operating Transfer Out) for Capital Project 1006685, Alpine Station.
5. Establish appropriations of \$4,000,000 in the Justice Facility Construction Fund for Capital Project 1006585, Alpine Station, based on an Operating Transfer from the General Fund. (4 Votes)
6. Establish appropriations of \$1,371 in County Service Area 135 Regional Communications System 800 MHz for debt and audit related expenses, based on fund balance available in the CSA 135 RCS 800 MHz Fund. (4 VOTES)
7. Establish appropriations of \$14,000 in the City of Poway's Regional Communications System, CSA 135 fund to pay for remaining FY 2004-05 Network Operating Costs, based on fund balance available in the CSA 135 Zone F Fund. (4 VOTES)
8. Authorize the Auditor and Controller to discharge an accounts receivable in the amount of \$41,487 in the Justice Facility Construction Fund for project costs not reimbursed for the Regional Firearms Training Facility.
9. Transfer appropriations of \$41,487 from the Sheriff's Department salaries and benefits to Contributions to Capital Outlay Fund (Operating Transfer Out) for costs not reimbursed to the Justice Facility Construction Fund for Capital Project 1000157, Regional Firearms Training Facility. (4 VOTES)
10. Cancel appropriations of \$600,000 in the Justice Facility Construction Fund for Capital Project KK0781 East Mesa Juvenile Detention Facility, to provide funds for video surveillance enhancements. (4 VOTES)
11. Establish appropriations of \$600,000 in the Justice Facility Construction Fund (Operating Transfer Out), for video surveillance enhancement, based on fund balance made available by the cancellation of funds in Capital Project KK0781. (4 VOTES)
12. Establish appropriations of \$600,000 in the Probation Department, for video surveillance enhancements for the East Mesa Juvenile Detention Facility, based on an Operating Transfer from the Justice Facility Construction Fund. (4 VOTES)
13. Establish appropriations of \$25,000 in the Probation Department's Asset Forfeiture Fund for equipment for armed units based on fund balance available in the Probation

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Department's Asset Forfeiture Fund. (4 VOTES)

14. Establish appropriations of \$995,440 in the Proposition 172 Special Revenue Fund (Operating Transfer Out), for transfer to the Public Safety Group Executive Office, based on fund balance available in the Proposition 172 Special Revenue Fund. (4 VOTES)
15. Establish appropriations of \$995,440 in the Public Safety Group Executive Office for Major Maintenance projects that will address critical building and utility system needs at the East Mesa Justice Complex based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
16. Transfer appropriations of \$429,000 in the Securitized Tobacco Fund from Contributions to Other Charges to Operating Transfers Out for the CMS program.
17. Establish appropriations of \$1,500,000 in the Health and Human Services Agency, to increase funding for the County Medical Services' (CMS) specialty pool based on revenue from the State of California and an operating transfer in from the Securitized Tobacco Fund. (4 VOTES)
18. Authorize the transfer of two positions, Confidential Legal Secretary and Paralegal II, from the Health and Human Services Agency to County Counsel to enhance services to the community by providing direct County Counsel oversight of legal services.
19. Transfer appropriations of \$100,000 from the Department of Public Works-General Fund to the Department of Parks and Recreation for trails activities.
20. Transfer Management Reserves of \$117,610 from the Land Use and Environment Group Executive Office to the Department of Public Works General Fund for application costs related to the KIVA Citizen project.
21. Transfer Management Reserves of \$240,000 from the Land Use and Environment Group Executive Office to the Department of Public Works General Fund for an imaging system.
22. Amend the FY 2004-05 Airport Enterprise Fund Spending Plan by transferring appropriations of \$220,000 from capital project K47AL3 Ramona Land Acquisition to capital project K47PL2 Palomar Parking Lot 30 for additional construction costs based on savings in the Ramona Land Acquisition capital project.
23. Amend the FY 2004-05 Airport Enterprise Fund Spending Plan by \$20,000 for consultant fees for biological surveys based on fund balance available.

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24. Amend the FY 2004-05 Department of Public Works Internal Service Fund - Equipment Acquisition – Road Fund Spending Plan by \$300,000 for depreciation costs, based on fund balance available.
25. Amend the FY 2004-05 Department of Public Works Internal Service Fund - Equipment Acquisition Inactive Waste Spending Plan by \$3,000 for depreciation costs, based on fund balance available.
26. Amend the FY 2004-05 Department of Public Works Internal Service Fund - Equipment Acquisition - Airport Spending Plan by \$25,000 for depreciation costs, based on fund balance available.
27. Amend the FY 2004-05 Department of Public Works Internal Service Fund - Equipment Acquisition - General Fund Spending Plan by \$5,000 for depreciation costs, based on fund balance available.
28. Transfer appropriations of \$6,703.85 from the Department of Public Works-General Fund to District 1 Community Projects to return excess appropriations for the Sweetwater River Valley/Bonita Fence Project.
29. Transfer appropriations of \$50,000 from the Department of Environmental Health to Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funds for the Environmental Health - Fire Alarm Upgrades project.
30. Establish appropriations of \$50,000 in the Capital Outlay Fund for Capital Project 1000209, Environmental Health – Fire Alarm Upgrades, based on an Operating Transfer from the General Fund.
31. Cancel appropriations and related Land and Water Conservation Fund (LWCF) grant revenue of \$803 in the Capital Outlay Fund for Capital Project 1000194 – Dos Picos Park Playground/Picnic Area Improvements.
32. Cancel appropriations and related Recreational Trails Program (RTP) grant revenue of \$6,172.57 in the Capital Outlay Fund for Capital Project 1000210 – Volcan Mountain Preserve Trail Improvements.
33. Transfer appropriations of \$7,568.16 from the Department of Parks and Recreation, Contributions to Others, to Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funds for the Volcan Mountain Preserve Trail Improvements and William Heise Park Trail Improvements projects.

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34. Establish appropriations of \$7,568.16 in the Capital Outlay Fund for Capital Projects 1000210 – Volcan Mountain Preserve Trail Improvements (\$4,259.36), and 1000221 – William Heise Park Trail Improvements (\$3,308.80), based on an Operating Transfer from the General Fund. (4 VOTES)
35. Establish appropriations of \$18,600 in the Capital Outlay Fund for Capital Project 1000021 – North County Open Space Acquisitions, based on unanticipated revenue from the Friends of Hellhole Canyon. (4 VOTES)
36. Authorize the Auditor and Controller to discharge an accounts receivable in the amount of \$125,986.08 in the Capital Outlay Fund, from the California State General Fund Legislative Appropriations, for project costs not reimbursed by the State.
37. Cancel appropriations of \$8,000,000 in the Department of Planning and Land Use for hazardous fuels reduction activities and related revenue from Federal and State grant funds. (4 VOTES)
38. Establish appropriations of \$8,000,000 in the Department of Public Works General Fund for hazardous fuels reduction activities based on unanticipated revenue from Federal and State grant funds (4 VOTES)
39. Establish appropriations of \$55,092 in PRD 1013 Singing Trails Court for formation costs and AC paving and prep work based on PRD 1013 Singing Trails Court fund balance. (4 VOTES)
40. Amend the Department of General Services Fleet Management ISF spending plan to transfer \$100,000 from Fleet ISF Contingency Reserve to Automotive Fuel to adequately fund the purchase of vehicle fuel to provide an uninterrupted supply to customer departments.
41. Amend the Department of General Services Fleet Management ISF spending plan to transfer \$200,000 from Fleet Maintenance to Fleet Parts and Fuel to adequately fund the purchase of vehicle parts to provide uninterrupted vehicle maintenance to customer departments.
42. Ratify an amendment to the Department of General Services Fleet Management ISF by \$460,000 to purchase vehicles for Agriculture Weights & Measures and the Department of Parks and Recreation based on an operating transfer from the General Fund.
43. Cancel appropriations and the related Operating Transfer from the General Fund of

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\$120,000 in the Library Capital Outlay Fund for Capital Project 1000173, Bonita Library, to provide funds for furniture at the new Bonita Library.

44. Transfer appropriations of \$120,000 in the General Fund from Contributions to Capital Outlay Fund, Operating Transfer Out to Contribution to County Library, Operating Transfer Out to provide funds for furniture at the new Bonita Library.
45. Establish appropriations of \$120,000 in the Library Fund, for furniture for the new Bonita Library, based on an Operating Transfer from the General Fund made available by the cancellation of funding in Capital Project 1000173. (4VOTES)
46. Establish appropriations of \$600,000 in the Assessor/Recorder/County Clerk for one-time facilities maintenance and renovation expenses based on revenue from the Property Tax Administration Trust Fund. (4 VOTES)
47. Establish appropriations of \$180,000 in the Assessor/Recorder/County Clerk for one-time application services expenses for the development and/or upgrade on information technology systems based on revenue from the Property Tax Administration Trust Fund and the Vital Statistics Trust Fund. (4 VOTES)
48. Establish appropriations of \$6,267,600 in County General Fund Finance Other – Cash Borrowing for interest for the Tax and Revenue Anticipation Notes (TRANS) based on additional General Purpose Revenues. (4 VOTES)
49. Establish appropriations of \$6,611,710 in the Pension Obligation Fund for the 04-05 debt service payment of 2002 Taxable Pension Obligation bonds based on unanticipated revenue from Citigroup and Morgan Stanley related to the Swap agreement. (4 VOTES)
50. Establish appropriations of \$300,000 in the Pension Obligation Fund for administrative costs related to the Taxable Pension Obligation Bonds based on fund balance available in the Pension Obligation fund. (4 VOTES)
51. Transfer appropriations of \$420,000 in Finance Other – General County Expense from Miscellaneous Expense to Operating Transfer Out for workers' compensation costs.

**Fiscal Impact**

The funds for a portion of these requests are not budgeted. These actions will cancel budgeted appropriations and the related sources of funding in the amount of \$8,726,976. If approved, these actions will establish additional appropriations of \$31,298,011 resulting in a net increase in appropriations of \$22,571,035.

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**Business Impact Statement**

N/A

**Advisory Board Statement**

The relevant items were presented to the various Health and Human Services Agency advisory boards for information.

**BACKGROUND:**

**FY 2004-05 Fund Balance Projections**

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$156.4 million, which is up \$82.0 million from the second quarter projection. It is made up of \$38.4 million in additional General Purpose Revenues, \$76.8 million in net savings from departmental operations, and \$41.2 million in unspent Contingency and Management Reserves. The projected balance for all other funds combined is \$72.4 million. Schedule A summarizes the fund balance projections by Group. The Notes to Schedule A explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through March 2005 and expected expenditures and revenues through the end of the fiscal year.

The General Fund year-end fund balance projection of \$156.4 is based on the estimate that expenditures will be \$225.9 million less than budgeted in the Fiscal Year 2004-05 Adjusted Budget, and General Fund revenues will be \$69.5 million less than budgeted in the 2004-05 Adjusted Budget. The projected revenue under-realization to budget consists of a positive revenue variance of \$37.0 million in current property and other than current secured taxes offset by \$106.6 million under-realization in all other sources of revenue.

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

- Lower than budgeted salary and employee benefits costs as a result of greater staff turnover in departments (including the Department Planning and Land Use and the Sheriff), cautious hiring (e.g., District Attorney's Office, Child Support Services, and Child Welfare Services) and controlling overtime and temporary staffing costs.
- Savings in services and supplies due to delays in awarding contracts (e.g., Sheriff's contract to replace the CAL-ID Mug Shot and lineup system), savings achieved through controlling professional services, office expenses, and rents and leases, savings from operational changes that reduced expenditures, savings in Bioterrorism-related contracts that will be spent in the subsequent year and savings in Maternal Child and Family Health Services due to more efficient service delivery, savings from delays in ERP implementation, and projected delays in Parks' fire reconstruction projects.

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- Savings in other charges are based on decreased demand for services in assistance payments to clients in CalWORKS, Foster Care, and Aid to Adoptive Families due to demand for services below budgeted levels with no negative impact in services to clients; Child Welfare Services reductions in demand and actual caseloads due to less staff and slower than anticipated implementation of a State mandated initiative; savings due to costs associated with the FY 2004 Homeland Security Grant (HSG) Program, the FY 2003 Pre-Disaster Mitigation Grant (PDMG) Program and the FY 2004 Urban Area Security Initiative (UASI) Grants that will carry over to the Operational Plan of FY 2005-06; and savings in the Foster Care budget as part of efforts to minimize the number of wards ordered by the Court to placement in residential treatment facilities and efforts to reduce the number of youth placed in the California Youth Authority (CYA).
- Additional savings are projected based on projected Contingency Reserve and Management Reserve savings across the groups.

Significant components of the expenditures savings related to project delays and multi-year project implementation will be re-budgeted in Fiscal Year 2005-06 via the Change Letter process.

The lower than budgeted projected revenues are based on the program activities and services discussed above. These reductions were partially offset by higher than budgeted property tax revenues and higher than budgeted taxes other than current secured revenues.

Current Secured Supplemental Taxes and Prior Secured Supplemental Taxes are projected to be \$20.2 million above budget. The distribution of supplemental property taxes changed as a result of factoring in the growth of revenues from the VLF Property Tax Compensation Fund into the ratio calculation. This change followed the State's action this year to establish initial allocations for Property Tax in Lieu of Vehicle License Fees (VLF) from the VLF Property Tax Compensation Fund to cities and counties. Based on the uniform guidelines for the implementation of Senate Bill #1096 and amended by Assembly Bill #2115, and based on feedback from State Auditors, the County has adjusted its supplemental property tax ratios. This adjustment has had a positive impact on the County's supplemental roll. County staff continues to follow-up on the distribution changes to determine whether these changes accurately reflect the intent of the legislation.

Real Property Transfer Tax revenue is expected to be \$12.4 million higher than budget. These revenues continue to be strong due to sustained healthy real estate activity, low interest rates that enable buyers to obtain sizeable loans, continued strong turnover in the housing market, and sustained high property values.

Other revenues including Redevelopment Tax Increment and Property Tax In Lieu of VLF are also projected to be higher than budget for Fiscal Year 2004-05.

The County is in a solid fiscal condition. Prudent management of our resources has allowed us to respond to losses of local discretionary revenues due to the State's multi-year budget crisis without



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impacting our reserves and while furthering many of our long-term service delivery, capital project, and technology goals.

**The Economy**

The U.S. economy's Gross Domestic Product (GDP) for 2004 showed an increase of 4.4% versus 3% growth in 2003. This represents the strongest year for growth in the U.S economy since 1999. This growth was primarily driven by domestic consumption and the housing sector. For the first half of 2005, a slower but still healthy growth of about 3.3% will be led by business investment and exports. Some significant risks facing the U.S. economy include the large and growing current trade deficit, inflation, uncertainty in oil prices, and weaker-than-expected growth in Europe and Japan.

A closer look at actual data for California's economy reveals the state has been doing well for the last two years. The Bay Area is the exception given the high tech bust of 2000. Overall, 2004 was a good year for California: payroll and household jobs experienced healthy growth of 1.5%; the job growth also contributed to a solid personal income growth of 5.7%; and taxable sales grew by 5.4%. The unemployment rate has been inching down to 6.1% in 2004 versus 6.7% in 2003 and 2002. For 2005, similar but slower growth rates are estimated - taxable sales will show moderate gains (4.8%), job growth is projected to remain stable (1.9%), and personal income is anticipated to grow at a healthy rate (4.9%).

For the last four years, the center of growth in the State has been and continues to be the southern portion of the state, i.e., San Diego County, Orange County, and the Inland Empire. San Diego County has experienced positive economic growth every year since 1994. Although economic momentum has slowed in recent years, a moderate pace is still projected for 2005 and 2006. The regional economy has outperformed both the State and national growth rates. Based on preliminary forecast data, San Diego will experience yet another year of positive economic growth in 2005 of approximately 4.0% adjusted for inflation.

**FY 2004-05 Budget Adjustments**

The budget adjustment recommendations in this letter include technical adjustments as well as propose the appropriation of available fund balance for high priority one-time projects for each Group and the Agency. A separate letter will be presented for a recommendation to the Board of Directors – Alpine Sanitation District.

**Recommendation 2**

A waiver of Board Policy A-91, Mid-Year Budget Changes is requested for the mid-year appropriation of funds. Adjustments are for high priority or critical one-time items and will not result in ongoing expenses or will result in ongoing savings.

**Recommendation 3**

The Jurisdictions Unified for Drug Gang Enforcement (JUDGE) program was established to target, apprehend and prosecute gang members involved in drug use and sales. Approval of this request will

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enable JUDGE to purchase information technology equipment and shelving units for investigation and prosecution activities.

**Recommendations 4 & 5**

These requests will establish appropriations of \$4,000,000 in the Justice Facility Construction Fund for Capital Project 1006585, Alpine Station, based on an Operating Transfer from the General Fund, based on appropriations available in the Sheriff's department. A land parcel of approximately 2.1 acres was donated to the County in 2003 for a new patrol station in Alpine. The station will replace a small, antiquated, leased facility. In the 2<sup>nd</sup> Quarter Budget Status Board Report Letter, appropriations of \$250,000 were established to begin the initial phase of construction design work. These requests will establish appropriations of \$4,000,000 to begin the construction of the station. The Department has also applied for a grant from the Indian Gaming Local Community Benefit Committee and is hopeful grant funds will be adequate to fund the remainder of the construction.

**Recommendation 6**

This request will establish additional appropriations of \$1,371 to pay for unbudgeted debt and audit related expenses in CSA 135 Regional Communications System 800 MHz based on available fund balance.

**Recommendations 7**

This request will establish additional appropriations of \$14,000 to pay for fire and public works radio network operating charges in the City of Poway's CSA Zone F Fund Regional Communications System based on available fund balance.

**Recommendations 8 & 9**

This request will establish appropriations of \$41,487 in the Justice Facility Construction Fund to reimburse expenditures for Capital Project 1000157, Regional Firearms Training Facility. This action will transfer Sheriff's Department appropriations to clear the receivable.

**Recommendations 10 - 12**

These requests will establish appropriations of \$600,000 to transfer funds to the Probation Department based on funds available in the East Mesa Juvenile Detention Facility (EDJDF) Capital Project KK0781. The EDJDF currently has video surveillance systems that are used to monitor the living units and hallways at the facility. The current system has a capacity to save 30 days worth of video surveillance. The Attorney General's opinion is that any public facility recordings should be saved for a one-year period. An upgrade to the current system will provide one-year recordings. The cost to provide this upgrade is \$600,000.

**Recommendation 13**

This request will establish appropriations of \$25,000 in the Probation Department's Asset Forfeiture Fund. This request will enable the Probation department to purchase bulletproof vests, ammunition, pepper spray, Mag Lites, handcuffs, and uniform vests for its armed units.

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**Recommendation 14 & 15**

This request will establish appropriations in the Public Safety Group Executive Office to support critical building systems and utility infrastructure needs at the East Mesa Justice Complex. The East Mesa Complex includes the George Bailey Detention Facility; East Mesa Juvenile Detention Facility and Correction Corporation of America (CCA) Facility with over 795,000 square feet of space housing offenders and the public safety staff that operate these facilities 24 hours a day, seven days a week. The Department of General Services is conducting a full assessment of the needs of the complex and has identified an immediate need to replace and resize components of the chilled water system to provide temperature control to the jails and the juvenile detention facility during the upcoming summer months. These funds will support this and similar projects related to this complex.

**Recommendation 16 & 17**

The County Medical Services (CMS) Program funds medical care for indigent uninsured adults (21-64) through provider pools. The adults receiving medical treatment cannot be eligible for any other state or federal program. Since 2000, the CMS specialty pool has sustained a significant cost increase because of the impact of the increase in patients (18,000 in FY 99-00 to 22,000 in FY 04-05), emergency room usage and a continuous rise in both generic and branded pharmaceutical costs. In addition, the CMS program reimburses physicians at Medi-Cal rates and three years ago the State significantly increased Medi-Cal physician reimbursement rates (16-25% increase). In order to retain the CMS provider network, the County had to increase the rate structure to be equivalent with Medi-Cal.

Also, there are many more medical procedures being performed on an outpatient basis, but the physician's charge is approximately the same, regardless of where the procedure is performed. Many of these outpatient procedures are performed in hospital outpatient facilities; therefore, hospitals receive approximately \$2,000,000 from the specialty pool for facility charges. Because of all these factors, the FY 04-05 projected specialty pool costs exceed the currently budgeted amount by approximately \$1,500,000. Without additional funding, there will be unpaid specialty pool claims, which will adversely impact specialty pool providers (mainly physicians) creating additional indigent access and reimbursement issues for the Agency and County. Specialty physicians have to be recruited to see CMS patients and unpaid claims will likely result in physicians dropping out of the network.

**Recommendation 18**

The transfer of these two positions will enhance services to the community by providing direct County Counsel oversight of legal services and supervision of these two legal support positions that support HHSA Public Administrator/Public Guardian programs. The change will increase the effectiveness of services that are currently being provided by these two positions in HHSA.

**Recommendation 19**

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This recommendation transfers appropriations for trails activities from the Department of Public Works-General Fund to the Department of Parks and Recreation, which has assumed responsibility for maintaining County trails.

**Recommendation 20**

This recommendation establishes appropriations for a Pennant Alliance Work Order for work on the KIVA Citizen Project. Funds for this work order were included in the Department of Public Works General Fund FY 2003-04 Budget. This request rebudgets the balance that remained at the end of that fiscal year.

**Recommendation 21**

In the FY 2003-04 Budget, funds were budgeted in the Department of Public Works General Fund Budget for an imaging system. This recommendation corrects the current year budget by rebudgeting the balance that remained at the end of FY 2003-04 for this project.

**Recommendation 22**

This recommendation transfers appropriations from capital project K47AL3 Ramona Land Acquisition to capital project K47PL2 Palomar Pave 3 SW Lots. Palomar Airport is designing three parking lots and constructing one parking lot in FY04-05. Funding is from savings in the completed Ramona Land acquisition project.

**Recommendation 23**

This recommendation establishes appropriations for biological survey and vernal pool fairy shrimp surveys on the Palomar Northside Ramp project. This request establishes appropriations based on available fund balance in the Airport Enterprise Fund.

**Recommendations 24 - 27**

These recommendations establish additional appropriations for depreciation in the respective Internal Service Funds – Equipment Acquisitions based on fund balance available. Depreciation was underestimated in the budget.

**Recommendation 28**

This recommendation returns excess Community Project funds - \$6,703.85. District 1 granted \$32,000 for the replacement of a fence in the Sweetwater Regional Park (see board letter dated 9/28/04, Item #7). The remaining unused portion is now being returned.

**Recommendation 29 & 30**

This is a request for an additional \$50,000 for the installation of fire alarm system upgrades for the Topaz Building located at 9325 Hazard Way. The bid from the contractor is higher than expected. The Department of Environmental Health share of cost is estimated at \$95,750 of which \$45,750 is currently budgeted.

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**Recommendation 31**

The Dos Picos Park Playground/Picnic Area Improvements project was funded, in part, by a \$40,953 LWCF grant award. These funds have been expended and all grant revenue received. Remaining LWCF appropriations are over and above the actual grant award and need to be cancelled.

**Recommendation 32 - 34**

The Department of Parks and Recreation received Recreational Trails Program (RTP) grant funds for trail improvement projects at Volcan Mountain Preserve and William Heise Park. The RTP program requires a 20% match, which is provided by Department Grant Match General Funds, budgeted annually for grant matching purposes. These actions will appropriate the matching funds into the Capital Projects. Included in this request is a cancellation of RTP grant appropriations in the Volcan Mountain Trail project. All grant funds have been expended and revenue received. Remaining RTP appropriations are over and above the actual grant received for Volcan Mountain and need to be cancelled.

**Recommendation 35**

On March 23, 2005 (4), the Board approved the purchase of 154.64 acres in Hellhole Canyon Open Space Preserve for \$413,025. A portion of the purchase price (\$18,600) was contributed by the Friends of Hellhole Canyon and was to be credited to the County in escrow. To properly record all Capital costs for the entire purchase price, Capital Outlay Fund procedures require that appropriations be established in the Capital project, based on these contributed funds.

**Recommendation 36**

At the end of FY 2000/2001, there remained an accounts receivable of \$125,986.08 for expenditures that were not reimbursed by the State for Capital Project 1000234 – Spring Valley Gym, because the State had taken back General Fund Legislative Appropriations that had been previously awarded for this project. On March 11, 2003 (17), the cancelled State General Fund revenue was replaced with Management Reserves from the Finance and General Government Group. This revenue will be used to clear the receivable.

**Recommendations 37 & 38**

On May 19, 2004, Item 10, the Board of Supervisors approved the acceptance of a \$30 million of Emergency Watershed Protection Program Grant Funds from the U.S. Department of Agriculture Natural Resource Conservation Service for hazardous fuel reduction activities. Those funds were budgeted in the Department of Planning and Land Use (DPLU). That board action also added appropriations in the amount of \$9.075 million to the Department of Public Works (DPW) for similar activities. The Department of Public Works has been acting as the lead on the hazardous fuel reduction activities and is currently administering all related contracts. These recommendations cancel the appropriations in DPLU and re-establish them in the Department of Public Works-General Fund, so that DPW can continue managing the contracts.

**Recommendation 39**

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This is a request to establish additional appropriations in PRD 1013 Singing Trails Court for formation costs and AC paving and prep work based on available fund balance.

**Recommendations 40 & 41**

These requests modify the General Services Fleet Management ISF spending plan by transferring appropriations between accounts to provide spending authority for vehicle fuel and parts needs.

**Recommendation 42**

This is a technical adjustment to complete the purchase of new vehicles approved in the Second Quarter Operational Plan Budget Adjustment, 3/1/05 (13), Recommendations #32, #43, and #83.

**Recommendations 43 - 45**

These are technical adjustments to transfer existing appropriations to the proper fund for purchase of furniture for the Bonita Library. The original funding source for the Bonita Library project was District One Community Projects funds.

**Recommendation 46**

This recommendation establishes \$600,000 of appropriations in the Assessor/Recorder/County Clerk's Office for one-time facilities maintenance and renovation activities based on funding available in the Property Tax Administration Trust Fund.

**Recommendation 47**

This recommendation establishes \$180,000 of appropriations in the Assessor/Recorder/County Clerk's Office for technology infrastructure implementation related to the new San Marcos building and scanning hardware to comply with state law, based on \$150,000 in funding available in the Property Tax Administration Trust Fund, and \$30,000 in funding from the Vital Statistics Trust Fund.

**Recommendation 48**

This request will establish appropriations in Finance Other – Cash Borrowing (\$6,267,600) to support the higher appropriations necessary to reflect the coupon rate on the Tax and Revenue Anticipation Notes (TRANS) rather than the net rate after the premium is applied. In the past, premiums from the Cash Borrowing Program were accounted for as offsets to expense. However, they are now reflected as additional revenue based on current accounting practices.

**Recommendation 49 & 50**

The County entered into a swap agreement with Citigroup and Morgan Stanley (the "Counterparty") during the issuance of the 2002 Taxable Pension Obligation Bonds, whereby payments are being made between the County and the counterparty. Funds from the Counterparty are used to pay the bondholders. This transaction was being accounted for on the county's books on a net basis. Accounting practices require these payments between the County and the counterparty to be accounted for on a gross basis as will the related payment to the bondholders.

**SUBJECT: FISCAL YEAR 2004-05 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET AND STAFFING ADJUSTMENTS**

Administrative expenses related to the Taxable Pension Obligation bonds are higher than expected due to the issuance of the 2004 Taxable Pension Obligation Bonds. FY 04-05 fund balance of the Pension Obligation Fund will be the funding source for the additional \$300,000 of administrative expenses.

**Recommendation 51**

This request will transfer appropriations in Finance Other – Countywide General Expense of \$420,000 that was budgeted in services and supplies to the operating transfer out account. These appropriations will be used to support workers' compensation costs based on the transfer settlement between the County and the State for pre-calendar year 2000 workers' compensation cases for Court employees. The agreement calls for the Court to assume all expenses for Court employee workers' compensation cases filed in calendar year 2001 and after. The County has received a lump sum payment for the liability for all Court employee cases filed during calendar year 2000. Cases filed prior to calendar year 2000 are the responsibility of the County.

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

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the FY 2004-05 Budget and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

**SUBJECT: FISCAL YEAR 2004-05 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET AND STAFFING ADJUSTMENTS**

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

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

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

**ORIGINATING DEPARTMENT:** Chief Financial Officer

**CONTACT PERSON(S):**

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**AUTHORIZED REPRESENTATIVE:**

Donald F. Steuer, Chief Financial Officer



**SUBJECT:** FISCAL YEAR 2004-05 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET AND STAFFING ADJUSTMENTS

**AGENDA ITEM INFORMATION SHEET**

(continued)

**PREVIOUS RELEVANT BOARD ACTIONS:**

3/1/05 (36) FY 2004-05 Second Quarter Operational Plan Status Report, Budget and Staffing Adjustments; 12/7/04 (3) FY 2004-05 First Quarter Operational Plan Status Report, Budget and Staffing Adjustments, Ratification/Execution/Acceptance of Revenue/Grant Agreements, CHDP/EPSTDT Subvention Certification, and Ratification of FY 2003-04 Year End Budget Adjustments; 8/17/04 (19) Changes to the Proposed Budget, County of San Diego FY 2004-05 Final Budget Resolution;

**BOARD POLICIES APPLICABLE:**

A-91, Mid-Year Budget Changes

**BOARD POLICY STATEMENTS:**

**A-91 Mid-Year Budget Changes**

A waiver of Board Policy A-91, Mid-Year Budget Changes is requested for the mid-year appropriation of funds. Adjustments are for both high priority one-time items and certain ongoing services. Services proposed for ongoing funding will also be included in the CAO's Proposed Operational Plan for FYs 2005-06 and 2006-07

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

N/A

**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**COUNTY SUMMARY**

	Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 48,029	\$ (13,451)	\$ 34,578
Health & Human Services	99,871	(89,261)	10,610
Land Use & Environment	18,127	(4,056)	14,071
Community Services	9,536	(1,980)	7,556
Finance & General Government	14,004	819	14,823
Total Agency/Group	<u>189,567</u>	<u>(107,928)</u>	<u>81,638</u>
General Revenues	-	38,408	38,408
Finance Other	36,321	13	36,334
<b>Total General Fund</b>	<b><u>\$ 225,888</u></b>	<b><u>\$ (69,508)</u></b>	<b><u>\$ 156,380</u></b>
<b>Special Revenue Funds</b>			
Public Safety	\$ 745	\$ 7,963	\$ 8,708
Health & Human Services	14,396	20,014	34,410
Land Use & Environment	16,807	(12,393)	4,414
Community Services	26,021	(21,105)	4,916
Finance & General Government	327	126	453
Finance Other	2,400	-	2,400
<b>Total Special Revenue Funds</b>	<b><u>60,696</u></b>	<b><u>(5,395)</u></b>	<b><u>55,301</u></b>
<b>Internal Service Funds Departments</b>			
Public Safety Group	\$ (34)	\$ 55	\$ 21
Health & Human Services	-	-	-
Land Use & Environment	1,700	124	1,824
Community Services	11,541	(14,979)	(3,438)
Finance & General Government	-	-	-
Finance Other	4,829	(829)	4,000
<b>Total Internal Service Funds</b>	<b><u>18,036</u></b>	<b><u>(15,629)</u></b>	<b><u>2,407</u></b>
<b>Enterprise Fund Departments</b>			
Land Use & Environment	\$ 2,149	\$ 204	\$ 2,353
<b>Special District Funds Departments</b>			
Public Safety Group	38	(38)	-
Health & Human Services	356	(104)	252
Land Use & Environment	9,018	1,321	10,339
<b>Total Special District Funds</b>	<b><u>\$ 9,412</u></b>	<b><u>\$ 1,179</u></b>	<b><u>\$ 10,591</u></b>
<b>Other County Funds Departments</b>			
LUEG - Debt. Svc. Local Boards	-	-	-
Community Svcs. - Redevelopment Agencies	\$ 1,995	\$ (1,995)	\$ -
<b>Total Other County Funds</b>	<b><u>\$ 1,995</u></b>	<b><u>\$ (1,995)</u></b>	<b><u>\$ -</u></b>
<b>Total County Projected Operating Balance</b>	<b><u>\$ 318,176</u></b>	<b><u>\$ (91,144)</u></b>	<b><u>\$ 227,032</u></b>

**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**PUBLIC SAFETY GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Alternate Public Defender	980	(405)	\$ 575
Child Support	3,945	(3,759)	186
Contributions for Trial Courts			-
Defense Attorney Contract Admin.	1,000		1,000
District Attorney	2,311	1,291	3,602
Law Enforcement Review Board	36		36
Medical Examiner	207	(150)	57
Emergency Services	9,934	(9,834)	100
Probation	5,115	1,354	6,469
Public Defender	600	(370)	230
Public Safety Executive Office	6,228	62	6,290
Sheriff	17,673	(1,640)	16,033
<b>Total General Fund</b>	<b>\$ 48,029</b>	<b>\$ (13,451)</b>	<b>\$ 34,578</b>

**Special Revenue Funds Departments**

District Attorney (Asset Forfeiture - State & Federal)	-	258	258
Probation - Asset Forfeiture	-	54	54
Probation - Inmate Welfare Program	-	-	-
Sheriff - Asset Forfeiture	708	(448)	260
Sheriff - Inmate Welfare Program	37	364	401
Public Safety - Proposition 172	-	7,735	7,735
<b>Total Special Revenue Funds</b>	<b>745</b>	<b>7,963</b>	<b>8,708</b>

**Internal Service Funds Departments**

Probation	-	-	-
Sheriff(Jail Stores)	(34)	55	21
<b>Total Internal Service Funds</b>	<b>(34)</b>	<b>55</b>	<b>21</b>

**Special District Funds**

Sheriff (Regional 800 MHz)	38	(38)	-
<b>Total Group Projected Fund Balance</b>	<b>\$ 48,778</b>	<b>\$ (5,471)</b>	<b>\$ 43,307</b>

**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Programs**

Agency Administration	3,574	(496)	\$ 3,077
Adult Mental Health	1,921	(1,921)	-
Aging & Independence Services	4,360	(2,960)	1,399
Alcohol & Drug Division	3,479	(2,775)	704
Children's Mental Health	3,260	(3,260)	-
Child Welfare Services	12,227	(11,923)	304
Proposition 10	0	(0)	-
Public Health Services	11,280	(8,921)	2,358
Regional Operations	54,585	(51,986)	2,598
Regional Program Support	4,770	(4,770)	-
Strategy & Planning	415	(247)	169
<b>Total General Fund</b>	<b>\$ 99,871</b>	<b>\$ (89,261)</b>	<b>\$ 10,610</b>

**Special Revenue Funds**

Social Services Realignment	3,245	13,051	16,295
Mental Health Realignment	3	3,520	3,523
Health Realignment	6,278	3,443	9,721
Tobacco Securitization Fund	4,871	-	4,871
<b>Total Special Revenue Funds</b>	<b>14,396</b>	<b>20,014</b>	<b>34,410</b>

**Internal Service Funds**

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

Ambulance Districts	356	(104)	252
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**Other County Funds Departments**

	-	-	-
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<b>Total Health &amp; Human Services Agency</b>	<b>\$ 114,623</b>	<b>\$ (69,351)</b>	<b>\$ 45,272</b>
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**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Agriculture, Weights & Measures	\$ 798	\$ (547)	\$ 251
Environmental Health	3,039	(457)	2,582
Farm Advisor	61	5	66
Land Use & Environment Group Exec Office	847	20	867
Parks & Recreation	3,439	22	3,461
Planning & Land Use	9,685	(3,743)	5,942
Public Works	258	644	902
<b>Total General Fund</b>	<b>\$ 18,127</b>	<b>\$ (4,056)</b>	<b>\$ 14,071</b>

**Special Revenue Funds Departments**

A,W & M (Grazing and Fish & Game Commission)	-	-	-
Parks & Recreation - PLDO	97	1,494	1,591
DPW - Aviation Funds	14	6	20
DPW - Road Funds	12,749	(10,102)	2,647
DPW - Inactive Waste	3,947	(3,791)	156
<b>Total Special Revenue Funds</b>	<b>16,807</b>	<b>(12,393)</b>	<b>4,414</b>

**Internal Service Funds Departments**

Public Works - DPW Equip. ISF Prg. (35525-35700)	1,700	124	1,824
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**Enterprise Funds Departments**

Airport Enterprise Fund	1,895	198	2,093
Liquid Waste Enterprise Fund	254	6	260
<b>Total Enterprise Funds:</b>	<b>2,149</b>	<b>204</b>	<b>2,353</b>

**Special District Funds Departments**

Air Pollution Control District	2,223	301	2,524
Parks and Recreation	88	42	130
DPW - Sanitation Districts & Sewer Maintenance	1,055	949	2,004
DPW - CSAs	-	-	-
DPW - PRDs	5,378	45	5,423
DPW - Flood Control	41	(41)	-
DPW - Street Lighting Districts	233	25	258
<b>Total Special Districts Funds:</b>	<b>9,018</b>	<b>1,321</b>	<b>10,339</b>

**Other County Funds Departments**

Debt Service-Local Boards	-	-	-
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<b>Total Land Use &amp; Environment Group</b>	<b>\$ 47,801</b>	<b>\$ (14,800)</b>	<b>\$ 33,001</b>
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**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Animal Services	\$ 451	\$ (29)	\$ 422
Community Services Group Exec Office	6,009	-	6,009
General Services	-	-	-
Purchasing & Contracting	-	-	-
Housing & Community Development	2,614	(2,561)	53
Library Services	-	-	-
Registrar of Voters	462	610	1,072
<b>Total General Fund</b>	<b>\$ 9,536</b>	<b>\$ (1,980)</b>	<b>\$ 7,556</b>

**Special Revenue Funds Departments**

Library Services	4,814	105	4,919
Housing & Community Development	21,207	(21,210)	(3)
<b>Total Special Revenue Funds</b>	<b>26,021</b>	<b>(21,105)</b>	<b>4,916</b>

**Internal Service Funds Departments**

Facilities Management	10,578	(11,121)	(543)
Fleet Management	245	(1,847)	(1,602)
Purchasing & Contracting	718	(2,011)	(1,293)
<b>Total Internal Service Funds</b>	<b>11,541</b>	<b>(14,979)</b>	<b>(3,438)</b>

**Other County Funds Departments**

Redevelopment Agency	1,995	(1,995)	-
<b>Total Community Services Group</b>	<b>\$ 49,093</b>	<b>\$ (40,059)</b>	<b>\$ 9,034</b>

**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT  
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 869	\$ 212	\$ 1,081
Auditor & Controller	1,624	(407)	1,217
Board of Supervisors	1,318	1	1,319
Board of Supervisors-General	-	-	-
CAC-Major Maintenance	-	-	-
Chief Administrative Officer	140	(12)	128
Civil Service Commission	46	-	46
Clerk of the Board of Supervisors	978	315	1,293
County Counsel	662	618	1,280
County Technology Office	200	-	200
Finance & GG Exec Office	6,947	-	6,947
Grand Jury	47	0	47
Human Resources	572	83	655
Treasurer/Tax Collector	601	9	610
<b>Total General Fund</b>	<b>\$ 14,004</b>	<b>\$ 819</b>	<b>\$ 14,823</b>

**Special Revenue Funds Departments**

Media & Public Relations	327	126	453
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**Internal Service Funds Departments**

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

<b>\$ 14,331</b>	<b>\$ 945</b>	<b>\$ 15,276</b>
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**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &  
FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter FY04-05 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

General Revenues:

All Current Property Taxes	\$ -	\$ 13,755	\$ 13,755
All Other Taxes-Local	-	23,288	23,288
Licenses, Permits & Franchises	-	790	790
Fines, Forfeitures & Penalties	-	1,500	1,500
Revenue for Use of Money & Property	-	-	-
Intergovernmental Revenue	-	52	52
Charges for Current Services	-	23	23
Miscellaneous Revenue	-	(1,000)	(1,000)
<b>Total General Revenues</b>	<b>\$ -</b>	<b>\$ 38,408</b>	<b>\$ 38,408</b>

General County Expenses:

Cash Borrowing Program	-	-	-
Community Enhancement	-	-	-
Contingency Reserve	15,600	-	15,600
Contributions to the Capital Outlay Fund	1,006	-	1,006
Contributions to Library Fund	-	-	-
Community Projects & Services	-	-	-
Countywide Expenses	19,715	13	19,728
Total Finance Other Expenses	36,321	13	36,334
<b>Total General Fund</b>	<b>36,321</b>	<b>38,421</b>	<b>74,742</b>

**Special Revenue Funds Departments**

Capital Program	-	-	-
Debt Service-Pension Obligation Bonds	2,400	-	2,400
<b>Total Special Revenue Funds</b>	<b>2,400</b>	<b>-</b>	<b>2,400</b>

**Internal Service Funds Departments**

Workers Compensation	2,829	(829)	2,000
Unemployment Insurance	-	-	-
Public Liability	2,000	-	2,000
<b>Total ISF Funds</b>	<b>4,829</b>	<b>(829)</b>	<b>4,000</b>

<b>Total General Revenues &amp; Finance Other</b>	<b>\$ 43,550</b>	<b>\$ 37,592</b>	<b>\$ 81,142</b>
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**FY 2004-2005 3rd Quarter  
Projected Year-end Results**

(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY04-05 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 14,020	20,558	34,578
Health and Human Services	\$ 2,500	8,110	10,610
Land Use and Environment	\$ 202	13,869	14,071
Community Services	\$ 5,886	1,670	7,556
Finance & General Government	\$ 3,027	11,796	14,823
<b>Agency/Group Totals</b>	<b>\$ 25,635</b>	<b>\$ 56,004</b>	<b>\$ 81,638</b>
General Revenues		38,408	38,408
General County Expenses	-	20,734	20,734
Contingency Reserve	15,600	-	15,600
<b>Total Gen'l. Revs &amp; Gen'l. County Exp.</b>	<b>\$ 15,600</b>	<b>\$ 59,142</b>	<b>\$ 74,742</b>
<b>Total General Fund</b>	<b>\$ 41,235</b>	<b>\$ 115,146</b>	<b>\$ 156,380</b>

COUNTY OF SAN DIEGO  
NOTES TO SCHEDULE A  
FY 2004 - 2005 3<sup>rd</sup> QUARTER

**GENERAL NOTES**

*Agency/Group Fund Balance Components*

Fund Balance consists of two components - Management Reserves and Operating Balance. Operating Balance is the excess of Revenues over Expenditures as a result of current fiscal year operations. Management Reserves are appropriations that are set-aside at the Group or department level for unanticipated needs or planned future one-time expenses.

*Management Reserves*

The Agency/Groups do not plan to expend all of their respective Management Reserves during this year and therefore expect that some amount will be available for use in future years. Projected Management Reserves at June 30, 2005 are shown in Schedule B.

*Projections of Agency/Group Operations*

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

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

**PUBLIC SAFETY GROUP**

***General Fund:***

*Alternate Public Defender*

A net positive variance of \$0.6 million is projected for the Alternate Public Defender. A net positive expenditure variance of \$1.0 million is due to \$0.5 million in salaries & benefits savings due to the use of modified positions, attrition and to holding Juvenile Dependency vacancies open pending the outcome of negotiations with the State Administrative Office of the Court on the design and funding level for the Juvenile Dependency program. A positive expenditure variance of \$0.5 million is projected in services & supplies due to the conservation of funds in medical and psychiatric evaluation fees, special

departmental expenses, court appointed attorney expenses and information technology services. A net negative revenue variance of \$0.4 million is projected due to decreased State Trial Court funding, which is directly related to the projected expenditure savings in the Dependency program.

#### *Child Support Services*

A net positive variance of \$0.2 million is projected for the Department of Child Support Services (DCSS). A net positive expenditure variance of \$3.9 million is projected due to savings in salaries & benefits, services & supplies, and capital assets equipment. A positive expenditure variance of \$2.4 million is projected in salaries & benefits. Ninety-nine positions have not been filled due to the unpredictable status of the State budget and the FY 2005-06 DCSS funding. Sixty of those positions will be deleted in the proposed FY 2005-07 Operational Plan process. A positive expenditure variance of \$1.4 million is projected in services & supplies and a \$0.1 million positive expenditure variance is projected in Capital Assets Equipment. These variances are due to operational changes that reduced expenditures in the last year. A net negative revenue variance of \$3.7 million is projected primarily due to revenue shortfalls in federal and state revenues and recovered cost revenue. A negative variance of \$3.4 million is due to decreases in federal and state revenues as a result of fewer reimbursed expenditures. Recovered cost revenue has also decreased by approximately \$0.4 million due to decreased child support collections in cases receiving income assistance.

#### *Defense Attorney Contract Administration*

A net positive variance of \$1.0 million is projected for the Defense Attorney Contract Administration. The variance is due to an anticipated year-end balance of \$1.0 million in management reserves. These funds will be reserved for unanticipated needs in the upcoming fiscal year.

#### *District Attorney*

A net positive variance of \$ 3.6 million is projected for the District Attorney's Office. A net positive expenditure variance of \$2.3 million is projected due to anticipated savings in salaries & benefits, services & supplies and expenditure transfers and reimbursements. Salaries & benefits are projected to be \$2.8 million under budget due to restrictive hiring of Deputy District Attorneys and employee retirements. A total of 155 positions were vacant as of Payroll 19. A positive variance of \$0.3 million is projected in services & supplies due to anticipated savings in professional services, auto maintenance ISF, office expenses and rents and leases. These variances are due to diligent monitoring and tracking of expenditures throughout the year. Major Maintenance costs are estimated at the level projected by the Department of General Services. A negative variance of \$0.9 million in expenditure transfer and reimbursement is due to restricted hiring resulting from the delay in formalization of the final Purchase of Service Agreement (MOU) between the District Attorney's Office and the Health and Human Services Agency.

A net positive revenue variance of \$1.3 million is projected. This variance is primarily due to an increase in revenue for Damages for Fraud of \$0.6 million generated by the receipt of settlement fines in two significant cases: Duke Energy (\$0.5 million) and The Tropical Connection (\$0.1 million); the unanticipated receipt of additional grant funds in the Auto Theft Task Force Program of \$0.4 million, the Workers Compensation Trust Fund Program of \$0.4 million and, the Auto Insurance Fraud Program of \$0.3 million. These savings are offset by a projected negative revenue variance in the Southwest Border Prosecution Initiative Program of \$0.4 million due to the allocation of funds across a greater number of counties and states.

#### *Emergency Services*

A net positive variance of \$0.1 million is projected for the Office of Emergency Services. A net positive expenditure variance of \$9.9 million is due to anticipated savings in salaries & benefits (\$0.3 million), services & supplies (\$3.2 million), and other charges (\$6.4 million). These variances are due primarily to costs associated with the FY 2004 Homeland Security Grant (HSG) Program, the FY 2003 Pre-Disaster Mitigation Grant (PDMG) Program and the FY 2004 Urban Area Security Initiative (UASI) Grants. Because the performance period of the HSG and UASI grants extends to November 2005 and the FY 2003 PDMG extends to May 2006, approximately \$9.8 million in planning costs, equipment purchases, and reimbursements to other government agencies will carry over to the Operational Plan of FY 2005-06. A negative revenue variance of \$9.8 million will directly offset these projected savings.

#### *Probation*

A net positive variance of \$6.5 million is projected for the Probation Department. A net positive expenditure variance of \$5.1 million is due to projected savings in salaries & benefits, services & supplies, other charges, expenditure transfers and reimbursements and management reserves. A projected savings of \$0.4 million in salaries & benefits is due primarily to a larger than anticipated vacancy rate and less than anticipated retirement payoffs. A positive variance of \$0.3 million is projected in services & supplies due to savings in non-travel expenses, various ISF accounts and contract costs associated with Probation Caseload Management Systems (PCMS). A net positive variance of \$3.2 million is projected in the other charges account primarily due to projected savings in the Foster Care budget of (\$1.9 million). The savings are the result of the Probation Department's work with the Juvenile Court to minimize the number of wards ordered by the Court to placement in residential treatment facilities. Other factors contributing to the positive variance in other charges are the reduction in the number of youth placed in the California Youth Authority (CYA) (\$1.4 million) and a negative variance related to placement of undocumented ward (\$0.1 million). The CYA savings are being generated as a result of the current commitment practices of the Juvenile Court. A positive variance of \$0.6 million in Expenditure Transfers and Reimbursements are due to an increase in the reimbursement of

costs related to the Reflection Program. The Department also projects a year-end balance of \$0.6 million in management reserves. The reserve was established to support development costs of the Probation Case Management System. The remaining reserve amount of \$0.6 million is carried over in FY 2005-06 pending the final payment for services.

A net positive revenue variance of \$1.4 million is projected. This variance is due to the following: a positive variance of \$0.5 million in Federal Admin Child Welfare Title IV-E revenues will be generated by claiming eligible activities; and a positive variance of \$0.5 million in TANF revenues attributable to the distribution of prior year unallocated revenues; a positive variance of \$0.6 million projected in other federal grants due to anticipated over realized Local law Enforcement Block Grant (LLEBG) and Juvenile Accountability Block Grant (JABG) revenue (\$0.2 million), Center for Sex Offender Management (CSOM) (\$0.1 million), and Drug Court Federal Challenge Grant II and GREAT Grant revenue (\$0.3 million); a positive variance of \$0.4 million is projected in Federal Medical Administrative Activities / Targeted Case Management Medicaid (M.A.A.) primarily due to increased Adult Field Services claims and M.A.A. revenue generated by the Reflections Program; a positive variance of \$0.3 million is projected in Charges in Road Fund revenue due to increased activities by revenue producing work crews from Work Projects; a positive variance of \$0.4 million is projected in other court costs due to the recovery of costs of investigations, supervision and home supervision; a positive variance of \$0.4 million is projected in Institutional Care revenues due to increased parental reimbursement for the wards detained in Juvenile Halls and Camps; a positive variance of \$0.1 million is projected in other miscellaneous revenues due to increased enrollments in the Work Project Program; a negative variance of \$1.9 million in State and Federal Foster Care revenues are directly attributable to the expenditure savings reported in other charges; and an additional positive variance of \$0.1 million is attributable to the projected over-realization of revenue and revenue shortfalls in various categories.

#### *Public Defender*

A net positive variance of \$0.2 million is projected for the Department of the Public Defender. A positive expenditure variance of \$0.6 million is attributable to savings in salaries & benefits due to retirements and to holding Juvenile Dependency vacancies open pending the outcome of negotiations with the State Administrative Office of the Court on the design and funding level for the Juvenile Dependency program. A negative revenue variance of \$0.4 million is projected. This variance is due primarily to a negative variance in Trial Court revenue directly related to the lower Juvenile Dependency expenditures discussed above.

#### *Public Safety Executive Office*

A net positive variance of \$6.3 million is projected for the Public Safety Group Executive Office. The variance is principally an anticipated year-end balance of \$6.2 million in Management Reserves. These funds will be reserved for

unanticipated needs in the upcoming fiscal year. The remaining variance of \$0.1 million is attributable to anticipated over-realized Rents and Concessions revenue resulting from lease funds held in trust related to a resolved tenant dispute.

### *Sheriff*

A net positive variance of \$16.0 million is projected for the Sheriff's Department. A net positive expenditure variance of \$17.7 million is projected due to anticipated savings in salaries & benefits, services & supplies, management reserves, and other charges. A positive expenditure variance of \$7.8 million is projected in salaries & benefits due to salary savings as a result of vacant positions. The Sheriff's Department has experienced greater staff turnover than anticipated during this year in conjunction with fewer cadets entering the Deputy Sheriff Academies. This projection includes "Expected New Hires" of 23 sworn staff from forthcoming academies and 43 professional staff. Also, this projection accounts for 33 retirements/departures. A positive expenditure variance of \$3.2 million is projected in services & supplies partially due to a delay in awarding the contract to replace the CAL-ID Mug Shot and lineup system, funded by the Sheriff Fingerprint ID Trust Fund and approved by the Board of Supervisors on October 19, 2004 (4) in the amount of \$1.6 million. Thirteen regional agencies and thirty participants were involved in the development of the Request for Proposals (RFP). The RFP has been issued and the selection of a vendor is anticipated in August of 2005. These amounts will be carried over to the Operational Plan of FY 2005-06. Sheriff's Deputies are now being used to monitor hospitalized inmates to increase safety and prevent escapes. Contract savings are projected due to the termination of contract security guards for that function (\$0.5 million); and various savings including special department expense, printing, Facilities Management ISF, minor equipment, Microfiche and Printing ISF, computer and related training costs and office expense (\$1.1 million). A positive variance of \$6.2 million is projected in year-end management reserves. A positive variance of \$1.0 million is projected in other charges in inmate medical care due to lower than anticipated costs. A negative variance of \$0.5 million in expenditure transfers & reimbursements (cost applied) is attributable to providing fewer meals to Probation juvenile facilities.

A net negative revenue variance of \$1.6 million is projected. Factors contributing to the negative revenue variance include a negative variance of \$3.0 million in other miscellaneous revenues due to reserving of the Las Colinas Replacement Fund for its intended purpose and a negative revenue variance of \$0.5 million in State Criminal Alien Assistance Program (SCAAP) due to an increased number of applicant counties competing for a decreasing amount of federal funds. The County's award for this program was less than anticipated when the current budget was developed. A negative revenue variance of \$0.9 million is projected due to the termination of the "Meals on Wheels" contract. A negative revenue variance of \$1.4 million from Marshal Want Warrant, Marshal Writ Disbursement, and Civil Service Process Surcharge is projected. The negative variance of \$1.6

million in Cal-ID Revenue is attributable to the expenditure savings discussed above. Additional factors contributing to the negative variance include \$0.7 million in rents and concessions due to an adjustment associated with receipt of revenue, a negative variance of \$0.2 million in operating transfers from Inmate Welfare due to vacant positions and a negative variance in federal other revenue of \$0.2 million. A positive revenue variance of \$3.2 million in booking fees is due to cities' ability to compensate the County through State Budget reimbursement. A positive variance of \$1.7 million in reimbursement from Trial Court revenue is projected due to an increase in service level. Additional factors contributing to the variance include a positive revenue variance in Recovered Expenditures of \$0.7 million and Jail Bed Leasing of \$0.3 million. An additional \$1.0 million in revenue comes from various revenue sources including State Aid Traffic Safety Program, State Aid Other State Grants, Contract City Revenue, Peace Officer Standards and Training (POST) reimbursements, and other charges current services.

***Special Revenue Funds:***

*District Attorney Asset Forfeiture*

A net positive variance of \$0.3 million is projected due to increases in various fines, forfeitures, and interest.

*Sheriff's Inmate Welfare*

A net positive variance of \$0.4 million is projected for the Inmate Welfare Fund and is due to \$0.4 million in Recovered Expenditures from an overpayment to the Grossmont Union High School District for inmate educational programs.

*Sheriff's Asset Forfeiture*

A net positive variance of \$0.3 million is projected for the Asset Forfeiture Fund. A positive expenditure variance of \$0.7 million is primarily attributable to savings in services & supplies in the areas of minor equipment of \$0.5 million and special department expense of \$0.3 million. Fixed assets are projected at a negative variance of \$0.1 million. A transfer from services & supplies to fixed assets is planned to cover this variance. A net negative revenue variance of \$0.4 million is attributable to the expenditure savings discussed above.

*Proposition 172*

A net positive variance of \$7.7 million is projected for the Proposition 172 Special Revenue Fund. State sales tax receipts to the fund in the last fiscal year were 5% greater than anticipated after a correction by the State Board of Equalization of an underpayment to counties for January through May of 2004. Based on information for the current fiscal year, it is estimated that the annual receipts will be 4% higher than planned. Pursuant to the Board of Supervisor's Policy A-126, any revenue growth will be disbursed according to a public safety program plan agreed to by the Sheriff, District Attorney, and Probation Department.

## HEALTH AND HUMAN SERVICES AGENCY

### **General Fund:**

#### *Agency Administration*

The Agency Administration consists of the following: Agency Executive Office, Financial Services and Support Division, Management Support, Human Resources and Agency Contract Support. A net positive variance of \$3.1 million is projected for Agency Administration. The net positive expenditure variance of \$3.6 million includes \$2.5 million anticipated year-end management reserves, and \$1.1 million in salary savings due to vacancies. The net negative revenue variance of \$0.5 million aligns a variety of administrative claim and realignment revenues to reduced expenditures.

#### *Adult Mental Health Services*

No net variance is projected in Adult Mental Health. The anticipated overall net positive expenditure variance of \$1.9 million is due to a savings of \$5.2 million in services & supplies less additional costs of \$3.3 million in salaries & benefits. These variances are primarily due to delays in implementation of changes resulting from Managed Competition. These projected savings are offset by a net negative revenue variance of \$1.9 million, related to savings in contract-related expenditures.

#### *Aging and Independence Services*

A net positive variance of \$1.4 million is projected for Aging and Independence Services. The projected net positive expenditure variance of \$4.4 million is the result of a \$2.0 million decrease in services & supplies due to less than anticipated IHSS Individual Provider expenditures, a \$0.4 million decrease in fixed assets for Edgemoor due to a postponement of purchasing equipment until the new facility is operational, and a \$2.0 million decrease in the operating transfer to the Public Authority due to the timely receipt of provider contributions that allowed for reduced expenditures in the abatement process. A projected net negative revenue variance of \$3.0 million is the result of a \$1.3 million decrease in revenue corresponding to the decrease in IHSS Individual Provider expenditures and \$1.7 million decrease for Edgemoor-related revenue due to less than anticipated patient days.

#### *Alcohol and Drug Services*

A net positive variance of \$0.7 million is projected for Alcohol and Drug services. The projected net positive expenditure variance of \$3.5 million is due to estimated savings of \$0.1 million in salaries & benefits, and savings of \$3.4 million in services & supplies. The savings in services & supplies are comprised primarily of a \$2.8 million decrease in contract expenditures, and savings of \$0.6 million for software costs that will not be incurred until next fiscal year. A projected net negative revenue variance of \$2.8 million is related to a reduction in



contract-related revenues and a loss of revenue associated with the Prop 36 audit disallowance.

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

No net variance is projected in Children's Mental Health. The net positive expenditure variance of \$3.2 million is due to an estimated savings of \$0.4 million in salaries & benefits due to strategic freezing of vacancies due to managed competition and savings of \$2.8 million in services & supplies. The savings in services & supplies are comprised primarily of amounts not spent for decreased demand for contract services, and savings in the FEMA contracts. A net negative revenue variance of \$3.2 million in revenues is associated with the decrease in contract-related revenues, and a decrease in claimable costs for FEMA contracts.

#### *Countywide Child Welfare Services*

A net positive variance of \$0.3 million is projected for Countywide Child Welfare Services (CCWS). This is the result of a net positive expenditure variance of \$12.2 million offset by a net negative revenue variance of \$11.9 million. The net positive expenditure variance of \$12.2 million savings is the result of \$5.2 million savings in salaries & benefits because of vacancies and unused appropriations for overtime and temporary staffing. In addition, \$6.2 million savings in other charges are due to reductions in demand and actual caseloads. There are additional savings of \$0.8 million in services & supplies due to less staff and slower than anticipated implementation of State mandated initiatives. The \$11.9 million net negative revenue variance is the result of an anticipated \$10.3 million decrease in Intergovernmental revenues caused in part by a decrease in Adoption fees associated with lower caseloads and in part by a realignment of revenues and expenditures. There is also a \$1.6 million decrease in Realignment due to lower realignment-related expenditures.

#### *Public Health Services*

A net positive variance of \$2.4 million is projected for Public Health Services. This amount is a result of net positive expenditure variance of \$11.3 million offset by net negative revenue variance of \$8.9 million. The net positive expenditure variance of \$11.3 million is due to \$2.1 million savings in salaries and caused by vacancies; \$8.0 million savings in services & supplies due to: \$4.9 million in Bioterrorism-related contracts that will be spent in the subsequent year, \$0.7 savings in Maternal Child and Family Health Services due to more efficient service delivery, \$0.6 million reduction in mandated Vital Record payments to the state, \$1.0 million savings in QA Net and IT application services, and \$0.8 million savings in communications costs due to planned delays in filling positions. In addition, \$0.7 million savings in other charges are due to a shift of costs from the Child Health Disability Program to MediCal, \$0.5 million savings in capital assets equipment due to equipment that is budgeted but not yet ordered. The net negative revenue variance of \$8.9 million corresponds to the \$2.1 million savings generated in salaries & benefits resulting in reduced Health Realignment

revenue, shift of \$1.4 million revenue in Intergovernmental Revenue to other regional low orgs, and \$5.5 million planned negative revenue variance associated with Bioterrorism-related contracts and services rolled over to the subsequent year.

#### *Regional Operations*

A net positive variance of \$2.6 million is projected for the Regional Operations. It is comprised of a net positive expenditure variance of \$54.6 million and a net negative revenue variance of \$52.0 million. The net positive expenditure variance of \$54.6 million is due to a \$7.6 million savings in salaries & benefits due to strategic maintenance of vacancies; a \$3.2 million reduction in services & supplies primarily consisting of a \$0.8 million reduction in use of contract extra help, \$0.6 million in contract reductions, and a \$1.1 million reduction in communication costs; and an additional \$43.8 million savings in other charges due to decreased demand for services, primarily in assistance payments to clients in CalWORKS, Foster Care, and Aid to Adoptive Families. These savings are due to demand for services being below budgeted levels with no negative impact in services to clients. The projected net negative revenue variance of \$52.0 million corresponds to projected expenditure savings.

#### *Regional Program Support Division*

No net variance is projected for Regional Program Support Division. The net positive expenditure variance of \$4.8 million includes \$0.2 million savings in salaries & benefits, \$4.0 million in contracted services in Medical Care Program and Intake and Referral (IAR) Program Administration; and \$0.6 million in Adult Aid and CalWORKS Participant Benefits. The projected net negative revenue variance of \$4.8 million corresponds to the projected expenditure savings and adherence to the actual allocation level.

#### *Strategy and Planning Division*

A net positive variance of \$0.2 million is projected for Strategy and Planning Division. The net positive expenditure variance of \$0.4 million is due to vacancies and savings in contracts. The corresponding net negative revenue variance of \$0.2 million corresponds to the projected expenditure savings.

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

A net positive variance of \$34.4 million is projected for the three Realignment Special Revenue Funds plus the Tobacco Securitization Fund.

#### *Realignment Special Revenue Funds*

A net positive variance of \$29.5 million for the three Realignment Special Revenue Funds is projected. A net positive expenditure variance of \$9.5 million is projected in the three Realignment Special Revenue Funds. Issues impacting this variance include expenditure savings in contracts for Public Health, State negotiated Federal Waiver for In-home Support Services, managed competition,

and the recent negotiated agreement with the San Diego Schools in taking over the unfunded SB-90 mandated services. The net positive revenue variance of \$20.0 million represents current projections of both sales tax and VLF revenues. The revenue variance reflects anticipated increases associated with the upswing in revenue collections in the last quarter of FY 2003-04, increased State collections and legislative action allowed for base restoration from FY 2001-02, and a larger payment of prior year caseload growth than anticipated.

#### *Tobacco Securitization Fund*

The net positive expenditure variance of \$4.9 million in the Tobacco Securitization fund represents the difference between the \$22.4 million allocated in the current budget and the available annual amount of \$27.3 million.

#### ***Special Districts Funds:***

##### *Ambulance Districts*

The net positive variance of \$0.3 million in the Ambulance Districts Special Fund is projected. A net positive expenditure variance of \$0.4 million is due to reduced expenditures for costs associated with contracts and mutual aid. A net negative revenue variance of \$0.1 million is due to loss of revenue due to the ERAF shift.

### **LAND USE AND ENVIRONMENT GROUP**

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

##### *Agriculture, Weights & Measures*

A net positive variance of a \$0.3 million is projected. A net positive expenditure variance of \$0.8 million is due to: a \$0.4 million savings in salaries & benefits due to recruitment delays and emergencies that have not materialized under the Sudden Oak Death contract; and a \$0.4 million savings in services supplies due to savings in the Fire Fuels Reduction Program and a roof replacement project that was delayed until next fiscal year. A net negative revenue variance of \$0.5 million is projected due to: increased reimbursement of Unclaimed Gas Tax (UCGT) of \$0.3 million, additional Mill Assessment and other fees of \$0.1 million, recovery of expenses for Weights and Measures investigative costs and penalties of \$0.01 million, less decreases in: Sudden Oak Death SOD state contract of \$0.6 million, fire grant reductions of \$0.1 million, Stormwater fees of \$0.1 million, and charges in inactive solid waste erosion control of \$0.2 million.

##### *Environmental Health*

A net positive variance of \$2.6 million is projected for the Department of Environmental Health. The expenditure variance is the result of projected savings in salaries & benefits of \$1.1 million from vacant positions. Positions being held vacant are in the Radiological Health revenue program, to offset the possibility of funding reductions due to the State budget situation, resulting in salary savings of \$0.1 million; the Vector Surveillance and Control District

pending outcome of the benefit assessment in July, resulting in salary savings of \$0.2 million; and the Land Water Quality Division, due to lack of funding from Small Water Systems fees, resulting in salary savings of \$0.1 million. The remaining \$0.7 million comes from salary savings due to normal attrition. A projected savings of \$1.9 million is expected in services & supplies due to delays in starting IT projects added as part of the second quarter fund balance report and contracting delays due to the contracting officer vacancy. These projects will be re-budgeted in Change Letter. The net negative revenue variance of \$0.5 million is directly related to the projected expenditure savings.

*Land Use & Environment Group – Executive Office*

A net positive variance of \$0.9 million is projected. This is primarily due to projected savings in salaries & benefits of \$0.6 million from vacancies and less expense for graduate interns than expected. In addition, a \$0.2 million year-end balance in Management Reserves is projected.

*Department of Parks and Recreation*

A net positive variance of \$3.4 million is projected for the Department of Parks and Recreation due to projected savings in salaries & benefits of \$0.7 million due to vacant positions and projected savings in services & supplies of \$2.7 million due to delays in parks fire reconstruction projects that will be re-budgeted in FY 2005-06 via the Change Letter process.

*Planning and Land Use*

A net positive variance of \$5.9 million is projected for Planning and Land Use. The net positive expenditure variance of \$9.6 million is due to salaries & benefits savings of \$1.9 million as a result of an average vacancy rate of 8% and services & supplies savings of \$7.8 million due to anticipated savings in Fire Safety & Fuels Reduction Program contracts, as a result of inclement weather. The California Department of Forestry's management practices do not allow the felling of trees during certain weather conditions, i.e., Santa Ana winds, rain, etc. The majority of this savings will be re-budgeted in change letter, as the program will continue in subsequent years.

A net negative revenue variance of \$3.7 million is due to under-realized building construction permit/plan check revenue of \$0.7 million, service to property owners discretionary permitting revenue of \$1.4 million, federal aid hazard elimination & safety revenue of \$1.5 million pending approval of County's work plan, and aid from other governmental agencies revenue for the MSCP program of \$0.8 million.

*Public Works*

A net positive variance of \$0.9 million is projected for the Department of Public Works. A positive expenditure variance of \$0.3 million is the result of projected savings in salaries & benefits of \$0.3 million due to vacant positions. Projected

over-realization of revenue of \$0.6 million is due to the recovery of prior year expenditures from the Regional Water Quality Monitoring program.

***Special Revenue Funds:***

*Park Land Dedication Ordinance (PLDO)*

A net positive variance of \$1.6 million is projected for the 25 PLDO Special Revenue Funds. This variance is due to the departmental policy whereby only the revenue required to offset planned expenditures for projects using PLDO funds is included in the current year budget. When the fund balance in a particular PLDO fund becomes sufficient to fund the cost of an approved project, then both the appropriations and the revenue and/or fund balance is budgeted to cover the cost of the project. Actual revenue is projected to exceed the budgeted amount in the current year, and is consistent with the revenue stream from the prior year.

Public Works

*Road Fund*

A net positive variance of \$2.6 million is projected for the Road Fund. A net positive expenditure variance of \$12.7 million is projected due to salaries & benefits savings of \$1.2 million resulting from normal turnover and vacancies during recruitment efforts; savings of \$5.9 million in services & supplies primarily due to the delay of the Camino Canada project with savings in consultant contracts and to the abatement of expenditures for the Valley Center project based on a payment from the City of Escondido. Savings of \$5.6 million in other charges is due to postponement of right-of-way acquisition for the South Santa Fe project that will be purchased in FY 2005-06. A net negative revenue variance of \$10.1 million is due to a decrease of \$13.1 million in TransNet revenue chiefly related to reduced expenditures for the Camino Canada, Valley Center and South Santa Fe projects; a decrease of \$1.1 million due to fewer requests for work from others; and a net overall decrease of \$0.4 million in various other revenue accounts. This is partially offset by over-realized Gas Tax receipts of \$1.9 million; revenue from the sale of surplus property of \$1.3 million; and reimbursement from FEMA for fire related costs of \$1.3 million.

*Inactive Waste Site Management Fund*

A net positive variance of \$0.2 million is projected for the Inactive Waste Site Management Fund. A net positive expenditure variance of \$3.9 million in services & supplies is primarily due to lower than expected costs for work done on burn sites. A net negative revenue variance of \$3.7 million is directly related to the savings in expenditures.

***Internal Service Funds:***

### *Public Works*

A net positive variance of \$1.8 million is projected for the Department of Public Works Internal Service Fund. Savings are primarily related to equipment purchases that will be deferred to FY 2005-06.

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

#### *Public Works*

A net positive variance of \$2.4 million is projected as follows:

#### *Airport Enterprise Fund*

A net positive variance of \$2.1 million is projected for the Airport Enterprise Fund. A net positive expenditure variance of \$1.9 million is due to: salary & benefit savings of \$0.3 million due to vacancies; services & supplies savings of \$0.1 million related to the Fallbrook Airport and Transient ramp Project; and capital assets/land acquisition savings of \$1.5 million from the purchase of land for the Ramona Airport of \$0.3 million and from the purchase of land for Palomar Airport of \$1.1 million. The final payment for the Palomar Airport land was made at the end of FY 2003-04, which was after the current year's budget was finalized. A net positive revenue variance of \$0.2 million is projected due to over-realized revenue from the Federal Aviation Administration for the Ramona Control Tower project of \$0.1 million, the purchase of land at the Palomar Airport of \$0.3 million and a Palomar Noise Study of \$0.1 million) and over-realized revenue from State Aid for Aviation of \$0.1 million for a Gillespie Field runway project. Under-realized revenue from rents and concessions of \$0.4 million is related to hanger sales at Palomar Airport Center, which were budgeted this year but will occur next year.

#### *Liquid Waste*

A net positive variance of \$0.3 million is projected for the Liquid Waste Enterprise Fund. Projected savings of \$0.2 million in salaries & benefits is due to vacancies. Projected savings of \$0.1 million in services & supplies is due to savings in consultant costs for various projects.

### ***Special District Funds:***

#### *Air Pollution Control District*

A net positive variance of \$2.5 million is projected. A net positive expenditure variance of \$2.2 million is projected due to savings in salaries & benefits of \$1.5 million due to implementing the mitigation plan to reduce the impact of potential state budget cuts/ offset anticipated increases in operational costs, and to minimize the effects of these risks on permitting fees. Services & supplies net positive variance of \$0.6 million is due to reduced needs for contract consultant modeling services and reduced application related support. A net positive revenue variance of \$0.3 million is projected due to over-realized license & permit revenues of \$0.3 million based on current application levels, over-realized fines and forfeiture revenues of \$0.9 million due to violation settlements, over-

realized miscellaneous revenues of \$0.2 million due to earnings from pre-application meetings with business customers; less under-realized charges for current services of \$0.7 million due to less than anticipated advisory consultations, and under-realized Federal Grants revenue of \$0.4 million due to delays in a grant voluntary retrofit program, and delayed implementation of the National Environmental Information Exchange Network, to be completed next year.

#### *Parks (CSA's)*

A net positive variance of \$0.13 million is projected in special districts, due to savings in salaries & benefits of \$0.04 million, capital assets equipment of \$0.05 million and reserves of \$0.04 million.

#### Public Works

##### *Sanitation Districts & Sewer Maintenance.*

A net positive variance of \$2.0 million is projected. Projected savings in services & supplies is \$1.1 million. Savings of \$0.3 million is due to a delay in the City of San Diego East Mission Gorge Interceptor project in the Wintergardens Sanitation District. Campo Hills Water, Campo Sewer Area and Campo Water Area were added this year and are expected to add occupancy late this year or next year resulting in current year savings of \$0.6 million. Additional savings of \$0.2 million is in various other accounts. Projected revenue overage is \$0.9 million. Revenue from charges for services will be over-realized by \$1.2 million due to both unanticipated revenue from the Otay Water District for their share of the cost for the Rancho San Diego Pumping Station of \$0.3 million and from other agencies that use the Spring Valley Sanitation District system of \$0.9 million. These agencies are billed in arrears for their share of costs for operations and maintenance, capital improvements and Metro charges. The under-realized revenue from an operating transfer from the general fund is related to the services & supplies savings in Campo Sewer Area of \$0.3 million.

##### *Permanent Road Division Zones*

A net positive variance of \$5.4 million is projected for Permanent Road Division Zones. Projected savings in Services & supplies is \$5.4 million. \$5.1 million was budgeted for anticipated El Nino damage that did not occur and which will be rolled over to next fiscal year. An additional savings of \$0.3 million in routine maintenance is due to decreased requests for service.

##### *Street Lighting District*

A net positive variance of \$0.3 million is projected for the Street Lighting District. Savings in services & supplies are due to reduced labor and equipment due to a concerted effort to control costs within the district.

#### **COMMUNITY SERVICES GROUP**

**General Fund:**

*Animal Services*

A positive variance of \$0.4 million is projected for the Department of Animal Services from salary & benefits under-expenditures. The under-expenditure is due to positions held vacant in anticipation of the loss of a contract city effective July 2005 and difficulties in recruiting qualified veterinarians.

*Community Services Group Executive Office*

A positive variance of \$6.0 million is projected for the Community Services Executive Office. The variance is principally anticipated year-end management reserves balance from prior-years' savings, set aside for: future-years' operations and maintenance of the Documentum enterprise standard content management system (\$1.8 million); multi-year matching funds for a \$1.4 million Stormwater Management Demonstration project grant (\$0.2 million); FY 2005-06 back-fill for the State's temporary suspension of SB90 funding for mandated voting-related activities (\$0.6 million); and contingency against future Group needs. \$4.6 million of the projected Community Services Executive Office fund balance is included as a funding source in the CAO Proposed FY 2005-07 Operational Plan.

*Housing & Community Development Administration*

No net variance is projected for the Housing & Community Development department, the net result of: \$2.6 million under-expenditure, offset by \$2.6 million revenue under-realization. Department cost-containment efforts in response to Federal Housing and Urban Development (HUD) funding uncertainties produced under-expenditures including: \$1.7 million in salaries & benefits from holding positions vacant and \$0.9 million in services & supplies, primarily from delaying Rental Assistance software enhancements and reductions in Rental Assistance Mediation and travel. The projected revenue under-realization is a direct result of the projected expenditure savings; revenue is earned on a cost reimbursement basis.

*Registrar of Voters*

A positive variance of \$1.1 million is projected for the Registrar of Voters, the result of: \$0.5 million in under-expenditures, and \$0.6 million of over-realized revenue. Under-expenditures, primarily services & supplies, are due to lower than anticipated costs for the November 2004 general election. Over-realized revenues are primarily from customer jurisdictions for special elections (\$0.3 million), and for the November 2004 election.

**Special Revenue Funds:**

*County Library*

A positive variance of \$4.9 million is projected for the County Library, the net result of: \$4.8 million under-expenditure, and \$0.1 million revenue over-realization. Under-expenditures include: \$1.4 million in salaries & benefits from



delays in filling vacancies, and from turnover as part of the department's staffing management plan; \$0.9 million in services & supplies from lower than anticipated needs for minor equipment, and reductions in IT costs from system improvements; and \$2.5 million anticipated year-end management reserves balance from prior-years' savings, set aside for the required match for pending Proposition 14 library construction grant applications (\$0.7 million), and the automation of book processing (\$1.8 million). Over-realized revenues are primarily property taxes exceeding budgeted amounts.

#### *Housing & Community Development*

No net variance is projected for Housing & Community Development multi-year projects. A projected \$21.2 million expenditure savings is offset by revenue under-realization; costs are 100% revenue offset. To facilitate the multi-year project expenditure request process, all housing funds that the County is eligible to receive from the funding sources are budgeted. Expenditure savings are projected for multi-year projects that will not be completed in the current fiscal year.

#### ***Internal Service Funds:***

##### *Facilities Management*

A negative variance of \$0.5 million is projected for the Facilities Management ISF, the net result of: \$10.6 million under-expenditure, offset by \$11.1 million revenue under-realization. Under-expenditures include: \$0.9 million in salaries & benefits from staff vacancies; \$9.0 million in services & supplies, primarily due to pending decisions regarding the funding of major maintenance projects and less than anticipated service level requirements for contract maintenance, and mail services; \$0.6 million in other charges primarily due to deposits for right-of-way land acquisitions not being finalized by year-end; and \$0.2 million in operating transfers out due to less than anticipated labor requirement in support of major maintenance projects. The projected revenue under-realization is primarily a result of the projected expenditure savings, as revenue is earned for services provided based on projected cost-reimbursement rates. Imbalance between expenditures and revenues, which occurs due to variances between projected and actual costs, are adjusted in subsequent-years' rate development process.

##### *Fleet Management*

A negative variance of \$1.6 million is projected for the Fleet Management ISF, the net result of: \$0.2 million under-expenditure, offset by \$1.8 million revenue under-realization. Under-expenditures include: \$0.5 million in salaries & benefits from staff vacancies, and \$0.1 million in reserves; offset by \$0.3 million in other charges from higher than budgeted recording of depreciation. The projected revenue under-realization is due primarily to: lower than anticipated salvage value for vehicles (\$1.1 million); pre-purchase of repair parts (\$0.5 million); and, normal reimbursement-rate imbalance. The disparity between anticipated and actual salvage value is being analyzed for possible adjustment of fleet

depreciation schedules, salvage values, and reimbursements for replacement vehicles. Increased oversight will ensure future maintenance of adequate repair parts inventory. Imbalance between expenditures and revenues, which occurs due to variances between projected and actual costs, are adjusted in subsequent-years' rate development process.

*Purchasing & Contracting*

A negative variance of \$1.3 million is projected for the Purchasing & Contracting ISF, the net result of: \$0.7 million under-expenditure, offset by \$2.0 million revenue under-realization. Department cost-containment efforts in response to lower use of services by customer departments produced under-expenditures including: \$0.1 million in salaries & benefits savings from maintaining vacancies; and \$0.6 million in services & supplies. Revenue under-realization is primarily in the Print and Records Divisions. As the County is not price competitive with private industry in providing quality print and records services, customer departments' use of Print and Records services has declined faster than the department has been able to reduce operating costs. We will be returning to your Board with recommendations regarding these services.

***Redevelopment Agency Funds:***

*San Diego County Redevelopment Agency*

No variance is projected for the San Diego County Redevelopment Agency. A net positive expenditure variance of \$2.0 million is due to services & supplies, other charges, and operating transfers out savings of \$1.9 million resulting from lower than budgeted payments to the State Educational Relief Augmentation Fund, lower than budgeted payments to the Upper San Diego River Housing Fund, and lower than budgeted debt payment to the county general fund because the Property Tax Increment revenues supporting these payments were below budgeted levels. A net negative revenue variance of \$2.0 million corresponds to the projected expenditure savings.

**FINANCE & GENERAL GOVERNMENT GROUP**

***General Fund:***

*Assessor/Recorder/County Clerk*

A net positive variance of \$1.1 million is projected for the Assessor/Recorder/County Clerk. A positive expenditure variance of \$0.9 million is projected and is due to savings in salaries & benefits due to vacancies. The \$0.2 million over-realization of revenue is due to additional revenues received for Property Tax Administrative Services.

*Auditor and Controller*

A net positive variance of \$1.2 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$1.6 million is projected due to \$0.6 million in salary & benefits savings due to vacant positions; \$0.7 million in services & supplies savings due to reduced contract collection expenditures in Revenue and Recovery; and a projected \$0.2 million year-end management reserves balance. A net negative revenue variance of \$.4 million is projected due to under-realized revenue of \$0.7 million attributable to expenditure savings in contract collections discussed above and over-realized revenue of \$0.3 million in Property Tax Administration Reimbursements.

#### *Board of Supervisors*

A net positive variance of \$1.3 million is projected for the Board of Supervisors Offices due to salaries & benefits savings of \$0.3 million due to vacant positions and \$1.0 million in services & supplies savings due to lower than anticipated expenditures.

#### *Clerk of the Board of Supervisors*

A net positive variance of \$1.3 million is projected for the Clerk of the Board of Supervisors. The expenditure variance of \$1.0 million is the result of savings of \$0.3 million in salary & benefits costs due to vacant positions, \$0.5 million in services & supplies due to energy conservation efforts and lower information technology costs, and a \$0.2 million year-end projected balance in management reserves. The projected over-realized revenue balance of \$0.3 million is due to increased fees from passports and notary services, as well as revenue generated from property tax administrative services.

#### *County Counsel*

A net positive variance of \$1.2 million is projected for County Counsel. A net positive expenditure variance of \$0.6 million is projected due to \$0.4 million savings in salaries & benefits from vacant positions and \$0.2 million year-end projected management reserves balance. A net positive revenue variance of \$0.6 million is projected due to over-realized revenue for legal services provided to various clients.

#### *Finance and General Government Group*

A net positive variance of \$6.9 million is projected for the Finance and General Government Group. The variance is the result of savings in services & supplies of \$4.0 million due to information technology expenditures savings resulting from the delay in ERP implementation, salary and benefit savings of \$0.9 million due to vacant positions, and a projected year-end balance of \$2.0 million in management reserves.

#### *Human Resources*

A net positive variance of \$0.6 million is projected for Human Resources. The variance is the result of projected savings in services & supplies of \$0.6 million due to a decrease in information technology costs.

### *Treasurer-Tax Collector*

A net positive variance of \$0.6 million is projected for the Treasurer Tax Collector. This variance is primarily due to \$0.3 million of projected savings in salaries & benefits due to employee retirements and attrition and \$0.2 million of projected savings in services & supplies due to a reduction in banking fees as a result of lower fees with a new banking services vendor. In addition, there is a projected year-end balance of \$0.1 million in management reserves.

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

#### *Media & Public Relations*

A net positive variance of \$.4 million is projected for the Media & Public Relations Special Revenue Fund. A net positive expenditure variance of \$0.3 million is due to savings in services & supplies of \$0.1 million, savings in capital asset equipment of \$0.1 million, and a projected year-end management reserve balance of \$0.1 million. A net positive revenue variance of \$0.1 million is due to over-realized revenues for video production projects for county departments.

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

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

The general fund fund balance for these two categories combined is projected to be \$74.7 million, comprised of an estimated additional \$38.4 million in General Revenues and \$36.3 million of savings in General County Expenses.

#### *General Revenues*

The San Diego economy continues to fare well. Local economic indicators, including San Diego's gross regional product, employment, and personal income, show moderate growth. San Diego's unemployment rate compares favorably to both the U.S. and California unemployment rates. Local sales tax transactions are improving for the County as a whole with a 6.08% growth rate for the Fourth Quarter 2004. Moreover, the real estate market continues to be steady due to high demand, limited supply and continued favorable low financing costs.

#### *All Current Property Taxes*

All Current Property taxes are estimated to provide a \$13.8 million favorable net variance.

- *Property Taxes Current Supplemental*

Current Secured Supplemental Taxes are projected to be \$14.5 million above budget. This projection is based on a review of current collections to open charges through the April 12 Property Tax System apportionment (Apportionment #9). The supplemental roll (Charges) is up 120% from the same time last year and collections are approximately 106% higher than last year at the same time.

The distribution of supplemental property taxes changed as a result of factoring in the growth of revenues from VLF Property Tax Compensation Fund into the ratio calculation. This change followed the State's action this year to establish initial allocations for Property Tax in Lieu of Vehicle License Fees (VLF) from the VLF Property Tax Compensation Fund to cities and counties. Based on the uniform guidelines for the implementation of Senate Bill #1096 and amended by Assembly Bill #2115, and based on feedback from State Auditors, the County has adjusted its supplemental property tax ratios. This adjustment has had a positive impact on the County's supplemental roll. County staff continues to follow-up on the distribution changes to determine whether these changes accurately reflect the intent of the legislation.

- Property Taxes Current Unsecured

A \$0.7 million shortfall versus the budget is estimated for the unsecured taxes. This shortfall is attributed to two factors. First, a three percent growth was assumed when the budget was adopted; however, no growth was realized based on the assessor's actual tax roll. This change accounts for \$0.45 million of the lower projection. Moreover, roll corrections actually lowered the tax roll further reducing our projection \$0.25 million.

*All Other Taxes - Local*

All Other Taxes are anticipated to exceed budget by an aggregate \$23.3 million.

- Property Taxes Prior Secured

A shortfall of approximately \$1.5 million is estimated due to refunds related to property tax roll corrections from prior years and court settlements. The Calpine Power Plant contested the assessed valuation methodology used by the State Board of Equalization, and the Calpine Power Plant received an approximate \$0.6 million refund plus interest. The lowered projection incorporates the County's share of the refund and interest, approximately \$0.2 million.

The County has also been working with General Atomics in FY 2004-05 on an assessment appeal. In FY2003-04, a settlement was reached for General Atomics' contested assessments from 1982-83 through 1995-96. The current appeal covers General Atomics' assessments from 1996-97 forward. The County's portion of the correction is estimated at approximately \$0.3 million.

Similarly, UCSD disputed the entitlement of exceptions subject to property taxes for several parcels. A projection adjustment of \$1.0 million has been made to estimate the amount of refunds to be paid this fiscal year for the UCSD dispute.

- Property Taxes Prior Secured Supplemental

Similar to the Current Secured Supplemental Taxes' favorable projection, Property Taxes Prior Secured Supplemental revenue is estimated to be \$5.7 million above budget. This projection is based on a review of current collections to open charges through the April 12 Property Tax System apportionment (Apportionment #9). The prior secured supplemental roll (Charges) is up 26% from the same time last year and collections are approximately 33% higher than last year at the same time.

As mentioned above in the Property Taxes Current Supplemental section, the distribution of supplemental property taxes changes as a result of factoring in the growth of revenues from VLF Property Tax Compensation into the ratio calculation. The adjustment has had a positive impact on the County's supplemental roll.

- Real Property Transfer Taxes (RPTT)

An additional \$12.4 million in revenue is estimated for RPTT. Over the first 9 months of FY2004-05, RPTT revenues are 17.4% above last year at the same time. Based on last year's year-end actuals and reviewing current revenues, the County should realize \$12.4 million more than budget. These revenues continue to be strong due to sustained healthy real estate activity, low interest rates that enable buyers to obtain sizeable loans, continued strong turnover in the housing market, and sustained high property values.

- Redevelopment Agency Tax Increment

Redevelopment revenues are estimated to be \$3.0 million above budget. This projection is based on the year to date collections compared to last year at the same time, and expected collections based on existing Redevelopment Agreements with growth from the share of inflation/incremental revenue clauses and settlement payment increases in various agreements.

- Other Tax Aircraft Unsecured

A positive revenue variance of \$0.25 million is estimated compared to budget. The budgeted figure was prepared before FY 2003-04 year-end actuals, and current year revenues are on pace to exceed the 2003-04 level.

- In Lieu Local Sales & Property Tax in Lieu of VLF

Property Tax in Lieu of VLF & Sales Tax Replacement revenue is projected to be \$3.4 million over budget.

Beginning in FY2004-05, the County's share of Vehicle License Fee general purpose revenue is eliminated and replaced with money shifted back from the County's Educational Revenue Augmentation Fund (ERAF). The ERAF was required to be set up by the State in FY1992-93 to capture the prescribed amounts of property tax to be shifted from local governmental agencies to local schools. This new funding arrangement is the result of the State of California's FY 2004-05 budget actions and the signing of SB 1096. More specifically, the passage of SB 1096 made the following changes to the previous laws: eliminated the current VLF "offset" mechanism and permanently set the VLF rate at 0.65% as of January 1, 2005, versus the original 2%, eliminated VLF "backfill" payments along with the "trigger" provision in current law, replaced VLF backfill payments to cities and counties with property tax revenues shifted back from ERAF via the new VLF Property Tax Compensation Fund established by each county, established initial allocations for 2004-05 to each city and each county from the VLF Property Tax Compensation Fund, and provided for allocations in 2005-06 to be calculated based on a formula that takes into account adjusted actual allocations for FY2004-05 and the increase in gross taxable assessed value within each city or each county. When the FY 2004-05 Adopted Budget was formulated, the basis for the ERAF property tax VLF replacement fund amounts had not been determined. Based on the State Controller's Office revised report dated September 16, 2004, the County will be allocated \$3.6 million more than the estimated budget amount.

In FY2004-05, the County reclassified about one-fourth of the sales tax revenue (\$5.15 million in FY 2004-05) to "property taxes in lieu of sales tax" to comply with the State's "triple flip" legislation approved in FY2003-04. More specifically, effective July 1, 2004, provisions of AB7 X1, one of the 2003-04 State budget bills referred to as the "triple flip", took effect. It enabled the State to redirect one-quarter cent of the local sales and use tax to the State to repay up to \$15 billion in bonds authorized by Proposition 57 (March 2004) to help the State refinance its past debt. In turn, the lost revenues are replaced with countywide property tax revenues shifted back from the Educational Revenue Augmentation Fund (ERAF). When the FY 2004-05 Adopted Budget was formulated, the basis for the ERAF property tax Sales replacement fund amounts had not been determined. Based on a letter from the Department of Finance dated August 25, 2004, the County will be allocated \$0.2 million less than the estimated budget amount.

#### *Franchises*

Franchises are anticipated to exceed budget by an aggregate \$0.8 million:

- An additional \$0.8 million in Franchise fees is anticipated from Sempra Energy Company (SDG&E) for calendar year 2004. The County receives Franchise fees and Franchise fee equivalents from SDG&E for the right to utilize land in the unincorporated area. The franchise fees are based on the number of miles of lines and the sales of the electric and gas energy.

#### *Fines, Forfeitures & Penalties*

Fine, Forfeitures and Penalties are anticipated to exceed the budget by \$1.5 million.

- Penalties and Cost Delinquency Taxes. Penalties and Cost Delinquency Taxes are projected to be \$1.5 million over budget. This increase is attributed to the overall increase in the property tax base, and assumes roughly the same delinquency rates as in FY 2003-04 (1.45%). These penalties represent failure to pay any current and prior years' property tax by a specific due date.

#### *Miscellaneous Revenue*

Other Miscellaneous Revenues are expected to be under-budget by \$1.0 million due primarily to a lower than expected balance in the Flexible Benefits forfeiture account.

#### General County Expenses

##### *Contingency Reserve*

The entire \$15.6 million budgeted in the Contingency Reserve in FY 2004-05 is expected to be unspent at year-end.

##### *Facility Lease Payments*

A net positive variance of \$1.0 million is projected. The variance is the result of savings on lease payments, primarily from the Hall of Justice and Central Jail. The financings budgeted in this Org have fixed lease payment schedules – but as a result of interest earnings from funds held either with a trustee or with the County of San Diego, the actual expenditure for lease payments will be less than the budgeted payment.

##### *Countywide General Expenses*

A net positive variance of \$19.7 million is projected:

Savings of \$2.5 million in the ERP lease purchase payment. \$9.2 million was budgeted for the Enterprise Resource Planning (ERP) system lease-purchase payment, but only \$6.7 million is required this year for the finance and human resources components of the system. The Property Tax System component of the ERP Program was originally planned to be debt financed along with the finance and human resources components, but was put on hold until a feasible solution to the County's requirements



could be found. \$9.2 million was the planned debt service amount for all three components, and the full amount has been budgeted each year to retain debt capacity. The debt service savings each year (approximately \$2.6 million) was set aside and accumulated to defray the ultimate amount to be financed for the property tax system. As of the current fiscal year, \$10.4 million had been set aside in a fund balance designation. On February 8, 2005, the Board of Supervisors approved the acquisition of a new Integrated Property Tax System and authorized the utilization of approximately \$32 million in proceeds from the Securitization of the Vehicle License Fee (VLF) gap loan to pay for its development in lieu of debt financing the project or utilizing any of the fund balance designation. This action also released the \$10.4 million for other uses.

Savings of \$17.2 million is expected to be available at year-end due to the County's planning and preparedness for economic uncertainty.

***Special Revenue Funds:***

*Pension Obligation Bonds (POB)*

A net positive variance of \$2.4 million is projected based on appropriation savings on the 2002 variable rate obligations. This is due to market rates being lower than budgeted.

***Internal Service Funds:***

*Public Liability*

A year-end savings of \$2.0 million is now projected due to net expenditure savings compared to budget. These savings are attributed to lower settlement and judgment costs than anticipated, based on current estimates.

*Workers Compensation*

A year-end net savings of \$2.0 million is projected in the Workers Compensation ISF. Appropriation savings of approximately \$2.8 million are due to less than anticipated claims expenses. A revenue shortfall of \$0.8 million is due to a projected lower level of Court revenues than budgeted.