



# COUNTY OF SAN DIEGO

## AGENDA ITEM

### BOARD OF SUPERVISORS

GREG COX  
First District

DIANNE JACOB  
Second District

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Fourth District

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**DATE:** May 16, 2006

**TO:** Board of Supervisors

**SUBJECT:** FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

### SUMMARY:

#### Overview

This report summarizes the status of the County's FY 2005-06 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$245.4 million and for all budgetary funds combined is \$318.4 million.

This letter also recommends budget adjustments to fund various one-time projects from current budgetary savings, management reserves, fund balance or unanticipated revenues. Among these adjustments are funds for planning and design of the Medical Examiner and County Veterinarian facility, the San Elijo Lagoon Nature Expansion Project and to fund salaries and benefits for split payroll. Also there are recommendations to dissolve the Realignment Funds and transfer the remaining balances to the General Fund.

#### Recommendation(s)

##### CHIEF ADMINISTRATIVE OFFICER

1. Accept the FY 2005-06 third quarter report on projected year-end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.
3. Establish appropriations of \$1,350 in the District Attorney's Federal Seized Asset Forfeiture Fund for services and supplies based on unanticipated revenue from the Jurisdictions Unified for Drug Gang Enforcement (JUDGE) Seized Asset Forfeiture Trust Fund. (4 VOTES)
4. Establish appropriations of \$402,480 in the Probation Department for utilities and food costs in the detention facilities and for increased costs of placements in residential treatment facilities based upon over realized Targeted Caseload Management/Medi-Cal Administrative revenue. (4 VOTES)
5. Establish appropriations of \$81,000 in Proposition 172 Special Revenue Fund

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(Operating Transfer Out), for transfer to the Probation Department based on Fiscal Year 2004-05 fund balance available in the Proposition 172 Special Revenue Fund. (4 VOTES)

6. Establish appropriations of \$81,000 in the Probation Department, services and supplies for contracted services in the detention facilities based on an Operating Transfer from the Proposition 172 Special Revenue Fund. (4 VOTES)
7. Transfer appropriations of \$498,119 from the Sheriff's Department to Contributions to Capital Outlay Fund (Operating Transfer Out), for Capital Project 1000161, Pine Valley Substation.
8. Transfer appropriations of \$8,356 from the Sheriff's Department to Contributions to Capital Outlay Fund (Operating Transfer Out), for Capital Project 1000085, Sheriff's Crime Lab Remodel.
9. Transfer appropriations of \$8,514 from the Sheriff's Department to Contributions to Capital Outlay Fund (Operating Transfer Out), for Capital Project 1000157, Firearms Training Center.
10. Establish appropriations of \$254,000 in the Sheriff's Inmate Welfare Fund for equipment and supplies for Commissary Stores operation based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
11. Establish appropriations of \$5,000 in County Service Area (CSA) 135 Regional Communications System 800 MHz for debt and anticipated audit related expenses based on a Fiscal Year 2004-05 fund balance available. (4 VOTES)
12. Establish appropriations of \$5,000 in the City of Poway's Regional Communications System, County Service Area (CSA) 135F Fund to pay for remaining FY 2005-06 Network Operating Costs, based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
13. Establish appropriations of \$5,000 in the City of Solana Beach's Regional Communications System, County Service Area (CSA) 135H Fund to pay for an additional radio and related FY 2005-06 Network Operating Costs, based on Fiscal Year 2004-05 fund balance available. (4 VOTES)
14. Establish appropriations of \$30,000 in the Sheriff's Department for modular furniture, chairs, and copier leases based on revenue from the Sheriff's Civil Automation Trust Fund. (4 VOTES)
15. Establish appropriations of \$809,910 in the Contribution for Trial Courts, services and supplies for the payment of unbudgeted expenditures related to the Undesignated Fee Payment to the State based on the Public Safety Group's

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Fiscal Year 2004-05 fund balance available. (4 VOTES)

16. Cancel appropriations in services and supplies and related revenues of \$1,193,168 in the Contribution for Trial Courts due to an anticipated revenue shortfall.
17. Establish appropriations of \$1,193,168 in the Penalty Assessment Collection Fund (Operating Transfer Out), for transfer to the Contribution for Trial Courts to replace the projected revenue shortfall based on Fiscal Year 2004-05 Penalty Assessment Collection fund balance available. (4 VOTES)
18. Establish appropriations in services and supplies of \$1,193,168 in the Contribution for Trial Courts based on an Operating Transfer from the Penalty Assessment Collection Fund. (4 VOTES)
19. Establish appropriations of \$117,644 in the Penalty Assessment Collection Fund (Operating Transfer Out), for transfer to the Criminal Justice Facility Construction Fund based on Fiscal Year fund balance available. (4 VOTES)
20. Establish appropriations of \$117,644 in the Criminal Justice Facility Construction Fund (Payment to Capital Outlay Funds), for the Downtown Courthouse Remodel project, based on an Operating Transfer from the Penalty Assessment Collection Fund. (4 VOTES)
21. Establish appropriations of \$3,400,000 in Contributions to Capital Outlay Fund (Operating Transfer Out), for the Medical Examiner Building project, based on Fiscal Year 2004-05 Fund Balance available in the General Fund. (4 VOTES)
22. Establish appropriations of \$3,400,000 in the Justice Facility Construction Fund for Capital Project 1006566, Medical Examiner Building, based on an Operating Transfer from the General Fund. (4 VOTES)
23. Establish appropriations of \$9,789,962 in the Public Safety Group, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available in the General Fund as follows: Alternate Public Defender, \$63,734; Citizens Law Enforcement Review Board, \$9,492; Medical Examiner, \$129,617; Probation Department, \$404,051; Public Defender, \$154,944; Sheriff, \$8,621,834 and District Attorney, \$406,290 . (4 VOTES)
24. Establish appropriations of \$1,548,698 in the District Attorney's Office, salaries and benefits and services and supplies, for one-time temporary staff and information technology equipment upgrades based on Fiscal Year 2004-05 fund balance available in the Public Safety Group. (4 VOTES)
25. Authorize the dissolution of the following Realignment Special Revenue Funds:

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Social Services Realignment Fund 12640, Mental Health Realignment Fund 12642 and Health Realignment Fund 12644.

26. Approve the transfer of Social Services Realignment Fund 12640, Mental Health Realignment Fund 12642 and Health Realignment Fund 12644 fund balances to the General Fund prior to the end of fiscal year 2005-06.
27. Authorize the Auditor and Controller to establish a Realignment reserve designation within the General Fund in an amount equal to but not greater than \$80,000,000 based on Health and Human Services Agency fund balance available. (4 VOTES)
28. Transfer appropriations of \$14,670 from the Land Use and Environment Group Management Reserves to the Farm and Home Advisor for one time equipment purchases.
29. Transfer appropriations of \$25,385 from the Land Use and Environment Group Management Reserves to the Farm and Home Advisor for office improvements.
30. Transfer appropriations of \$50,000 from the Land Use and Environment Group Management Reserves to the Department of Parks and Recreation, to fund an engineer's report for the formation of a Parks Maintenance Assessment District.
31. Transfer appropriations of \$50,000 from the Land Use and Environment Group Management Reserves to the Department of Agriculture, Weights and Measures, for improvements to the San Marcos Liquid Measure Prover Facility.
32. Transfer appropriations of \$98,000 from the Land Use and Environment Group Management Reserves to the Department of Agriculture, Weights and Measures, for the purchase of a new data base for the County Veterinarian.
33. Transfer appropriations of \$135,800 from the Land Use and Environment Group Management Reserves to the Department of Planning and Land Use to fund abatements (waste, vehicle and weed) on three properties in the unincorporated County.
34. Transfer appropriations of \$150,000 from the Land Use and Environment Group Management Reserves to the Department of Agriculture, Weights and Measures for remodeling of the Pest Detection offices.
35. Transfer appropriations of \$600,000 from the Land Use and Environment Group Management Reserves to the Department of Agriculture, Weights and Measures for Salaries and Benefits.
36. Transfer appropriations of \$100,000 from the Land Use and Environment Group Management Reserves to Operating Transfer Out, for transfer to Air

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Pollution Control District to provide funding for improvements to the San Marcos Liquid Measure Prover Facility in the Department of Agriculture, Weights and Measures.

37. Establish appropriations of \$1,200,000 in Contributions to Capital Outlay Fund (Operating Transfer Out), for the San Elijo Lagoon Nature Center Expansion project, based on FY 2004-05 Fund Balance available in the General Fund. (4 VOTES)
38. Establish appropriations of \$1,200,000 in the Capital Outlay Fund for Capital Project 1000285 – San Elijo Lagoon Nature Center Expansion, based on an Operating Transfer from the General Fund. (4 VOTES)
39. Establish appropriations of \$350,000 in the Department of Parks and Recreation, Maintenance of Structures (\$140,000) and Special Departmental Fixed Assets (\$210,000), for the purchase of 3 modular homes to accommodate park ranger housing at Agua Caliente Park, based on FY 2004-05 Fund Balance available in the General Fund. (4 VOTES)
40. Establish appropriations of \$250,000 in the Department of Public Works, General Fund for on-site housing at various Road Stations, based on FY 2004-05 Fund Balance available in the General Fund. (4 VOTES)
41. Establish appropriations of \$850,000 in the Department of Public Works, General Fund for sewage equipment and conveyance systems, based on FY 2004-05 Fund Balance available in the General Fund. (4 VOTES)
42. Transfer appropriations in the amount of \$218,854 from the Department of Planning & Land Use to the Department of Public Works General Fund to offset labor costs associated with the Fire Safety and Fuels Reduction Program.
43. Transfer appropriations of \$852 from the Department of Parks and Recreation, (Contributions to Other Agencies) to Contributions to Capital Outlay Fund (Operating Transfer Out), to provide funds for the William Heise Park Trail Improvements project.
44. Establish appropriations of \$852 in the Capital Outlay Fund for Capital Project 1000221 – William Heise Park Trail Improvements, based on an Operating Transfer from the General Fund. (4 VOTES)
45. Establish appropriations of \$110,000 in the Fallbrook Park Land Dedication Ordinance (PLDO) fund, Operating Transfer Out, for the roof replacement project at Fallbrook Community Center, based on Fiscal Year 2004-05 Fund Balance available. (4 VOTES)
46. Establish appropriations of \$110,000 in the Department of Parks and Recreation, (Major Maintenance – ISF), for the roof replacement project at

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Fallbrook Community Center, based on an Operating Transfer from the Fallbrook PLDO fund. (4 VOTES)

47. Amend the FY2005-06 Airport Enterprise Fund Spending Plan by \$9,001 for additional costs for the construction of the Ramona Perimeter Road based on a grant from the Federal Aviation Administration.
48. Establish appropriations of \$200,000 in the Department of Public Works ISF Roads Equipment Acquisition, Depreciation based on unanticipated revenues in Equipment Rental Cost Recovery. (4 VOTES)
49. Establish appropriations of \$85,000 in the Department of Public Works-ISF Wastewater Management Equipment Acquisition Fund based on – FY 2004-05 fund balances available. (4 VOTES)
50. Establish appropriations of \$28,432 in the Capital Outlay Fund for Capital Project 1000246, Otay Valley Regional Park Phase II Acquisition, based on funds available in the Otay Ranch Company Trust Fund. (4 VOTES)
51. Cancel appropriations and related Community Development Block Grant (CDBG) revenue of \$8,735 in the Capital Outlay Fund for Capital Project 1000001 – Borrego Springs Master Plan, due to completion of the project.
52. Establish appropriations of \$33,000 in the Palomar/Julian Park Land Dedication Ordinance (PLDO) Fund, Operating Transfer Out, for the Jess Martin Park Phase II Ballfield/Sportsfield Improvements project, based on Fiscal Year 2004-05 Fund Balance available. (4 VOTES)
53. Establish appropriations of \$33,000 in the Capital Outlay Fund for Capital Project 1007066 – Jess Martin Park Phase II Ballfield/Sportsfield Improvements, based on an Operating Transfer from the Palomar/Julian PLDO Fund. (4 VOTES)
54. Cancel appropriations and related Proposition 12 Per Capita grant revenue of \$1,000,000 in the Capital Outlay Fund for Capital Project 1000023 – Otay Valley Regional Park Sports Park Acquisition, to provide funds for the Otay Valley Regional Park Trail Improvements project.
55. Establish appropriations of \$1,000,000 in the Capital Outlay Fund for Capital Project 1009268 – Otay Valley Regional Park Trail Improvements, based on Proposition 12 Per Capita grant revenue made available by the cancellation of grant funds in Capital Project 1000023. (4 VOTES)
56. Establish appropriations of \$500,000 in the Capital Outlay Fund for Capital Project 1007107 – Lakeside Sports Park Acquisition, based on awarded Proposition 12 Per Capita grant funds (\$70,000) and Proposition 12 Roberti-

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Z'berg-Harris grant funds (\$430,000). (4 VOTES)

57. Establish appropriations of \$150,000 in the Capital Outlay Fund for Capital Project 1009269 – Lindo Lake Boathouse Restoration, based on awarded Proposition 12 Roberti-Z'berg-Harris grant funds. (4 VOTES)
58. Establish appropriations of \$20,000 in the Capital Outlay Fund for Capital Project 1006856 – Lindo Lake Park Restroom, based on awarded Proposition 12 Roberti-Z'berg-Harris grant funds. (4 VOTES)
59. Cancel appropriations and related Operating Transfer from the General Fund of \$13,301 in the Capital Outlay Fund for Capital Project 1000005 – Live Oak Park Paving/Basketball Improvements, to provide funds for the Guajome Park Playgrounds/Restrooms project.
60. Establish appropriations of \$13,301 in the Capital Outlay Fund for Capital Project 1005259 – Guajome Park Playgrounds/Restrooms, based on an Operating Transfer from the General Fund. (4 VOTES)
61. Establish appropriations of \$1,100,367 in the Land Use and Environmental Group, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available in the General Fund as follows: Agriculture, Weights & Measures, \$236,087; Farm and Home Advisor, \$12,759; Land Use and Environment Group Executive Office, \$77,663; Parks and Recreation, \$297,244; Planning and Land Use, \$432,457 and Public Works, General Fund, \$44,157. (4 VOTES)
62. Establish appropriations of \$750,000 in the Contributions to Trial Courts for payment to the Facilities Management ISF for services related to the transfer of court facilities in accordance with the Trial Court Facilities Act of 2002, SB1732 based on Fiscal Year 2004-05 fund balance available in the General Fund. (4 VOTES)
63. Amend the Fiscal Year 2004-05 Department of General Services Facilities Management ISF spending plan in the amount of \$750,000 to provide continued funding for costs associated with the County's preparation for the transfer of court facilities in accordance with the Trial Court Facilities Act of 2002, SB1732 based on Charges in the General Fund.
64. Establish appropriations of \$295,000 in the Community Services Group Executive Office for payment to the Major Maintenance ISF for underground storage tank site assessment closure inspections (\$175,000) and the County Operations Center Building 2 Americans with Disabilities Act (ADA) restroom upgrades (\$120,000) based on Fiscal Year 2004-05 fund balance available in the General Fund. (4 VOTES)

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65. Amend the Fiscal Year 2004-05 Department of General Services Major Maintenance ISF Spending Plan in the amount of \$295,000 to provide funding for underground storage tank site assessment closure inspections (\$175,000) and the County Operations Center Building 2 Americans with Disabilities Act (ADA) restroom upgrades (\$120,000) based on revenues to be realized from Charges in the General Fund.
66. Amend the Fiscal Year 2004-05 Department of General Services Fleet Services Fuel and Materials ISF spending plan in the amount of \$2,000,000 to provide funding for the purchase of fuel and parts, based on charges for services in the General Fund.
67. Establish appropriations of \$597,511 in the Community Services Group, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available in the General Fund as follows: Animal Services, \$180,634; Community Services Group, \$27,869; Housing and Community Development, \$169,008 and Registrar of Voters, \$220,000. (4 VOTES)
68. Establish appropriations of \$160,000 in the Assessor/Recorder/County Clerk for a one- time additional allocation for support of the Recording/Indexing/Vital Records systems based on \$133,072 available in the Modernization Trust Fund and \$26,928 available in the Vital Statistics Trust Fund (4 VOTES).
69. Establish appropriations of \$91,928 in the Assessor/Recorder/County Clerk to pay the State Attorney General for the County's program cost for electronic recording based on \$91,928 available in the Modernization Trust Fund (4 VOTES)
70. Authorize the Auditor and Controller to decrease the reserve designation for the Majestic Pines Debt Service Fund by \$3,125 to correct for a budgeting error in the Fiscal Year 2005-06 Adopted Budget. (4 VOTES)
71. Establish appropriations of \$2,400,834 in the Finance and General Government Group, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available in the General Fund as follows:  
Assessor/Recorder/County Clerk, \$767,987; Auditor and Controller, \$418,993; Board of Supervisors, \$3,342; Board of Supervisors District 1, \$25,621; Board of Supervisors District 2, \$24,338; Board of Supervisors District 3, \$23,249; Board of Supervisors District 4, \$19,198; Board of Supervisors District 5, \$21,337; Chief Administrative Office, \$52,654; Chief Technology Office, \$46,734; Civil Service Commission, \$9,972; Clerk of the Board, \$56,070; County counsel, \$424,323; Finance and General Government Group Executive Office, \$60,208; Grand Jury, \$2,167; Department of Human Resources, \$238,165 and Treasurer/Tax Collector, \$206,476. (4 VOTES)



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72. Establish appropriations of \$48,474 in the Media and Public Relations Fund, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available. (4 VOT ES)
73. Establish appropriations of \$2,586 in the CSA 83 San Dieguito Local Park Fund, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available. (4 VOT ES)
74. Establish appropriations of \$2,082 in the CSA 128 San Miguel Park District Fund, salaries and benefits for split payroll needs based on Fiscal Year 2004-05 fund balance available. (4 VOT ES)

**Fiscal Impact**

The funds for a portion of these requests are not budgeted. If approved, these actions will cancel budgeted appropriations and the related sources of funding in the amount of \$2,215,204 and will establish additional appropriations of \$37,071,392, resulting in a net increase in appropriations of \$34,856,188.

**Business Impact Statement**

N/A

**Advisory Board Statement**

N/A

**BACKGROUND:**

**FY 2005-06 Fund Balance Projections**

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$245.4 million. It is made up of \$102.0 million in additional General Purpose Revenues, \$107.6 million in net savings from departmental operations, and \$35.8 million in unspent Contingency and Management Reserves. The projected balance for all other funds combined is \$73.0 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 2006 and expected expenditures and revenues through the end of the fiscal year.

As shown in Schedule A, the General Fund year-end fund balance projection of \$245.4 million is based on the estimate that expenditures will be \$252.5 million less than budgeted in the Fiscal Year 2005-06 Amended Budget, and General Fund revenues will be \$7.1 million less than budgeted in the 2005-06 Amended Budget. The projected revenue under-realization to budget consists of a positive revenue variance of \$108.0 million in the following categories: current property taxes (\$28.6 million), other than current secured taxes (\$71.4 million), licenses permits and franchises (\$.1 million), revenue from use of money and property (\$3.1 million), charges for current services and miscellaneous revenues combined (\$3.4 million), and in miscellaneous

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revenues (\$1.4 million), offset by an \$115.1 million negative variance in all other sources of revenues (primarily in intergovernmental revenues and largely the result of expenditure savings in caseload driven programs).

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

- \$56.1 million in appropriation savings from lower than budgeted salaries and employee benefit costs as a result of salary savings due to turnover (including the Sheriff's Department which is having recruiting difficulties due to a nationwide shortage of peace officers, Child Support Services, County Child Welfare Services & Agency Regional Operations from vacancies), controlled staffing (e.g., Child Support Services to levels sustained by resources from the State Department of Child Services), and ongoing recruitment challenges in select classifications (e.g., in the Department of Planning and Land use for code enforcement and building inspectors).
- \$90.2 million in appropriation savings in services and supplies due to projected savings in contracted services (e.g., in Medical Care Program Administration in the Agency's Regional Program Support, in both Adult and Children's Mental Health Services for contracts related to Prop 63 and IHSS individual provider services in Aging and Independence Services), anticipated savings in appropriations in Agency Administration associated with emergency reserves funded from the unsecuritized tobacco settlement and reduced professional and specialized services, as well as savings due to implementation delays and grant extensions (e.g., in the Facilities Management ISF due to delayed implementation of major maintenance projects, delayed construction costs in the Road Fund and in the Office of Emergency Services due to future planned expenditure of Homeland Security Grants in Fiscal Year 2006-07).
- \$67.0 million in other charges appropriation savings for caseloads and aid payments (e.g., for Child Care payments and CalWORKS, General Relief, Welfare to Work and Refugee Assistance payments based on projected caseloads, and in County Child Welfare Services due to decreases in aid payments for Foster Care, and Aid to Adoptive Parents expenditures), and due to timing issues (e.g., rebudget of grant funds for equipment in the Office of Emergency Services).
- \$15.6 million in contingency savings set aside for unanticipated needs or events that are projected to be unspent at year-end.
- \$20.2 million in Management Reserves that are projected to be unspent across the groups at year-end.

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

**The Economy**

The U.S. economy's Gross Domestic Product (GDP) for 2005 showed an increase of 3.5% growth versus 4.2% growth in 2004. A GDP growth rate of 3.3% is forecasted for 2006. In the first quarter of 2006, GDP growth of 4.9% is estimated. First quarter 2006 growth is expected to be followed by steadily slowing growth: 3.2% in the second quarter, 2.8% in the third quarter, and 2.0% in the fourth quarter. Some significant risks facing the U.S. economy include the

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slowing housing market (seen in existing home sales and mortgage applications), large and growing current trade deficit, and continued uncertainty in oil prices. These weaknesses are projected to be partially offset by strong business investment in 2006.

California's economy, like the U.S. economy, grew at a healthy rate in 2005. California payroll jobs experienced healthy growth of 1.8%; the job growth also contributed to a solid personal income growth of 5.5%; and taxable sales grew a robust 9.7%. The unemployment rate has continued to decline, inching down to 5.4% in 2005 versus 6.2% in 2005, and 6.8% in 2004.

The housing boom that has been driving both the California and U.S. economies is softening, and the "housing construction/real estate" slowing will contribute to slowing in the growth of the state economy in 2006. The gross state product growth in 2006 is projected at 2.3%, down from 2.6% in 2005 and 5.6% in 2004. While construction, retail trade, finance, professional and technical services, and administrative support all contributed to overall job growth in 2005, the slowing in the housing market will impact construction and finance jobs in 2006. For 2006, slower growth rates are estimated - job growth is projected at 1.5%, taxable sales will grow somewhat slower compared to 2005 at 7.7%, but personal income is anticipated to grow at a faster rate of 6.2%.

San Diego's economy has enjoyed economic stability, despite a downturn in California between 2001 and 2003. Much of San Diego's economic strength is derived from employment gains, commercial and industrial development and population growth. San Diego County has also seen an increasing diversification of economic activity and has matured as a hub for research and development (R&D) and product manufacturing in telecommunications, biotechnology, military products, electronics and information technology. The region is also home to perhaps the largest military complex in the world. The County's positive job growth is prompting migration to San Diego by prospective employees in search of work. The annual unemployment rate was estimated at 4.3% for the 12 month period of January 2005 through December 2005, with December 2005's unemployment rate dropping to 3.6%. These figures remain lower than the State projected rate for 2005 - 5.4% and the national forecast of 5.1%.

One troubling aspect of the local economy is that San Diego's housing affordability, a measure indicating the average household's ability to afford a median-price home, stood at 9% in December 2005, down from 10% in August 2004. Previously, San Diego's housing affordability was 15% in December 2003, 22% in 2002 and 27% in 2001.

San Diego's per capita income was \$35,841 in 2003, \$36,916 in 2004, and estimated at \$38,614 for 2005 and forecasted at \$40,661 for 2006. International trade and implementation of the North American Free Trade Agreement (NAFTA) continue to be a major economic strength for the County.

Although total visitors in 2005 ended the year flat at 27.8 million, total visitor spending increased by 5.5% in 2005, according to the San Diego Convention and Visitors Bureau (CONVIS). The number of rainy days from the El Nino weather pattern impacted the total number of visitors figure. The "Tourism Outlook" for San Diego County tourism in 2006 is for

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moderate growth, with a 1.5% increase in the number of visitors and a 6% increase in visitor spending.

**FY 2005-06 Budget Adjustments**

The budget adjustment recommendations in this letter are explained below.

**Recommendation 2**

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

**Recommendation 3**

The Jurisdictions Unified for Drug Gang Enforcement (JUDGE) program was established fifteen years ago to target, apprehend, and prosecute gang members involved in drug use and sales. Approval of this request will provide the purchase of six cubicle shelves and four chairs, which will be used by staff assigned to perform JUDGE related investigative and prosecutorial activities.

**Recommendation 4**

This request will establish appropriations of \$402,480 in services and supplies (\$248,707) and in Other Charges (\$153,773) for the Probation Department based upon unanticipated over-realized Targeted Caseload Management/Medi-Cal Administrative revenue. These funds will support projected increased costs of utilities and food services due to increased population in the detention facilities. The appropriation increase in Other Charges will fund an unanticipated prior year true-up for year end expenditures for to the Foster Care program.

**Recommendations 5 & 6**

This request will establish appropriations of \$81,000 in services and supplies for the Probation Department based on an operating transfer from the Proposition 172 Special Revenue Fund. These appropriations will allow the department to fund contracted services through Work Force Inc., a non-profit organization that provides instructional training in landscaping and food services to juvenile offenders detained at Camp Barrett. Wards will receive valuable and marketable skills that will assist them in finding meaningful employment upon release from the justice system.

**Recommendations 7 - 9**

These requests will establish appropriations of \$514,989 in the Contributions to Capital Outlay Fund, based on an Operating Transfer from the Sheriff's Department. These funds will be used as follows: \$498,119 for Capital Project 1000161 – Pine Valley Substation; \$8,356 for Capital Project 1000085 – Sheriff's Crime Lab Remodel; and \$8,514 for Capital Project 100001157 – Firearms Training Center. On May 16, 2000 (#26), Operating Transfer Outs were inadvertently established in the Sheriff's budget for these capital projects. These existing capital projects are currently budgeted and accounted for in the Justice Facility Construction Fund; therefore, there

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is no need for the projects to be budgeted in the Sheriff's Department. These funds are being transferred as technical adjustments for the Capital Project budgets.

**Recommendation 10**

This request will establish additional appropriations in the Sheriff's Inmate Welfare Fund of \$254,000 for equipment and supplies needed for the Commissary Stores operation. The appropriations will be used to purchase a truck, an order verification system, video surveillance, shelving, storage bins and delivery cages. This request has been approved by the Inmate Welfare Fund Committee.

**Recommendation 11**

This request will establish appropriations of \$5,000 to pay for unbudgeted debt and audit related expenses in CSA 135 Regional Communications System 800 MHZ.

**Recommendation 12**

This request will establish appropriations of \$5,000 to pay for unbudgeted debt and audit related expenses in the City of Poway's CSA Zone F Fund Regional Communications System.

**Recommendation 13**

This request will establish appropriations of \$5,000 to pay for an additional radio and associated radio network operating charges in the City of Solana Beach's CSA Zone H Fund Regional Communications System.

**Recommendation 14**

This request will establish additional appropriations of \$30,000 in the Sheriff's Department for modular furniture, chairs, and copier leases needed for expanding Court Services Bureau, Field Service operations. The Civil Automation Trust Fund collects a portion of fees associated with service of any civil process or notice. These trust funds shall be used for the implementation, maintenance, and purchase of auxiliary equipment and furnishings for automated systems or other non-automated operational equipment and furnishings for the Sheriff's civil division.

**Recommendation 15**

This request will establish appropriations of \$809,910 to fund the Fiscal Year 2005-06 payments to the State Courts for the annual Undesignated Fee Payment made pursuant to Government Code Section 68085.6(g)(3)).

**Recommendations 16 - 18**

These recommendations will mitigate an anticipated shortfall in traffic violation revenue due to a decline in traffic infractions and an anticipated shortfall recording revenues due to stabilization in the housing market.

**Recommendation 19 & 20**

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These recommendations are technical adjustments to establish appropriations for payment to the Justice Facility Construction Fund for the Downtown Courthouse Remodel project.

**Recommendation 21 & 22**

On March 1, 2005 (13), the Board of Supervisors established appropriations of \$2,000,000 in the Justice Facility Construction Fund for Capital Project 1006566 to begin the design work for a new joint Medical Examiner and County Veterinarian facility. On August 2, 2005 (20), your Board approved a contract for initial architectural programming and design services. To date, the following design tasks have been completed: site selection on the County Operations Center campus, final architectural programming and design concepts, and the schematic floor and site plans. The final stages of planning and design will include the preparation of design development drawings which serve as the framework for the construction documents. These requests will establish appropriations to complete the final planning and design work and the preparation of a public bid for the construction contract. Funding of \$80 million for the construction of the new facility is included in the Fiscal Year 2006-08 CAO Proposed Operational Plan.

**Recommendation 23**

The County pays its employees on a biweekly basis. More often than not, one of these biweekly pay periods straddles two fiscal years. For the last several years, the practice has been to record the entire pay period's expense in the GL for the fiscal year in which the pay period ended. The result has been to record exactly 26 pay periods, representing 260 work days, in the general ledger in each of those fiscal years. In reality, however, some fiscal years have 261 work days, some have 260 and occasionally there are 262 days depending upon the calendar. The variance in the number of days is captured in the County's year end financial statements, where accruals are made to align the costs with the correct fiscal year. It is preferable to have the general ledger and the financial statement be aligned such that if there are 261 payroll days in a year, both reflect the 261 days. At the end of this fiscal year, using the current practice, the general ledger would be out of alignment with the financial statements by a cumulative six days. The recommended action will provide appropriations to departments for a six day catch up in the general ledger this year. We cannot go back and adjust prior periods, so the entire expense will occur in this fiscal year. If we continue the current practice and do nothing now, the catch up will automatically occur in Fiscal Year 2010-11 when there will be 27 pay periods closing in that year, meaning that ten extra days of payroll expense would have to be budgeted. We have the resources to catch up this year and we will avoid this problem in the future by doing payroll journals at the end of each year to apportion the costs of the pay period that straddles fiscal years to the correct fiscal year.

**Recommendation 24**

This request will establish appropriations of \$1,201,477 in salaries and benefits and \$347,221 in services and supplies for one-time costs in the Office of the District Attorney. These funds will be used to support special projects utilizing temporary staff in the areas of special investigations training for new employees, the development of new programs in victim restitution and the re-entry of parolees into the community. These funds will also support the temporary staff used to address and assess the increased caseload related to the activities required by the DNA

**SUBJECT: FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS**

Fingerprint, Unsolved Crime and Innocence Protection Act, as well as support the replacement of outdated information technology hardware and office equipment.

**Recommendations 25 - 27**

Recommendations included in this request are technical adjustments based on accounting advice provided by the County's external audit firm, Macias, Gini & Co. LLP. These actions conform to generally accepted accounting principles and allow for the accounting of realignment activities solely in the General Fund where the actual expenditures occur and the associated revenues are ultimately recognized. Approval of these actions provide the budgetary authority to dissolve the existing Realignment Special Revenue Funds; allow for the transfer of these special revenue funds' fund balances to the General Fund; and authorize the designation of fund balance in the General Fund in an amount equal to the transfers of special revenue fund balances, but no greater than \$80.0 million, to be used for future Realignment purposes. The \$80.0 million is comprised of \$46.6 million of Fiscal Year 2004-05 fund balances in the Realignment Special Revenue Funds plus up to \$33.4 million in projected operating balances from Fiscal Year 2005-06. The Realignment fund balance designation will provide a funding source for future years when ongoing realignment revenues may be inadequate to fund the realigned programs.

**Recommendation 28**

The Farm & Home Advisor's (FHA) Office produces bulk mailing of flyers, brochures, seminar registration forms and other outreach materials for customers utilizing a duplicator. Usage volumes increased 70% between 2004 (300,500) and 2005 (500,000). The duplicator no longer meets increasing production demands since ongoing issues such as poor ink density, jamming and constant breakdowns prevent the timely printing and distribution of outreach materials. Frequent service calls are made but only temporary fixes can be applied. Service technicians have indicated the current equipment is nearing the end of its useful life. A replacement is needed.

**Recommendation 29**

The Farm & Home Advisor's (FHA) conference room is used as a meeting site for County and non-County groups throughout the year. The room has a partition that allows the room to be split into two smaller rooms but projector and video equipment are available on only one side. This prevents FHA from accommodating simultaneous room reservations that require presentation equipment. Replacement of current file cabinets, office furniture and equipment will increase productivity, promote a safe work environment greatly improve the department's ability to provide customers with an efficient, comfortable and modern meeting space.

**Recommendation 30**

On July 13, 2005 (9), the Board was asked to conduct a public hearing to receive mailed ballots and public comment to initiate formation of the Rancho San Diego Parks Maintenance Assessment District (PMAD) and to provide fees for maintenance of parks within County Service Area 26 (CSA 26). The initial engineer's report was prepared to include all properties within CSA 26, in addition to several properties that were outside the CSA boundaries but whose residents were considered to benefit from the CSA parks. The Board directed the Chief Administrative Officer to restart the process to include only those properties within CSA 26. As

**SUBJECT: FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS**

a result of this direction, a new engineer's report is needed to proceed with formation of the PMAD. This action will transfer the funding needed to comply with the Board's direction. The request for formation of the PMAD and approval to proceed with the mailed ballot proceedings which is scheduled for the May 17, 2006 Land Use agenda.

**Recommendation 31**

This request will establish appropriations of \$50,000 in the Department of Agriculture, Weights and Measures for a major maintenance project for improvements to the San Marcos Liquid Measure Prover Facility. Currently, the plumbing under the 3 large test provers (measuring devices used for testing commercial vehicle tanks) do not allow for adequate drainage of product in the lines. This leaves hazardous petroleum products inside the proving system which causes problems with cross-contamination and the accumulation of hazardous waste in the provers. The provers' plumbing system must be modified with proper drainage outlets before it can be used for its intended purpose.

**Recommendation 32**

This request would establish appropriations of \$98,000 in the Department of Agriculture, Weights and Measures for a new database for the County Veterinarian. The database would facilitate data storage, retrieval, analysis, and dissemination for multiple laboratory functions. It is critical that the current database be replaced because the current system is unstable and incompatible with the County's operating system.

**Recommendation 33**

The Department of Planning and Land Use Code Enforcement Program is responsible for posting properties in violation of County Code related to the disposal of waste, vehicles and combustible vegetation. When a property owner does not comply with said postings the County may contract to abate the property. We are requesting \$135,800 to abate three (3) properties in the unincorporated County. Two of the three abatements are related to waste and vehicle clean-up and the third is weeding abatement for fire hazard.

**Recommendation 34**

This action will transfer \$150,000 of Management Reserves from the Land Use and Environment Group to the Department of Agriculture, Weights and Measures for the remodel of the Pest Detection Offices in Buildings 3, 4 & 17 at the County Operations Center. This project would reconfigure existing space that would accommodate the positions added for the Animal Disease Diagnostic Laboratory. The scope of this proposal includes converting office space into additional laboratory area and would require minimal structural modifications.

**Recommendation 35**

This action will transfer appropriations of \$600,000 from the Land Use and Environment Group, Management Reserves to Department of Agriculture, Weights and Measures, Salaries and Benefits to continue services provided by programs for which there is uncertainty regarding State funding.



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**Recommendations 36**

This request will transfer appropriations of \$100,000 from Land Use and Environment Group Management Reserves to an Operating Transfer Out to fund an increase in appropriations of \$100,000 in Air Pollution Control District. The appropriation increase will be used to procure replacement modular furniture for the Air Pollution Control District's new facility. The funded capital project for the new building purchase and improvements did not fully fund replacement modular furniture costs for the new facility.

**Recommendations 37 & 38**

This request is to establish appropriations of \$1,200,000 for the construction of a nature center at San Elijo Lagoon Ecological Reserve. The proposed two-story nature center will include ranger offices, an exhibit room, a multi-purpose conference/meeting room, public restrooms, and storage. The project is currently under design and environmental review is being conducted. The requested funding will supplement grant awards to fund the full cost of the project which, in the preliminary design phase of the project, is estimated to be approximately \$4.75 million.

**Recommendation 39**

Agua Caliente Park, located in the Anza Borrego desert, has four trailers that provide staff housing; one each for a Supervising Park Ranger and two Park Rangers; the third trailer is used for a roving ranger to cover vacations and other needs. Two of the existing trailers are over 30 years old; the remaining two are over 20 years old. One of the older trailers has exhibited several electric circuit panel shorts, twice resulting in localized fires in the panel box. Due to extreme weather conditions at this park, and the need to attract professional staff by offering healthy, reliable shelter for this isolated assignment, all of these trailers are in need of replacement. Requested funds will provide for the purchase of 3 modular homes to replace 3 of the trailers. The existing trailer that is in the best condition will be kept for use by the roving ranger.

**Recommendation 40**

This request will appropriate \$250,000 for repairs to on-site residences located at Department of Public Works Road Stations - ten Residences at ten Road Stations. The repairs are for plumbing, heating, bathrooms, roofs, doors, windows, electrical, appliances; carpets (replacements) and painting. For the residences, we have kept up with minor maintenance needs but these larger repairs are to address systemic problems rather than just doing band aid repairs – for example, replace the old roof, rather than just patching the current leak. These residences are 35-40 years old.

**Recommendation 41**

This recommendation will establish appropriations of \$850,000 for repairs to antiquated sewage equipment and conveyance systems in Julian. . This is to avoid the risk of future litigation, future environmental disasters caused by spills, and future fines from potential violations. Sewer lines have not been repaired since installation 30 – 40 years ago. The District cannot afford the repairs and the above risks would impact the County General Fund.

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**Recommendation 42**

On June 16, 2004 (4), the Board authorized the acceptance of federal grant funds totaling up to \$39 million for hazardous fuels reduction activities. The scope of the grants is limited to treatment along specified road right of way, private property, parkland and tribal lands. In addition, \$5 million in County General fund appropriations were authorized to integrate activities essential to the success of the proposed Fire Safety and Fuels Reduction Program. These County funds allowed treatment in other public and private property locations at the wildland/urban interface, as well as the technical and organizational activities necessary for management and integration of multi-departmental activities. The majority of these funds were appropriated in the Department of Planning & Land Use (DPLU). This request is to transfer appropriations from DPLU to the Department of Public Works to cover staff costs associated with the Fire Safety and Fuels Reduction program during this fiscal year.

**Recommendations 43 & 44**

The Department of Parks and Recreation was awarded a federal Recreational Trails Program grant in the amount of \$16,544 for a trails project at William Heise Park. During construction of the project, a portion of the completed trails were destroyed by a combination of the 2003 wildfires and the subsequent rains in the winter of 2003. This required additional work to complete the project which resulted in a funding shortfall of \$852. The requested action will transfer funding needed from available Grant Match General Funds which are budgeted annually in the Department for Grant Match and related expenditures, to the Capital project to complete the project and allow for full grant reimbursement.

**Recommendations 45 & 46**

On February 16, 2006, the Fallbrook County Service Area 81 Advisory Board recommended an allocation of Park Land Dedication Ordinance funds in the amount of \$110,000 for replacement of the roof at Fallbrook Community Center. This work is planned in coordination with remodeling work being done to the interior of the community center, including restroom facilities to meet ADA requirements. The requested roof replacement will resolve an ongoing maintenance problem caused by leaks in the roof that have resulted in increasingly high maintenance costs over the years. The project scope includes replacement of damaged roof joists, plywood sheathing, roofing paper, flashing, and seal block as needed.

**Recommendation 47**

This request amends the Airport Enterprise Fund by \$9,000 to pave the service road to the Air Traffic Control Tower. The total cost of the construction will be reimbursed with FAA grant funds.

**Recommendation 48**

This item establishes appropriations of \$200,000 for Depreciation expense and is due to a change in the methodology to calculate Vehicle Usage Rates and the purchase of new higher-valued replacement equipment.

**SUBJECT: FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS**

**Recommendation 49**

This item appropriates fund balance in the amount of \$85,000 to purchase a special robotic camera. This camera comes complete with its own truck, which contains a special computer and allows for the inspections of sewer and water lines. In addition, these monies will be used to modify the vehicles necessary to support the use of this camera.

**Recommendation 50**

The recommended action will approve the appropriation of \$28,432 of Trust Funds (principal and interest) which were received from the Otay Ranch Company in satisfaction of the City of Chula Vista's obligation to pay the County for coastal sage scrub take. Expenditure of these funds for this purpose is in accordance with Board Policy I-122, which was approved on October 13, 1998 (16) for the purpose of establishing a procedure for other jurisdictions to request that the County allow the loss of coastal sage scrub associated with their projects to be counted against the County's five percent coastal sage scrub loss allotment. This funding was deposited in the Otay Ranch Company Trust Fund to be used for habitat preservation in south San Diego County. Funding being appropriated will be used to supplement project costs related to acquisition in Otay Valley Regional Park.

**Recommendation 51**

In Fiscal Year 2002-2003, \$78,000 of awarded CDBG funding was budgeted in the Capital Outlay Fund for the Borrego Springs Park Master Plan project. Funding was utilized to hire a consultant to prepare a master plan for development of a 16-acre vacant parcel in the community of Borrego Springs, and to complete related environmental work. The master plan and environmental work were completed in the fall of 2005, leaving a balance of \$8,735 in the Capital project. This action allows for these remaining funds to be reallocated to another project.

**Recommendations 52 & 53**

The Julian Planning Group approved Palomar/Julian PLDO funds in the amount of \$33,000 to be allocated to Jess Martin Park. This proposed funding is needed to supplement existing project funds to complete park improvements identified by the community as priorities for the park. These improvements include concrete pathways, outfield fencing, storage sheds, and a shade structure, as well as other minor improvements.

**Recommendations 54 & 55**

The County of San Diego, in partnership with the cities of San Diego and Chula Vista, are jointly planning the design and development of Otay Valley Regional Park (OVRP), which will extend from the San Diego harbor to the Otay Lakes and will include passive and active recreation facilities. Previously, \$1,000,000 in Proposition 12 grants funds were appropriated for acquisition of land in OVRP that would be suitable for active recreation. Recently, a parcel suitable for active recreation was secured in OVRP by Caltrans and deeded to the County for mitigation of impacts to Sweetwater Regional Park. No other active recreation parcels are currently being pursued. The Department of Parks and Recreation is completing plans and environmental documents for development of approximately nine miles of trails in the western portion of OVRP. Funding is needed to construct the planned trails. This action will transfer the

**SUBJECT: FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS**

previously appropriated Proposition 12 grant funds to a new Capital Project for trail improvements in OVRP.

**Recommendation 56**

On December 10, 2002 (18), at the request of Supervisor Jacob, the Board of Supervisors directed the Chief Administrative Officer to investigate the feasibility of building a sports complex in east County. On July 13, 2005 (10), the Board approved the appropriation of \$3,000,000 of Fiscal Year 2004-2005 General Fund Fund Balance to begin acquisition of land for the future sports park. This action will supplement funding in the project for additional future acquisitions.

**Recommendation 57**

The proposed project consists of the restoration of the Lindo Lake Boat House, which was constructed in 1885 and is the only remaining structure that was part of the original Lakeside Hotel. The structure is an example of a Victorian boat house and is currently in need of restoration. As part of the project, a Historic Structures Report will be performed to identify the full scope of the restoration work.

**Recommendation 58**

The Fiscal Year 2005-2006 Capital Improvement Budget included \$235,000 of Community Development Block Grant funds for demolition of an existing restroom, and design and construction of a new restroom building at Lindo Lake Park. This request for additional funding will supplement the project for sewer improvements needed to complete the project.

**Recommendations 59 & 60**

The requested actions will transfer remaining unspent General Funds from the Live Oak Park Paving/Basketball project to the Guajome Park Playgrounds/Restroom project to supplement existing project funds. These funds are needed to pay for additional work required to complete the project, including relocation of concealed existing irrigation lines, repair of damaged drainage systems, and replacement of damaged asphalt to meet ADA requirements. Remaining funds in the Live Oak project are not needed because a street improvement project eliminated the need for the proposed parking lot drainage work.

**Recommendation 61**

See background information for recommendation #23.

**Recommendations 62 & 63**

These requests will provide funding to the Department of General Services for consultant services, seismic testing, and staff time related to the transfer of court facilities to the State of California in accordance with the Trial Court Facilities Act of 2002, SB1732.

**Recommendations 64 & 65**

These requests will provide funding for two major maintenance projects. The first relates to underground fuel storage tanks that were no longer needed and removed from three County sites. The funding will be used for risk-based closure analysis by a qualified consultant and soil

**SUBJECT: FISCAL YEAR 2005-06 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS**

sampling and testing. The second will enable renovation of four bathrooms at the County Operations Center to provide access in compliance with the Americans with Disabilities Act.

**Recommendation 66**

Fuel and parts costs have increased approximately 30% over last fiscal year, more than the increase that was projected when the spending plan was developed. This request will increase the spending authority in the Fleet Fuel and Materials Internal Service Fund in order to meet expected demand from County operations.

**Recommendation 67**

See background information for recommendation #23.

**Recommendation 68**

This recommendation establishes \$160,000 of appropriations in the Assessor/Recorder/County Clerk's Office for the one-time upgrade and support of its imaging/information technology systems utilized by the department in its core functions of recording and public records management base on funding available in the Modernization and Vital Statistics Trust Funds.

**Recommendation 69**

This recommendation establishes \$91,928 of appropriations in the Assessor/Recorder/County Clerk's Office for the County's share of the direct cost of electronic recording as authorized by the Memorandum of Understanding approved by the Board of Supervisors' on November 8, 2005. Appropriations are based on funding available in the Modernization Trust Fund.

**Recommendation 70**

The debt for Majestic Pines was issued in January 1973 for the construction of a water distribution system. The debt will be paid off in January 2012. The reserve is adjusted annually according to the debt service schedule. An error was made in interpreting the data and building the budget for Fiscal Year 2005-06. This adjustment corrects that error.

**Recommendations 71 - 74**

Please see background information for recommendation #23.

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

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

Respectfully submitted,

WALTER F. EKARD  
Chief Administrative Officer

**AGENDA ITEM INFORMATION SHEET**

**CONCURRENCE(S)**

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

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

**ORIGINATING DEPARTMENT:** Chief Financial Officer

**CONTACT PERSON(S):**

Donald F. Steuer, Chief Financial Officer

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

Donald F. Steuer, Chief Financial Officer

## **AGENDA ITEM INFORMATION SHEET**

(continued)

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

8/02/05 (36) County of San Diego FY 2005-06 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, State and County Budget Update, Encumbrance and Penalty Assessment; 12/13/05 (30) Fiscal Year 2005-06 First Quarter Operational Plan Status Report, Budget and Staffing Adjustments, and Ratification of FY 2004-05 Year End Budget Adjustments; 2/28/06 (21) Fiscal Year 2005-06 Second Quarter Operational Plan Status Report, Budget Adjustments, and the Execution and Acceptance of a Revenue Grant Agreement.

### **BOARD POLICIES APPLICABLE:**

A-91, Mid-Year Budget Changes

### **BOARD POLICY STATEMENTS:**

A-91 Mid-Year Budget Changes

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

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

N/A

**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**COUNTY SUMMARY**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund**

Public Safety	\$ 37,612	\$ (8,674)	\$ 28,938
Health & Human Services	115,721	(103,592)	12,129
Land Use & Environment	20,024	(12,141)	7,883
Community Services	7,775	(1,836)	5,939
Finance & General Government	17,598	3,154	20,752
<b>Total Agency/Group</b>	<b>198,731</b>	<b>(123,090)</b>	<b>75,641</b>
General Revenues	-	102,028	102,028
Finance Other	53,823	13,916	67,739
<b>Total General Fund</b>	<b>\$ 252,554</b>	<b>\$ (7,146)</b>	<b>\$ 245,408</b>

**Special Revenue Funds**

Public Safety	\$ 198	\$ 14,873	\$ 15,071
Health & Human Services	31,654	(136)	31,518
Land Use & Environment	7,871	(5,556)	2,315
Community Services	25,640	(21,201)	4,438
Finance & General Government	203	52	255
Finance Other	-	-	-
<b>Total Special Revenue Funds</b>	<b>\$ 65,565</b>	<b>\$ (11,969)</b>	<b>\$ 53,596</b>

**Internal Service Funds Departments**

Public Safety Group	\$ 59	\$ 350	\$ 409
Health & Human Services	-	-	-
Land Use & Environment	4	(4)	-
Community Services	12,408	(13,863)	(1,456)
Finance & General Government	3	-	3
Finance Other	1,278	(1,058)	219
<b>Total Internal Service Funds</b>	<b>\$ 13,751</b>	<b>\$ (14,576)</b>	<b>\$ (825)</b>

**Enterprise Fund Departments**

Land Use & Environment	\$ 5,247	\$ (3,841)	\$ 1,406
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**Special District Funds Departments**

Public Safety Group	\$ 4	\$ 21	\$ 24
Health & Human Services	(52)	120	67
Land Use & Environment	10,551	1,762	12,313
<b>Total Special District Funds</b>	<b>\$ 10,503</b>	<b>\$ 1,902</b>	<b>\$ 12,405</b>

**Other County Funds Departments**

LUEG - Debt. Svc. Local Boards	-	-	-
Community Svcs. - Redevelopment Agencies	\$ 281	\$ 32	\$ 313
Finance Other - Majestic Pines	-	-	-
<b>Total Other County Funds</b>	<b>\$ 281</b>	<b>\$ 32</b>	<b>\$ 313</b>

Debt Service - Pension Obligation Bonds	\$ 6,415	\$ (356)	\$ 6,059
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<b>Total County Projected Operating Balance</b>	<b>\$ 354,315</b>	<b>\$ (35,952)</b>	<b>\$ 318,363</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**PUBLIC SAFETY GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
		Favorable/(Unfavorable)

**General Fund Departments**

Alternate Public Defender	\$ 1,119	\$ 0	\$ 1,120
Child Support	5,707	(4,052)	1,655
Contributions for Trial Courts	2,697	(2,697)	-
Defense Attorney Contract Admin.	600	(25)	575
District Attorney	669	1,575	2,244
Emergency Services	8,951	(8,801)	150
Law Enforcement Review Board	20	-	20
Medical Examiner	460	(150)	310
Probation	1,027	1,535	2,562
Public Defender	279	(50)	229
Public Safety Executive Office	3,394	230	3,624
Sheriff	12,689	3,760	16,449
<b>Total General Fund</b>	<b>\$ 37,612</b>	<b>\$ (8,674)</b>	<b>\$ 28,938</b>

**Special Revenue Funds Departments**

District Attorney (Asset Forfeiture - State & Federal)	117	2	119
Probation - Asset Forfeiture	-	52	52
Probation - Inmate Welfare Program	2	-	2
Sheriff - Asset Forfeiture	(28)	348	320
Sheriff - Inmate Welfare Program	107	610	717
Public Safety - Proposition 172	-	13,862	13,862
<b>Total Special Revenue Funds</b>	<b>198</b>	<b>14,873</b>	<b>15,071</b>

**Internal Service Funds Departments**

Probation	-	-	-
Sheriff(Jail Stores)	59	350	409
<b>Total Internal Service Funds</b>	<b>59</b>	<b>350</b>	<b>409</b>

**Special District Funds**

Sheriff (Regional 800 MHz)	4	21	24
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<b>Total Group Projected Fund Balance</b>	<b>\$ 37,873</b>	<b>\$ 6,569</b>	<b>\$ 44,442</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**HEALTH & HUMAN SERVICES AGENCY**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Programs**

Agency Administration	\$ 10,754	\$ (4,726)	\$ 6,028
Adult Mental Health	17,527	(17,527)	-
Aging & Independence Services	5,163	(3,879)	1,284
Alcohol & Drug Division	2,143	(1,352)	790
Children's Mental Health	7,968	(7,968)	-
Child Welfare Services	18,073	(15,792)	2,281
First Five Commission	59	(59)	-
Public Health Services	3,650	(3,397)	252
Regional Operations	46,392	(44,965)	1,427
Regional Program Support	3,626	(3,626)	-
Strategy & Planning	368	(302)	66
<b>Total General Fund</b>	<b>\$ 115,721.324</b>	<b>\$ (103,592.404)</b>	<b>\$ 12,128.920</b>

**Special Revenue Funds**

Social Services Realignment	20,206	759	20,965
Mental Health Realignment	1,525	448	1,973
Health Realignment	6,822	457	7,279
Tobacco Securitization Fund	3,100	(1,800)	1,300
<b>Total Special Revenue Funds</b>	<b>31,654</b>	<b>(136)</b>	<b>31,518</b>

**Internal Service Funds**

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

Ambulance Districts	(52)	120	67
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**Other County Funds Departments**

	-	-	-
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<b>Total Health &amp; Human Services Agency</b>	<b>\$ 147,323</b>	<b>\$ (103,609)</b>	<b>\$ 43,714</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**LAND USE & ENVIRONMENT GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Agriculture, Weights & Measures	\$ 916	\$ (626)	\$ 290
Environmental Health	4,381	(1,916)	2,465
Farm Advisor	202	0	202
Land Use & Environment Group Exec Office	2,744	(5)	2,739
Parks & Recreation	640	(13)	627
Planning & Land Use	3,716	(2,221)	1,495
Public Works	7,425	(7,360)	65
<b>Total General Fund</b>	<b>\$ 20,024</b>	<b>\$ (12,141)</b>	<b>\$ 7,883</b>

**Special Revenue Funds Departments**

A,W & M (Grazing and Fish & Game Commission)	-	-	-
Parks & Recreation - PLDO	(241)	734	493
DPW - Aviation Funds	62	(62)	-
DPW - Road Funds	6,895	(5,139)	1,756
DPW - Inactive Waste	1,155	(1,090)	66
<b>Total Special Revenue Funds</b>	<b>7,871</b>	<b>(5,556)</b>	<b>2,315</b>

**Internal Service Funds Departments**

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

Airport Enterprise Fund	4,912	(3,555)	1,357
Liquid Waste Enterprise Fund	335	(286)	49
<b>Total Enterprise Funds:</b>	<b>5,247</b>	<b>(3,841)</b>	<b>1,406</b>

**Special District Funds Departments**

Air Pollution Control District	2,605	421	3,026
Parks and Recreation	183	(34)	148
DPW - Sanitation Districts & Sewer Maintenance	1,455	(677)	778
DPW - CSAs	601	64	665
DPW - PRDs	5,389	165	5,553
DPW - Flood Control	150	1,818	1,968
DPW - Street Lighting Districts	169	5	174
<b>Total Special Districts Funds:</b>	<b>10,551</b>	<b>1,762</b>	<b>12,313</b>

**Other County Funds Departments**

Debt Service-Local Boards	-	-	-
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<b>Total Land Use &amp; Environment Group</b>	<b>\$ 43,697</b>	<b>\$ (19,780)</b>	<b>\$ 23,917</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**COMMUNITY SERVICES GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
		Favorable/(Unfavorable)

**General Fund Departments**

Animal Services	\$ 304	\$ (125)	\$ 179
Community Services Group Exec Office	6,044	1	6,045
General Services	-	-	-
Purchasing & Contracting	-	-	-
Housing & Community Development	1,427	(1,793)	(365)
Library Services	-	-	-
Registrar of Voters	(0)	81	81
<b>Total General Fund</b>	<b>\$ 7,775</b>	<b>\$ (1,836)</b>	<b>\$ 5,939</b>

**Special Revenue Funds Departments**

Library Services	3,863	575	4,438
Housing & Community Development	21,776	(21,776)	-
<b>Total Special Revenue Funds</b>	<b>25,640</b>	<b>(21,201)</b>	<b>4,438</b>

**Internal Service Funds Departments**

Facilities Management	12,347	(12,803)	(456)
Fleet Management	(1,251)	323	(928)
Purchasing & Contracting	1,311	(1,383)	(72)
<b>Total Internal Service Funds</b>	<b>12,408</b>	<b>(13,863)</b>	<b>(1,456)</b>

**Other County Funds Departments**

Redevelopment Agency	281	32	313
<b>Total Community Services Group</b>	<b>\$ 46,103</b>	<b>\$ (36,868)</b>	<b>\$ 9,235</b>

**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
Favorable/(Unfavorable)		

**General Fund Departments**

Assessor/Recorder/County Clerk	\$ 879	\$ 1,010	\$ 1,889
Auditor & Controller	1,507	318	1,825
Board of Supervisors	295	1	296
Board of Supervisors-General	-	-	-
CAC-Major Maintenance	4	7	10
Chief Administrative Officer	362	(17)	345
Civil Service Commission	30	-	30
Clerk of the Board of Supervisors	585	32	616
County Counsel	393	311	704
County Technology Office	1,715	-	1,715
Finance & GG Exec Office	8,741	-	8,741
Grand Jury	38	0	38
Human Resources	2,111	(149)	1,962
Treasurer-Tax Collector	938	1,642	2,580
<b>Total General Fund</b>	<b>17,598</b>	<b>3,154</b>	<b>20,752</b>

**Special Revenue Funds Departments**

Media & Public Relations	203	52	255
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**Internal Service Funds Departments**

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

<b>\$ 17,803</b>	<b>\$ 3,207</b>	<b>\$ 21,010</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES & FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter FY05-06 Projected Fund Balance
		Favorable/(Unfavorable)

**General Fund**

General Revenues:

All Current Property Taxes	\$ -	\$ 28,606	\$ 28,606
All Other Taxes-Local	-	71,426	71,426
Licenses, Permits & Franchises	-	553	553
Fines, Forfeitures & Penalties	-	1,576	1,576
Revenue for Use of Money & Property	-	-	-
Intergovernmental Revenue	-	196	196
Charges for Current Services	-	-	-
Miscellaneous Revenue	-	(330)	(330)
<b>Total General Revenues</b>	<b>\$ -</b>	<b>\$ 102,028</b>	<b>\$ 102,028</b>

General County Expenses:

Cash Borrowing Program	\$ -	\$ -	\$ -
Community Enhancement	-	-	-
Contingency Reserve	15,600	-	15,600
Contributions to the Capital Outlay Fund	3,749	697	4,446
Contributions to Library Fund	-	-	-
Community Projects & Services	-	-	-
Countywide Expenses	34,474	13,218	47,692
<b>Total Finance Other Expenses</b>	<b>\$ 53,823</b>	<b>\$ 13,916</b>	<b>\$ 67,739</b>
<b>Total General Fund</b>	<b>\$ 53,823</b>	<b>\$ 115,944</b>	<b>\$ 169,767</b>

**Special Revenue Funds Departments**

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

**Internal Service Funds Departments**

Workers Compensation	\$ -	\$ -	\$ -
Unemployment Insurance	1,278	(1,058)	219
Public Liability	-	-	-
<b>Total ISF Funds</b>	<b>\$ 1,278</b>	<b>\$ (1,058)</b>	<b>\$ 219</b>

**Other County Funds Departments**

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

Pension Obligation Bonds	\$ 6,415	\$ (356)	\$ 6,059
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**Total General Revenues & Finance Other**

	<b>\$ 61,516</b>	<b>\$ 114,530</b>	<b>\$ 176,045</b>
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**FY 2005-2006 3rd Quarter  
Projected Year-end Results**

(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY05-06 Projected Fund Balance
	Favorable/(Unfavorable)		
<b>General Fund</b>			
Public Safety	\$ 4,356	\$ (4,356)	\$ -
Health and Human Services	5,000	(5,000)	-
Land Use and Environment	2,739	(2,739)	-
Community Services	5,271	(5,271)	-
Finance & General Government	2,847	(2,847)	-
<b>Agency/Group Totals</b>	<b>\$ 20,213</b>	<b>\$ (20,213)</b>	<b>\$ -</b>
General Revenues		-	-
General County Expenses	-	-	-
Contingency Reserve	-	-	-
<b>Total Gen'l. Revs &amp; Gen'l. County Exp.</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total General Fund</b>	<b>\$ 20,213</b>	<b>\$ (20,213)</b>	<b>\$ -</b>

COUNTY OF SAN DIEGO  
NOTES TO SCHEDULES A and B  
FY 2005 - 2006 3rd QUARTER

**GENERAL NOTES**

*Projected Fund Balance*

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

*Contingency Reserve and Management Reserves*

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

*Variance Reporting*

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

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

**PUBLIC SAFETY GROUP**

***General Fund:***

*Alternate Public Defender*

A net positive variance of \$1.1 million is projected for the Alternate Public Defender. A positive expenditure variance of \$1.1 million is due to anticipated savings in salaries and benefits of \$0.8 million due to vacant positions and the use of modified positions and anticipated savings in services and supplies of \$0.3 million primarily due to savings in court-appointed attorney expenses, medical and psychiatric evaluation fees and information technology services.



*Department of Child Support Services*

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

A net positive expenditure variance of \$5.7 million is projected. A positive expenditure variance of \$6.2 million is projected in salaries and benefits. Currently there are 73 vacancies and a total of 86 positions are projected to be vacant by year-end. Maintaining these vacant positions is necessary as it is projected the State Department of Child Support Services will not increase the Fiscal Year 2006-07 allocation required to support increased staffing costs. A negative \$0.9 million expenditure variance in services and supplies is projected. This negative variance will be mitigated by a transfer of appropriations from salaries and benefits. The variance is due primarily to the required direct local payment of certain federal penalties to the State Department of Child Support Services for Fiscal Year 2004-05. As a result of the State's delay in implementing a single, statewide automated child support system, the federal government has assessed penalties to the State. Beginning last fiscal year, counties who contribute other funding to match additional federal funds must directly pay a 30% penalty on those additional federal funds. The payment for Fiscal Year 2004-05 has not yet been calculated by the State, but is estimated at \$1.4 million. The payment will be due on July 15, 2006 and will be supported by County Recovered Cost Revenue. A positive expenditure variance of \$0.4 million is projected in fixed assets. DCSS will not purchase any fixed assets this year due to limited funding and changes to State Fixed Asset regulations limiting full cost recovery over a five (5) year depreciation schedule.

A net negative revenue variance of \$4.0 million is projected primarily due to a \$2.9 million negative revenue variance in Federal revenue and a \$0.9 million negative variance in State revenue. Lower revenues are due to lower claimable expenditures and a shortfall of anticipated revenue required to offset a prior year receivable.

*Contribution for Trial Courts*

No overall variance is projected in the Contribution for Trial Courts.

A net positive expenditure variance of \$2.7 million is projected. There are projected savings of \$3.0 million in other charges, primarily due to reductions in the County's annual Maintenance of Effort (MOE) Payment as the result of the implementation of Assembly Bill 139 Committee on Budget-State Government (\$1.5 million), which transfers various fees and fines which were previously not specifically designated in legislation for deposit to the Court or County and the buyout of revenues (\$0.6 million), which were originally directed to the County in the Lockyer-Isenberg Trial Court Funding Act of 1997, pursuant to provisions of Assembly Bill 145, Committee on Budget-Court Fees (this change is also referred to as the AB 233 Buyout). Specific provisions within these bills grant reductions in the annual MOE payment based on historical revenue data;

correspondingly, a projected shortfall in revenue is described below. The variance in other charges is also attributable to projected reductions (\$0.8 million) in the annual "50/50 Revenue Split" payment, which is made pursuant to the Lockyer-Isenberg Trial Court Funding Act of 1997, due to anticipated revenue shortfalls also described below. The savings are offset by an anticipated negative variance in services and supplies of \$0.3 million which is due to projected increases in facility operation and maintenance costs. This negative variance will be mitigated by a transfer of appropriations from other charges.

A net negative revenue variance of \$2.7 million is projected. This variance consists of a \$1.5 million negative variance in fines and forfeitures attributable to a shortfall in Failure to Appear PC 1214 revenue due to implementation of Assembly Bill 139 and a negative variance of \$2.4 million in charges for current services. The latter is primarily due to a shortfall in Filing Document revenue of \$0.8 million due to the Assembly Bill 145 revenue buyout described above, a shortfall of \$0.2 million in Other Court Costs revenue which has been transferred to the State in accordance with the provisions of Assembly Bill 139 and a shortfall of \$1.3 million in various fines and fees. These are offset by a positive variance of \$1.2 million in other financing sources due to an operating transfer from the Penalty Assessment Fund. A request for approval of adjustments to appropriations and revenue based on Penalty Assessment Collection fund balance is included in the Fiscal Year 2005-06 Third Quarter Operational Plan Status Report.

*Defense Attorney Contract Administration*

A net positive variance of \$0.6 million is projected. The variance is due to an anticipated year-end balance of \$0.6 million in Management Reserves. A request to re-budget these funds is included in the Fiscal Year 2006-08 CAO Proposed Operational Plan.

*District Attorney*

A net positive variance of \$2.2 million is projected for the District Attorney's Office.

A net positive variance of \$0.7 million is projected for total expenditures. A positive expenditure variance of \$1.4 million in salaries and benefits is primarily due to normal staff turnover and restricted hiring. A negative expenditure variance of \$0.9 million is projected in expenditure transfers and reimbursements due to normal staff turnover and delays in filling vacant positions in the Public Assistance Fraud Division. A positive variance of \$0.1 million is projected in other charges due to the reduced involvement of an outside law enforcement agency in the Identity Theft Task Force. A positive variance of \$0.1 million is projected in fixed assets due to anticipated savings in information technology expenditures.

A net positive revenue variance in revenues of \$1.6 million is primarily attributable to the unanticipated receipt of SB90 Child Abduction and Recovery

Mandate reimbursement of \$0.9 million, due to payment of Fiscal Year 2004-05 claim by the State; unanticipated adult deferred prosecution revenue of \$0.3 million due to unanticipated payment of a Fiscal Year 2005-06 claim by the State; an unanticipated increase of \$0.1 million in the Regional Auto Theft Task Force Grant due to anticipated increased expenditures; unanticipated increases from the State Department of Insurance in the amount of \$0.4 million for the Worker's Compensation Insurance Fraud Program, \$0.3 million for the Organized Automobile Insurance Fraud Program, and \$0.3 million for the State Urban Grant Auto Fraud Program; in addition there are negative revenue variances of \$0.3 million in Real Estate Fraud Revenues due retirements and delays in filling vacant positions, a negative revenue variance of \$0.2 million in federal other grants due to anticipated expenditure savings, a negative revenue variance of \$0.1 million in Other State Grants due to the reduced involvement of an outside law enforcement agency in the Identity Theft Task Force, and a negative revenue variance of \$0.1 million in Victim Witness program due to expenditure savings described above.

#### *Office of Emergency Services*

A net positive variance of \$0.2 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$9.0 million is projected due to anticipated savings of \$2.5 million in services and supplies and \$6.3 million in other charges due to delayed expenditures associated with the Homeland Security Grants (HSG) and Buffer Zone Protection Plan (BZPP) Grant, including \$1.1 million associated with purchases now made directly from the State's online purchase system, Quartermaster. A total of \$7.8 million is projected to carry over to the Fiscal Year 2006-07 Operational Plan. An additional factor contributing to this variance is projected savings in salaries and benefits of \$0.2 million due to normal staff turnover. A revenue variance of \$8.8 million will directly offset the projected savings due to the delayed expenditures associated with the HSG.

#### *Medical Examiner*

A net positive variance of \$0.3 million is projected.

A net positive expenditure variance of \$0.4 million is due to projected savings in salaries and benefits of \$0.3 million due to a vacant Deputy Medical Examiner position and normal staff turnover. A positive variance in services and supplies of \$0.1 million is primarily due to anticipated savings in forensic toxicology services.

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

#### *Probation*

A net positive variance of \$2.5 million is projected for the Probation Department.

A net positive expenditure variance of \$1.0 million is projected. The variance is due to an anticipated positive variance in salaries and benefits of \$0.8 million due to normal attrition; a projected negative expenditure variance of \$0.2 million in services and supplies that is primarily due to increased food costs in the institutions resulting from an increase in population and higher meal costs as well as a projected increase in utilities costs; a projected negative variance of \$0.2 million in other charges due to unanticipated payment of prior year costs and unanticipated increases in charges for placement in Residential Treatment Facilities (RTF), and a projected year-end balance in Management Reserves of \$0.6 million that will be held in reserve by the Public Safety Group for future Probation Caseload Management System (PCMS) costs. A request for the appropriation of over realized revenue to mitigate the negative variances in services and supplies and other charges is included in the Fiscal Year 2005-06 Third Quarter Operational Plan Status Report.

A net positive revenue variance of \$1.5 million is projected. A positive revenue variance of \$3.0 million is due to: anticipated increases in State and Federal Aid Foster Care revenue of \$0.6 million due to increased reimbursement of commitment costs at residential treatment facilities; projected increases in Federal and State Meal program revenues are projected to exceed budget by \$0.2 million due to increasing population in institutions; Targeted Caseload Management/Medi-Cal Administrative Activities revenues (TCM/MAA) are projected to exceed budget by \$0.4 million due to the participation of additional claimable units in Adult Field Services; Work Project crew revenue, Airport Enterprise Funds, Road Funds, and Internal Service Funds accounts are projected to generate an additional \$0.6 million in revenue due to increased demand for Work Project work crews; Proposition 36 revenues are projected to exceed budget due to additional funding of \$0.2 million allocated by the Health and Human Services Agency to offset program costs; Title IV-E revenue is projected to be over-realized by \$0.2 million due to an increase in claimable indirect costs and a shortfall due to the Federal Deficit Reduction Act; State Mandate reimbursement for Domestic Violence Assessment (SB90) was received and accounts for \$0.3 million in over-realized revenue, and an additional \$0.5 million in revenue will come from various sources including charges for sealing records, court fees, and Juvenile Justice Crime Prevention Act. A negative revenue variance of \$1.5 million is due to: a projected shortfall in Juvenile Probation Camp Funding revenue of \$0.2 million primarily due to the loss of camp beds; revenue from offender reimbursements for the cost of Supervision/Investigations (Other Court Costs and Court Administration Fees account) is projected to be under budget by \$0.4 million primarily due to changes in court orders regarding the order in which restitution payments are applied; Parental Reimbursements and Institutional Care Federal revenue for wards detained in institutions are projected to be below budget by \$0.5 million primarily due to fewer undocumented wards detained in Juvenile Hall and changes in court orders regarding the order in which restitution payments are applied, and

other miscellaneous revenue is projected to be under-realized by \$0.4 million primarily due to projected shortfalls in collections for damages to county property within the institutions and various shortfalls in other revenue sources.

#### *Public Defender*

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

A net positive expenditure variance of \$0.3 million is projected primarily due to a positive variance in salaries and benefits of \$0.4 million due to normal staff turnover and the use of modified positions and a negative expenditure variance of \$0.1 million in services and supplies primarily due to an increased level of court and investigative expenditures. This negative variance will be mitigated by a transfer of appropriations from salaries and benefits. A net negative revenue variance of \$0.1 million is projected primarily due to shortfalls in court appointed attorney revenue collections.

#### *Public Safety Group Executive Office*

A net positive variance of \$3.6 million is projected.

A positive expenditure variance of \$3.4 million is primarily due to a projected year-end balance of \$3.2 million in Management Reserves, which are requested to be re-budgeted in the Fiscal Year 2006-08 CAO Proposed Operational Plan to support the remaining years of the Undesignated Fee Payment in Contribution for Trial Courts. In addition, a net positive variance in services and supplies of \$0.2 million is projected.

A positive revenue variance of \$0.2 million is projected primarily due to increased rents and concessions revenues generated by the five star parking lot (October 18, 2005) and an energy rebate associated with the East Mesa Detention facility.

#### *Sheriff*

A net positive variance of \$16.5 million is projected in the Sheriff's Department. This includes a positive expenditure variance of \$12.7 million and a negative revenue variance of \$3.8 million.

A positive expenditure variance of \$13.1 million is projected in salaries and benefits due to salary savings resulting from 291 vacant positions. The Sheriff's Department continues to experience staff turnover and there are fewer cadets entering the Deputy Sheriff Academies. This projection includes "Expected New Hires" of 32 sworn staff from forthcoming academies and 22 professional staff. Also, this projection anticipates 90 retirements/departures.

A negative expenditure variance of \$1.9 million is projected in services and supplies primarily due to increased automotive fuel costs (\$1.2 million) and increased food, household expense, clothing and personal supplies, laboratory services, and medical, dental and lab supplies costs within the jails (\$0.7 million)

associated with the increased daily inmate population. This negative variance will be mitigated by a transfer of appropriations from salaries and benefits.

A positive variance of \$1.5 million is projected in other charges supporting inmate medical care. Additional funds of \$5.7 million were appropriated to the inmate medical care account in Fiscal Year 2005-06 due to the shift of responsibility for inmate pharmacy costs from the Health and Human Services Agency to the Sheriff (\$3.7 million) and in anticipation of rising medical costs (\$2.0 million). The medical costs have not risen to the level anticipated during the first nine months and this projection assumes that trend continuing for the remaining three months of the fiscal year. This projection also takes into account the payment of \$1.5 million in settlement of the Sharp et al case regarding payment of inmate medical costs to local hospitals.

A net positive revenue variance of \$3.8 million is projected. A positive variance of \$1.6 million is projected in State Criminal Alien Assistance Program (SCAAP) due to increased efforts to identify and verify more undocumented criminal aliens for which incarceration costs can be claimed. A positive variance of \$1.0 million is projected in Contract City Revenue due to an increase in service level provided to the cities. A positive variance of \$1.0 million is projected in Reimbursement from Trial Courts due to an increase in service level associated with high profile court cases. A positive variance of \$0.4 million is projected in Booking Fees due to the slight increase in new bookings and a positive variance of \$0.5 million is projected in jail bed leasing due to the increased per bed rate allowable under the contract with the State. A positive variance of \$0.3 million in State Miscellaneous revenue is due to unanticipated reimbursement for the Geographic Information System (GIS) mapping and tracking software associated with wireless 9-1-1 calls. A positive variance of \$0.3 million in Law Services Other Government is due to additional services provided to various agencies. A positive variance of \$0.2 million in Civil Service Process Fees is due to an increase in demand for services and a positive variance of \$0.2 million in State Reimbursement for Mandated Costs (SB 90) due to unanticipated reimbursement for prior year state-mandated services. A negative variance of \$0.8 million in Federal Other is due to under expenditure of various grant funds. A negative variance of \$0.6 million in Marshal Want Warrant is due to the lack of qualifying expenditures. A negative variance of \$0.3 million in Federal Grant High Intensity Drug Traffic is due to timing differences in receipt of payments.

***Special Revenue Funds:***

*Sheriff's Asset Forfeiture Program*

A net positive variance of \$0.3 million is projected for Revenue from Asset Forfeiture. The positive variance is due to an unanticipated increase in funds received from asset seizures.

*Sheriff's Inmate Welfare Fund*

A net positive variance of \$0.7 million is projected for the Inmate Welfare Fund. The positive variance is due to \$0.1 million projected saving from various services and supplies, \$0.3 million increase in inmate telephone revenue, and \$0.3 million in reimbursements from the contract with Grossmont College for vocational training due to changes in the contracted service level.

*Proposition 172*

A net positive variance of \$13.9 million is projected for the Proposition 172 Special Revenue Fund. State sales tax receipts continue to exhibit some volatility, with strong performance early in the year and weaker performance at the end of the fourth quarter of 2005 and portions of the first quarter of 2006. Economic conditions, including housing and oil prices, continue to present risks. The fiscal year projection estimates moderate annual growth of 4.3% over receipts in the previous fiscal year. Pursuant to the Board of Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan consistent with the requirements of the policy and agreed to by the Sheriff, the District Attorney and the Probation Department.

In addition to the current year positive variance, the Proposition 172 Special Revenue Fund closed the previous year with a positive \$21.7 million year-end fund balance after adjusting for year-end accruals and actual realized revenues. A total of \$16.1 million of that balance has been appropriated to date through the adoption of the Fiscal Year 2005-06 Operational Plan and through actions of the Board of Supervisors. The Public Safety Group is submitting one request for additional appropriations of \$81,000 of that balance for the Probation Department in the Fiscal Year 2005-06 Third Quarter Operational Plan Status Report.

***Internal Service Funds (ISF):***

*Sheriff's Jail Stores ISF*

A net positive variance of \$0.4 million is projected for the Jail Stores ISF. The positive variance is due to increased commissary revenue due to increased inmate population.

**HEALTH AND HUMAN SERVICES AGENCY**

***General Fund:***

*Agency Administration*

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

A net positive variance of \$6.0 million is projected for Agency Administration. The variance is the result of a projected net expenditure savings of \$10.8 million and

\$4.7 million under-realized revenues. The \$10.8 million expenditure savings include \$5.0 million anticipated year-end Management Reserves, \$1.6 million in salary and benefits savings due to normal turnover and \$4.2 million net savings in services and supplies consisting of \$3.0 million of emergency appropriations savings associated with unsecuritized tobacco settlement, \$0.9 million unused appropriations in CAL Learn as a result of an overstated allocation and \$0.3 million in reduced postage, printing supplies, record expense, and professional and specialized services. The \$4.7 million under-realized revenue includes the \$3.0 million of unsecuritized tobacco settlement and \$1.7 million reduced revenue associated with projected expenditure savings.

#### *Adult Mental Health*

No net cost variance is projected in Adult Mental Health. The projected positive expenditure variance of \$17.5 million is due to \$1.3 million savings in salaries and benefits and \$16.2 million savings in services and supplies. The savings in salaries and benefits are the result of vacancies due to Managed Competition. The savings in services and supplies are due primarily to \$14.1 million savings in Contracted Services, \$0.6 million in Professional & Specialized Services related to Prop 63, and \$1.5 million in estimated cost reductions for special departmental expense, Medical/Lab costs, and computer application services. The \$14.1 million in savings for Contracted Services is due to \$11.1 million in unawarded contracts related to Prop 63, \$2.4 million decrease in expenditures for Residential/Homeless program services (AB2034), and \$0.6 million decrease in Outpatient and Case management services. The overall expenditure savings are offset by a net decrease in related revenue of \$17.5 million largely related to Prop 63.

#### *Aging and Independence Services*

A net positive variance of \$1.3 million is projected for Aging and Independence Services. This is the result of a net expenditure savings of \$5.2 million offset by \$3.9 million in under-realized revenues associated with projected expenditure savings.

The net expenditure savings of \$5.2 million include \$0.1 million savings in salaries and benefits due to vacancies, net savings of \$1.5 million in services and supplies as a result of savings in In-Home Supportive Services contracts due to projected low rate of individual provider services costs, \$0.3 million in other charges and fixed assets, and \$3.3 million savings in operating transfers out for the In Home Support Services (IHSS) Public Authority as a result of a lower number of providers enrolled for health and dental benefits. The projected negative revenue variance of \$3.9 million is the net result of \$3.3 million projected under-realization of revenues associated with projected expenditure savings primarily in IHSS individual provider services and \$6.6 million decrease in Realignment, offset by \$6.0 million net increase in revenues due to FY 04-05 IHSS Personal Care waiver refund, Edgemoor's revenue increase due to change in Medi-Cal rate, higher anticipated interests on deposits and investments,



increased Federal Health Adult Protective Services revenue based on second quarter County Expense Claim Federal revenue projections, and increased revenue for Federal Other Title IV-D Administration due to additional grant funds from HRSA.

#### *Alcohol and Drug Services*

A net positive variance of \$0.8 million is projected for Alcohol and Drug services. The projected overall expenditure savings of \$2.1 million includes \$0.1 million savings in salaries and benefits due to vacant positions and net savings of \$2.0 million in contracted services for Prop. 36 and Substance Abuse Prevention & Treatment (SAPT) related contracts. A projected negative revenue variance of \$1.3 million is the result of reduction of revenues for Prop 36 and SAPT revenues associated with projected expenditure savings, offset by additional revenue for recovered expenditures.

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

No net cost variance is projected in Children's Mental Health. The projected positive expenditure variance of \$8.0 million includes savings of \$1.1 million in salaries and benefits and \$6.9 million in services and supplies. The savings in salaries and benefits are the result of vacancies due to Managed Competition and unfilled Prop 63 positions. The savings in services and supplies are due to unawarded contracts related to Prop 63 and a decreased demand for contract services (specifically case management, day treatment, and outpatient services). The projected negative revenue variance of \$8.0 million is due primarily to a decrease in revenues of \$3.5 million for Prop 63, \$2.6 million for Early Periodic Screening, Diagnosis and Treatment (EPSDT) and \$3.0 million in Medi-Cal revenues associated with decreased expenditures. These revenue reductions are offset by the utilization of additional Managed Care revenue of \$1.1 million.

#### *County Child Welfare Services*

A net positive variance of \$2.3 million is projected for County Child Welfare Services (CCWS). This is the result of an \$18.1 million projected expenditure savings offset by a \$15.8 million projected under-realization of revenues.

The expenditure savings of \$18.1 million includes \$3.3 million savings in salaries and benefits caused by vacancies because of turnover and unused appropriations for overtime and temporary staffing, and \$15.6 million savings in other charges due to decreases in aid payments for Foster Care and Aid to Adoptive Parents (AAP) as a result of projected lower case costs offset by increased costs of \$0.8 million in services and supplies for CWS Outcome Improvement Project (OIP) and the transformation of the Child Welfare Services/Case Management System (CWS/CMS). The \$ 15.8 million reduction in realized revenues is associated with projected expenditure savings.

### *Public Health Services*

A net positive variance of \$0.3 million is projected for Public Health Services. This is a result of a net expenditure savings of \$3.7 million offset by \$3.4 million in under-realized revenues.

The \$3.7 million projected expenditure savings consist of \$ 1.6 million in salaries and benefits, \$1.8 million in services and supplies and \$0.3 million in other charges. The \$1.6 million savings in salaries and benefits are the result of vacancies and staff transferring from Patient Admin Services to the Fiscal Services Division. The \$1.8 million savings in services and supplies are primarily due to over budgeting for overhead costs in Maternal, Children and Family Health Services program, savings in telecommunication costs for Emergency Medical Services' Quality Assurance (QA) Net's 1-800 number and server costs and savings in contracted services. The \$0.3 million decrease in other charges is primarily due to a decrease in Child Health Disability and Prevention Treatment Reimbursement Program visits because of the success of Healthy Families Program, decrease in fixed assets, transfers, and reimbursement. The under-realized revenue of \$3.4 million is due to \$2.7 million reductions in Health Realignment to offset part of the savings associated with projected expenditure, \$0.2 million decrease in Third Party Reimbursements, \$0.3 million under budget in EMS Penalty Assessment, and \$0.2 million decrease in Federal Admin revenues due to decreased costs in contracted services.

### *Regional Operations*

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

A net positive variance of \$1.4 million is projected for Regional Operations due to expenditure savings of \$46.4 million offset by \$45.0 million in under realized revenues. Expenditure savings include \$9.8 million in salaries and benefits due to vacant positions resulting from staff turnover, \$0.6 million savings in services and supplies and a \$36.0 million decrease in other charges comprised of \$10.4 million for Child Care payments and \$25.6 million for CalWORKS, General Relief, Welfare to Work and Refugee Assistance payments. These decreases are based on projected caseload costs. A decrease of \$45.0 million in revenue is projected as a result of the projected expenditures savings.

### *Regional Program Support Division*

No net variance is projected for the Regional Program Support Division. The projected expenditure savings of \$3.6 million is due primarily to a \$4.9 million savings in contracted services in Medical Care Program Administration. These savings are offset by a \$1.3 million increase in costs related to CALWIN implementation. The \$3.6 million projected under-realization of revenue corresponds to the projected expenditure savings.

### *Strategy and Planning Division*

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

### **Special Revenue Funds:**

A total net positive variance of \$31.5 million is projected for the three Realignment Special Revenue Funds and the Tobacco Securitization Fund.

### *Realignment Special Revenue Funds*

A net positive variance of \$30.2 million is projected in the three Realignment Special Revenue Funds which includes expenditure savings of \$28.5 and a positive revenue variance of \$1.7 million. The expenditure savings are primarily associated with budgeted un-obligated reserves to help cover costs in the future (\$17.0 million). There continues to be savings in IHSS, due to case costs being lower than projected (\$6.2 million), in child welfare (\$4.0 million) and other realigned programs (\$1.3 million).

The Realignment revenue positive variance of \$1.7 million reflects the most current projections of sales tax and VLF growth. It is projected that sales tax will grow statewide at 7%, and VLF will grow at 3%.

### *Tobacco Securitization Fund*

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

## **LAND USE AND ENVIRONMENT GROUP**

### **General Fund:**

### *Agriculture, Weights & Measures*

A net positive variance of \$0.3 million is projected for the Department of Agriculture, Weights and Measures. A projected expenditure savings of \$0.4 million in salaries and benefits is mainly due to savings from continued vacancies (such as the Ag Commissioner/Sealer, Assistant Director and Vet Pathologist). A positive variance in services and supplies of \$0.5 million is primarily due to savings related to the Sudden Oak Death (SOD) contract. This grant funded

contract is for possible emergency measures, which have not been required to date and are not anticipated at this time. A net negative revenue variance of \$0.6 million is mainly due to under-realized revenue from the Sudden Oak Death state contract.

#### *Environmental Health*

A net positive variance of \$2.5 million is projected for the Department of Environmental Health. A projected expenditure savings of \$4.4 million is primarily the result of \$1.9 million in salaries & benefits due to delays in hiring, under-filling positions, and attrition and \$2.3 million in services & supplies due to additional appropriations added for the Vector Control Program late in the fiscal year, contract delays, and under spending. Under-realized revenue of \$1.9 million is directly related to the projected expenditure savings.

#### *Farm and Home Advisor*

A net positive variance of \$0.2 million is projected for the Farm Home and Advisor and is primarily due to services and supplies savings from delays in contracting for the Fire Services program.

#### *Land Use and Environment Group*

A positive net variance of \$2.7 million is projected by year end. This due to a projected year-end balance of \$2.7 million in Management Reserves. A variety of the projects that were to be funded were not due to timing delays. Transfers of \$1.2 million are included in the Fiscal Year 2005-06 Third Quarter Operational Plan Status Report.

#### *Parks and Recreation*

A net positive variance of \$0.6 million for the Department of Parks and Recreation (DPR) is projected.

The projected positive expenditure variance of \$0.6 million is due to savings in salaries and benefits of \$0.2 million due to short term vacancies within the department and \$0.4 million in other charges due to major maintenance expenditures and anticipated expenditures for furniture, fixtures, & equipment, plus moving expenditures for the new DPR headquarters.

#### *Planning and Land Use*

An overall positive Net County Cost variance of \$1.5 million is projected for Planning and Land Use.

The positive expenditure variance of \$3.7 million is broken down between \$2.4 million in salaries and benefits and \$1.3 million in services and supplies. The salaries and benefits savings are the result of having an average vacancy rate of 9.4% (Note: 9.0 new positions were added mid-year – increasing our vacancy rate from 7.9%) from January 2006 through March 2006. The majority of the \$1.3 million projected savings in services and supplies are for consultant services

related to delays in expenditures in the Multiple Species Conservation Program (MSCP) North and East County Plans. These are multi-year projects and any unexpended contracts will be rolled over into FY 2006-07. The Fire Safety and Fuels Reduction Program is also multi-year and will not be fully expended in FY 05-06.

The revenue shortfall of \$2.2 million is attributed to \$0.8 million in Aid from Other Government Agencies related to delays in expenditures and grant reimbursement for MSCP North and East County Plans. These are multi-year projects and any unexpended contracts will be rolled over into FY 06-07. Also included is \$1.4 million in services to property owners and licenses and permits due to vacancies in the permit-processing program. Revenue is not generated if staffing is not available to process permits. This shortfall is offset by savings in salaries & benefits.

*Department of Public Works*

No variance is projected for the Department of Public Works. A positive expenditure variance of \$7.4 million is offset by corresponding revenue for reduction in the Tree Grant Program.

***Special Revenue Funds:***

*Parks and Recreation*

*Park Land Dedication Funds*

A net positive variance of \$0.5 million is projected for Parks & Recreation – Park Land Dedication Ordinance due to additional expenditures of \$0.2 million for park development projects in process and additional revenue of \$0.7 million from park land dedication fees (\$0.6 million) and earned interest on deposits and investments (\$0.1 million).

*Department of Public Works*

*Road Fund*

A net positive variance of \$1.8 million is projected for the Road Fund. This includes a positive expenditure variance of \$6.9 million offset by a negative revenue variance of \$5.1 million. A positive variance of \$1.6 million savings is projected in salaries and benefits due to turnover and vacancies during recruitment efforts. A positive variance of \$6.5 million in services and supplies is primarily due to delayed construction costs. These are offset by a negative variance of \$1.2 million in other charges due to a transfer to services and supplies for construction. Revenue is projected to be under-realized by \$5.1 million in work for others primarily due to vacancies and project schedule adjustments.

### *Inactive Waste*

A net positive variance of \$0.1 million is projected for the Inactive Waste Fund. The variance is due primarily to \$1.2 million savings in prior year contracted service expenditures, and savings in operating transfers out due to a delay in land purchases for Jacumba and Descanso burn sites. Revenue is projected to be under-realized by \$1.1 million largely due to decreased expenditures for contract work.

## **Enterprise Funds:**

### *Department of Public Works*

#### *Airports*

A net positive variance of \$1.4 million is projected for the Airport Enterprise Fund. This includes a positive expenditure variance of \$4.9 million offset by a negative revenue variance of \$3.5 million. Projected savings of \$0.3 million in salaries and benefits are due to vacancies. Projected savings in services and supplies of \$0.5 million are due to anticipated savings in consultant contracts. Projected \$4.2 million savings in Capital Assets/Land Acquisition is related to savings from decreases in costs of the Palomar North side Ramp Taxiway and Gillespie Field Slurry Seal 17/35 as well as anticipated savings in the Gillespie Field Overlay Runway 27R as the project is near completion. Additional savings are due to projects on hold until FY 06-07 and will be re-budgeted. Projected under-realization of \$3.5 million in revenue is tied to these savings.

## **Special Districts Funds:**

### *Air Pollution Control District*

A positive variance of \$3.0 million is projected by year-end in the Air Pollution Control District.

The positive expenditure variance projection of \$2.6 million is primarily caused by salary and benefit savings of \$1.3 million and service and supply savings of \$1.4 million. The salary and benefit savings are due to positions held vacant or under-filled as part of an ongoing plan to reduce the impact of increases in operational costs as state and federal funding remains relatively unchanged, and to minimize operational cost impacts on permitting fees. Projected savings of \$1.4 million in services and supplies are anticipated largely from the elimination of lease payments due to the purchase of a new building, reduced inter-departmental support costs and reductions in the use of outside professional services. Revenues are projected to be over-realized by \$0.4 million due largely to interest earnings above budget on incentive grant funds, and proceeds from fines and forfeitures.

## Department of Public Works

### *Sanitation Districts & Sewer Maintenance*

A net positive variance of \$0.8 million is projected for the Sanitation Districts and Sewer Maintenance Districts. A projected net positive expenditure variance of \$1.5 million is primarily due to projected savings in services and supplies of \$3.0 million. These savings are due to anticipated transfer of appropriations to Capital Assets for the Galloway Pump Station, cancellation of prior year METRO encumbrances and the remainder is due to savings in routine maintenance of structures and consultant contracts. The savings are offset by a projected net negative variance of \$1.5 million in Capital Assets for the Galloway Pump Station. Projected \$0.7 million in under-realized revenue is primarily due to delayed sale of Lakeside Flow Equalization Project land to Parks and Recreation.

### *County Service Areas*

A net positive variance of \$0.7 million is projected for the County Service Areas. A net positive variance of \$0.6 million in services and supplies is due to savings associated with reduced work and delayed major maintenance. A net positive increase in revenue of \$0.1 million is due to reimbursement from Fire County Service Areas and minor increases in property taxes from current and prior year.

### *Permanent Road Divisions*

A net positive variance of \$5.6 million is projected in the Permanent Road Divisions. A net positive variance of \$5.4 in services and supplies is largely due to funds that were budgeted for potential flood damage that did not occur. A net positive variance of \$0.2 in revenue is due to unanticipated revenue from property taxes and interest on deposits and investments.

### *Flood Control District*

A net positive variance of \$2.0 million is projected for the Flood Control District largely due to an increase in miscellaneous revenue from Special Drainage Area #9 for emergency work performed during the year.

## **COMMUNITY SERVICES GROUP**

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

#### *Animal Services*

A net positive variance of \$0.2 million is projected for the Department of Animal Services. This amount is the result of anticipated \$0.4 million savings in salaries and benefits due to turn-over and vacancies, offset primarily by an anticipated shortfall of \$0.2 million in revenue due to lagging license sales.

#### *CSG Executive Office*

The projected favorable variance of \$6.0 million is due primarily to unspent management reserves, expected to be \$5.3 million at year-end. Reserves are

maintained at the Group level to provide resources for funding Documentum (an enterprise-wide records management program) matching funds for grant-funded programs, and other long-term obligations and contingencies. In addition, expenditures for services and supplies are anticipated to be \$0.7 million under budget due to uncertainty over timing of IT and other multi-year projects.

#### *Housing and Community Development*

HCD projects an overall net negative variance of \$0.4 million. The federal government has announced cutbacks of 10.4% and 10.5% in the County's allocations of CDBG and Home funds, respectively, two key sources of program revenues. Accordingly, the department has decreased expenditure levels from budget in all categories. HCD projects a positive expenditure variance of approximately \$1.4 million. The variance is the result of salary and benefits savings of \$0.7 million due to vacant and under-filled positions, and \$0.7 million in overall services and supplies savings (office and miscellaneous expense, fuel and postage). The projected unfavorable revenue variance of \$1.8 million is a direct result of cutbacks in funding sources and consequent inability to claim A-87 overheads. The shortfall will be absorbed by Group reserves at year-end.

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

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

A favorable expenditure variance of \$21.7 million is expected to be offset by an unfavorable revenue variance of the same amount for a net variance of zero. The Department budgets all funds that it is eligible to receive from the funding source, to facilitate the multi-year project expenditure request process. The savings of \$21.7 million is based on staff's analysis of anticipated funding requests for approved projects. Revenue is projected to equal expenses as project costs are 100% offset.

##### *San Diego County Library*

A net positive variance of \$4.4 million is projected for the Library. The expenditure variance is expected to be \$3.8 million. Projected savings of \$0.7 million in salaries and benefits are the result of vacancies that are anticipated to be filled and the normal turnover of staff. In order to fill the vacancies, the Library is currently conducting a vigorous recruiting campaign that has included hiring halls and other outreach efforts. A net over-expenditure of \$1.4 million in services and supplies is the result of increased levels of maintenance to facilities, special departmental expenses, software, office and equipment costs, and vehicle costs. This negative variance will be mitigated by a transfer of appropriations from Management Reserves. Savings of \$0.1 million are anticipated for capital assets equipment, since some equipment purchases are being deferred to next fiscal year when the Library will be making a substantial investment in IT projects. The expenditure variance includes a year-end balance of \$4.4 million in Management Reserves. The funds will eventually be expended in future years for major initiatives such as facilities and IT upgrades.



A net positive variance of \$0.6 million is projected for revenues. Due to higher than forecast increases in assessed valuations and real estate activity, revenue from current secured property taxes is projected to be \$0.7 million over budget and revenue from taxes other than current secured is projected to be \$0.6 million over budget. Charges for current services are projected to be \$0.3 million less than budgeted due to lower video rentals, lower fines as a result of the public's use of on-line renewals and significantly lower revenues from copiers. Miscellaneous revenues are projected to be \$0.3 million lower than budgeted due to a shortfall in donations and operating transfers from General Fund are anticipated to be \$0.1 less than budgeted, due to shortfalls in the Matching Funds Donation program.

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

***Facilities Management ISFs***

A total favorable expenditure variance of \$12.3 million offset by a total unfavorable revenue variance of \$12.8 million is projected for the Facilities Management ISFs, for a total unfavorable variance of \$0.5 million.

The expenditure variance is the result of projected expenditure savings of \$2.0 million in salaries and benefits due to staff vacancies, \$9.4 million in services and supplies primarily due to the delayed implementation of major maintenance projects, \$0.6 million in other charges associated with an eminent domain case that has been referred to the courts for resolution and is therefore not expected to be expended this fiscal year, and \$0.3 million in operating transfers due to less than anticipated project management labor for major maintenance projects.

The revenue variance is widespread; however, much of the variance across categories is due to the timing of work on major maintenance projects, which may span two or more fiscal years. Rents and concessions revenue is projected to be over budget by \$0.8 million due to a variety of items, including renegotiated leases, COLA adjustments, commission payments, and utilities reimbursements. Intergovernmental revenues are projected to be over budget by \$0.4 million due to over-realized State and Federal grants (\$0.6 million) for stormwater and major maintenance and revenue from various agencies (\$0.1 million) offset by lower than budgeted revenue from Special Districts and Local Boards that should have been budgeted as Charges in the General Fund, where it was realized (\$0.3 million). Total charges for services are projected to have a negative budget variance of \$14.8 million. The significant variances are: charges in the General Fund (negative variance of \$16.9 million) due to major maintenance projects; charges in trial court funds (positive variance of \$2.0 million ) due to increased contracted services, charges in internal service funds (negative variance of \$0.6 million) due to major maintenance projects and less than budgeted building maintenance requirements, and third party reimbursements (positive variance of \$0.6 million) due to major maintenance projects. Charges received from all other

county funds and outside sources are projected to have a net positive variance of \$0.1 million, due generally to major maintenance projects. Miscellaneous revenues are projected to be over budget by \$0.8 million, associated with the reimbursement from the City of Chula Vista relating to street improvements in Bonita.

*Fleet Management Internal Service Funds*

A net unfavorable variance of \$0.9 million is projected for the Fleet Management Internal Service Funds. A total unfavorable expense variance of \$1.2 million is offset by a favorable revenue variance of \$0.3 million.

The expenditure variance is the result of a \$0.6 million variance in salaries and benefits due to staff vacancies and \$0.1 million in unused Contingency Reserves offset by the combined over-expenditure of \$1.9 million in services and supplies due to parts and fuel costs.

The revenue variance is due to offsetting projections in several categories. Interest earnings in the Fleet ISFs is projected to be \$0.3 million over budget. Charges for services to Fleet customers is projected to be \$0.4 million over budget which includes General Fund charges (\$1.1 million) due to increased fuel costs and consumption and Other Services to Government (\$0.4 million) associated with the sale of fuel to other agencies offset by Internal Service Funds charges (\$1.1 million) due to less than anticipated vehicle maintenance requirements. Miscellaneous revenues are projected to be overrealized by \$0.1 million due to third party recoveries from insurance settlements. Other financing sources are projected to be under budget by \$0.5 million due to losses and lower levels of gains on the sale of vehicles.

Note: The Fleet ISFs are projecting that expenditures will exceed the approved spending plan for FY 2005-06, due to cost increases of 31.6% for parts and fuel over the 3<sup>rd</sup> Quarter of last fiscal year. As a remedy, the department is requesting to increase expenditure authority by \$2.0 million in its Fuel and Materials ISF spending plan in the Third Quarter Operational Plan Status Report.

*Purchasing and Contracting ISF*

A net negative variance of \$0.1 million is projected by fiscal year end for the Purchasing and Contracting Internal Service Fund (ISF). The positive expenditure variance of \$1.3 million is a combination of anticipated cost savings in salaries and benefits of about \$1.1 million and \$0.2 million in services and supplies. Salary savings are due to staff positions held vacant in Records and Print divisions as a result of outsourcing as well as other staff turnover. Services and supplies savings are due to decreases in materials, supplies and printing services spending in the Print division and a combination of savings in various expense accounts in Purchasing operations and Print services. The negative variance in revenue of about \$1.4 million is due to a decrease in production volume in the Print and Records divisions attributable to the outsourcing of these

services. Itemizing by business unit, the projected fund balance amounts are: positive balance of \$0.8 million in Purchasing and Contracting Operations, negative balance of \$0.5 million in Records and negative balance of \$.4 million in Print resulting in an overall negative variance of \$0.1 million.

***County Redevelopment Agency Funds:***

*San Diego County Redevelopment Agency*

Overall, a net positive variance of \$0.3 million is projected. This variance is due to \$0.3 million savings in other charges. Due to insufficient debt in relationship to its reserves, Upper San Diego River Project (USDRIP) will not receive tax increment this fiscal year. County Counsel recently opined that the Redevelopment Agency is not obligated to make pass through payments under the USDRIP agreements if the Project Area receives no tax increment.

**FINANCE & GENERAL GOVERNMENT GROUP**

***General Fund:***

*Assessor/Recorder/County Clerk*

A net positive variance of \$1.9 million is projected for the Assessor/Recorder/County Clerk. A projected net positive expenditure variance of \$0.9 million is comprised of \$1.4 million of savings in salaries and benefits from vacant positions offset by \$0.5 million in excess expenditures due to unanticipated information technology projects related to the recording and property tax systems. The net positive revenue variance of \$1.0 million is primarily due to greater than anticipated volume of document filing and recording activities.

*Auditor and Controller*

A net positive variance of \$1.8 million is projected for the Auditor and Controller. A projected net positive expenditure variance of \$1.5 million is due to \$1.9 million projected savings in salary and benefits related to vacant positions, offset by \$0.5 million of excess expenditures related to unanticipated information technology projects to enhance financial system reporting functionality. The net positive revenue variance of \$0.3 million is primarily due to A87 cost plan reimbursement revenues.

*Chief Administrative Office*

A net positive variance of \$0.4 million is projected for the Chief Administrative Office. This variance is primarily due to \$0.3 million savings in salaries and benefits due to vacant positions and \$0.1 million savings in services and supplies due to a reduction in expenditures related to professional and contracted services.

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

A net positive variance of \$0.6 million is projected for the Clerk of the Board of Supervisors. A net positive expenditure variance of \$0.6 million is due to savings in salaries and benefits of \$0.4 million and a projected \$0.2 million year-end balance in Management Reserves. The salaries and benefits variance is primarily due to deferred hiring in response to the suspension of the State's Property Tax Administration Grant Program.

#### *County Counsel*

A net positive variance of \$0.7 million is projected for County Counsel. A net positive expenditure variance of \$0.4 million is projected due to \$0.3 million savings in salaries and benefits from vacant positions and a projected \$0.1 million year-end balance in Management Reserves. A net positive revenue variance of \$0.3 million is projected due to over-realized revenue for legal services provided to various clients.

#### *County Technology Office*

A net positive variance of \$1.7 million is projected for the County Technology Office. A net positive expenditure variance of \$1.7 million is projected due to \$0.2 million savings in salaries and benefits from vacant positions, \$1.0 million savings in services and supplies due to savings in professional services expenditures from delays in the development of the integrated property tax system, and a projected \$0.5 million year-end balance in Management Reserves.

#### *Finance and General Government Group*

A net positive variance of \$8.7 million is projected for the Finance and General Government Group. This projected variance is the result of savings in salaries & benefits of \$1.3 million from vacant positions, savings in services & supplies of \$5.6 million due to information technology expenditures savings resulting from decommissioning activities, and a projected year-end balance of \$1.8 million in Management Reserves.

#### *Human Resources*

A net positive variance of \$1.9 million is projected for Human Resources. The net positive expenditure variance is comprised of \$0.7 million in salaries and benefits due to staff turnover and under filling of positions and \$1.4 million in services and supplies due to the timing and negotiated price for the Employee Assistance Program contract, lower Medical Services contracts expenditures and lower than expected insurance costs. This is offset by a negative revenue variance of \$0.2 million due to lower than expected reimbursed costs from the Workers Compensation Internal Service Fund.

#### *Treasurer-Tax Collector*

A net positive variance of \$2.5 million is projected for the Treasurer-Tax Collector. A projected net positive expenditure variance of \$0.9 million is comprised of \$0.7 million of savings in salaries and benefits from vacant

positions and a projected \$0.2 million year end balance in Management Reserves. The net positive revenue variance of \$1.6 million is primarily due to \$1.4 million in over-realized revenues from AB2890 Recovered Cost and \$0.2 million in revenues from prior year property tax administrative services received in the current year.

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

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

A net positive variance of \$169.8 million is projected for these two categories combined, comprised of an estimated additional \$102.0 million in General Purpose Revenues and a \$67.8 million net positive variance in General County activities.

#### *General Revenues*

The San Diego economy continues to fare well in Fiscal Year 2005-06. San Diego's unemployment rate averaged 4.3% in 2005, and from January through March 2006 the unemployment rate averaged 4.0%. San Diego's unemployment rate continues to compare favorably to both the U.S. and California unemployment rates, 5.1% and 5.4% respectively for 2005. Local sales tax transactions grew by 3.4% for the County as a whole for October through December 2005 compared to the same time period for 2004. The increase in sales was largely due to higher fuel prices, but this was offset by declines in discount department stores and used car sales. Southern California, however, experienced sales tax revenue growth of 5.9%. The local real estate market continues to be steady due to limited supply and continued favorable low financing costs. However, it is expected that "housing construction/ real estate" slowing will contribute to slowing in the growth of the State and local economies in the 2<sup>nd</sup> half of 2006.

#### *All Current Property Taxes*

All Current Property taxes are estimated to provide a \$28.6 million favorable net variance.

- *Property Taxes - Current Secured*

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

county's ratio dropped marginally resulting in an anticipated adjusted positive revenue variance of \$9.7 million.

- *Property Taxes - Current Supplemental*  
Current Supplemental Property Taxes are projected to be \$18.0 million higher than budget. This projection is the result of two factors: one, healthy current year supplemental activity, and two, a change in the distribution formula that shifts more supplemental taxes to the County as a result of the legislation that created the VLF Property Tax Compensation Fund. See the narrative on In Lieu Local Sales and Use Tax & Property Tax in Lieu of VLF below for more explanation on these changes.
- *Property Taxes - Current Unsecured*  
Current Unsecured Property Taxes are projected to be \$0.9 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll, given the composition of the unsecured roll. The final roll included adjustments for personal property and improvements that increased the current unsecured roll's assessed value by 6.1% resulting in the projected revenue increase.

#### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to exceed budget by an aggregate \$71.4 million.

- *Property Tax in Lieu of VLF*  
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$60.24 million over the adjusted budgeted amount of \$204.7 million. This revenue was budgeted conservatively because of the lack of data regarding the accuracy of the base year allocation, which was Fiscal Year 2004-05. The implementing legislation provided that the Fiscal Year 2005-06 allocation would be calculated based on a formula that took into account adjusted actual allocations for Fiscal Year 2004-05 and growth in the County's gross taxable assessed value. Information on the adjusted actuals was released on October 14, 2005 and the County received a one-time \$17.7 million positive true-up adjustment for Fiscal Year 2004-05. In addition, the assessed value growth factor for 2005-06 is 13.3%, which establishes the County's 2005-06 Property Tax in Lieu of VLF base at \$247.3 million, which is an ongoing revenue increase of \$46.8 million over the Fiscal Year 2005-06 budget. The projected positive variance has decreased from the second quarter estimate due to the appropriation of \$4.2 million in Property Tax in Lieu of VLF over-realized revenue to replace State property tax

administration grant revenue in the Assessor/Recorder/County Clerk's Office that was suspended in the State's budget for 2005-06.

- *In Lieu Local Sales and Use Tax*

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

Similar to the Current Supplemental Taxes' favorable year-end projection, Property Taxes Prior Secured Supplemental revenue is estimated to be \$5.2 million above budget. This projection is based on a review of collections to open charges through the April 11 Property Tax System apportionment (apportionment 9 of 13). The prior secured supplemental roll (charges) is up 58% from the same time last year and all prior year collections in Fiscal Year 2005-06 are up 97%.
- *Real Property Transfer Taxes*

An additional \$3.7 million in revenue is estimated for Real Property Transfer Taxes (RPTT) due to stronger and more sustained growth than anticipated in the real estate sector.
- *Sales and Use Taxes*

A positive revenue variance of \$0.9 million is estimated for Sales and Use Taxes based on 8 months of activity for Fiscal Year 2005-06 and projected advances through the end of the year.
- *Redevelopment Agency Tax Increment*

A projected \$1.5 million positive revenue variance is estimated for the Redevelopment Agency Tax Increment. This projection is based on the year to date collections compared to last year at the same time, and expected collections based on existing Redevelopment Agreements with growth from the share of inflation/incremental

revenue clauses and settlement payments increases in various agreements, including Escondido and San Marcos.

*Licenses, Permits, and Franchises*

Franchise payments from San Diego Gas and Electric were received in March 2006. This payment exceeded the budgeted and projected amount by \$0.5 million based on increased total sales of electric energy and gas.

*Fines, Forfeitures and Penalties*

Penalties and Cost Delinquency Taxes are projected to be \$1.6 million above budget. The Fiscal Year 2005-06 2<sup>nd</sup> Property Tax Penalties Installment reflects a 24% increase in penalties (open charges) compared to the same installment in Fiscal Year 2005-06. This increase is attributed to the overall increase in the property tax base as well as current economic conditions. These penalties represent failure to pay any current and prior years' property tax by a specific due date.

*Intergovernmental Revenues*

State Aid Home Owners' Property Tax Exemption (HOPTR) revenues are forecasted to exceed budget by \$0.2 million, coming in at \$5.2 million based on the increase in eligible parcels.

*Miscellaneous Revenues*

A net negative revenue variance of \$0.3 million is projected. Generally the County transfers the fund balance from the annual flex plan forfeitures fund to the County General Fund at the end of the following fiscal year. However, due to timing changes and a new service provider, the County will not be closing out the Fiscal Year 2004/05 fund until December 2006. General Fund revenues received in 2005-06 reflect the close out of the 2003/04 fund, which was kept open during the change in plan providers.

General County Expenses

*Contingency Reserve*

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

*Facility Lease Payments*

A net positive variance of \$0.8 million is projected. A variance of \$0.7 million is the result of over-realized revenue in the "Aid from Redevelopment Agency" and \$0.1 million resulted from expenditure savings on the lease payments.

*Contributions to Capital/Debt Reduction*

Appropriations of \$3.7 million set aside for pending capital and/or debt reduction opportunities are expected to be unspent at year-end.



*ERP Lease Purchase Payments*

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

*Sale of Surplus Property*

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

*Countywide Expense General Fund Adjustments*

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

In addition, the County received a donation of \$0.1 million from the William Brewer estate along with property that will be available for future sale.

Finally, \$34.2 million that was set aside for economic uncertainty is expected to be unspent at year-end.

***Internal Service Funds:***

*Unemployment Insurance Employee Benefit ISF*

A net positive variance of \$0.2 million is projected for the fund. Unemployment Insurance payments are anticipated to total \$1.3 million, approximately half of the Fiscal Year 2005-06 budgeted amount of \$2.6 million. Charges to departments were halted mid-year, but collections will exceed actual costs by \$0.2 million. This fund balance will be used to offset future costs in lieu of charging departments.

***Debt Service Funds:***

*Pension Obligation Bonds (POB's)*

A net variance of \$6.0 million is projected for the fund. A variance of \$2.6 million is the result of bond payments savings made to the taxable pension obligation bondholders. This is due to the actual variable interest rate on the taxable pension obligation bonds being less than the budgeted variable interest rate used for the budget. A variance of \$0.6 million is due to administrative savings related to the POBs. Approximately \$1.8 million is due to interest earnings from the Guaranteed Investment Contract on funds held with the Trustee for the economic defeasance of the 1994 POBs. An additional \$1.0 million in interest earnings resulted from balances held with the trustee bank.