



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 15, 2007

TO: Board of Supervisors

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

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2006-07 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$217.7 million and for all budgetary funds combined is \$276.4 million.

This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. Among these adjustments are recommendations to appropriate or transfer funds for augmenting capital projects (e.g., Volcan Mountain West Acquisition, Spring Valley Gym and Teen Center construction, Agua Caliente Ranger Housing, and Multiple Species Conservation Plan/Open Space Acquisitions), continuing a major maintenance project (e.g., for the Bonita Animal Shelter), for hazardous fuels reduction activities in the Department of Planning Land Use, for information technology projects in various departments and for a special election for the City of Vista in June.

In addition, thirty six capital projects are anticipated to be completed and capitalized at the end of Fiscal Year 2006-07. These projects have remaining appropriations that need to be cancelled. This board letter proposes to cancel the remaining appropriations in the identified projects.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the FY 2006-07 third quarter report on projected year-end results.
2. Waive Board Policy A-91, Mid-Year Budget Changes.
3. Establish appropriations of \$32,000 in the Public Safety Group Proposition 172 Special Revenue Fund, Operating Transfer Out, for transfer to the Sheriff's Department based on Fiscal Year 2005-06 fund balance available. (4 VOTES)

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

4. Establish appropriations of \$32,000 in the Sheriff's Department, services and supplies, for Global Positioning Systems equipment for the Search and Rescue Unit based on an operating transfer from the from the Proposition 172 Special Revenue Fund. (4 VOTES)
5. Establish appropriations of \$2,200 in the City of Poway County Service Area (CSA) 135F for services and supplies based on unanticipated revenue from Interest (\$800) and Service to Property Owners (\$1,400). (4 VOTES)
6. Establish appropriations of \$833,519 in the Probation Department, services and supplies (\$701,824) and other charges (\$131,695), based on unanticipated revenue from SB90 Domestic Violence (\$661,212), Targeted Case Management / Medi-Cal Administrative Activities (TCM/MAA) (\$40,612), and Proposition 36 services (\$131,695). (4 VOTES)
7. Transfer appropriations of \$330,000 from the Public Safety Group Executive Office, Management Reserves, to the Department of Child Support Services for information technology costs associated with the transition to the County's Information Technology vendor.
8. Amend the Fiscal Year 2006-07 Department of Public Works Equipment Acquisition Airport Internal Service Fund Spending Plan in the amount of \$36,381 to provide funding for depreciation of purchased equipment based on overrealized revenue from Equipment Rental.
9. Amend the Fiscal Year 2006-07 Department of Public Works Inactive Waste Equipment Acquisition Internal Service Fund Spending Plan in the amount of \$7,312 to provide funding for the purchase of equipment based on fund balance available.
10. Transfer appropriations of \$115,328 in the Department of Public Works General Fund, from services and supplies to Operating Transfer Out, for transfer to the Department of Public Works Road Fund. (4 VOTES)
11. Establish appropriations of \$115,328 in the Department of Public Works Road Fund, for Documentum Strategy project costs based on an operating transfer from Department of Public Works General Fund. (4 VOTES)
12. Authorize the Auditor and Controller to cancel the Designation for Accumulated Capital Outlay (ACO) in PRD 101A Hi Ridge Road by \$1,654 due to project completion. (4 VOTES)
13. Authorize the Auditor and Controller to cancel the Designation for ACO in PRD 127 Singing Trails Court by \$3,500 due to project completion. (4 VOTES)

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

14. Authorize the Auditor and Controller to cancel the Designation for ACO in PRD 1002 Sunny Acres by \$1,000 due to project completion. (4 VOTES)
15. Authorize the Auditor and Controller to cancel the Designation for ACO in the Stormwater Maintenance Zone ZN349781 by \$2,000 due to project completion. (4 VOTES)
16. Amend the Fiscal Year 2006-07 Airport Enterprise Fund Spending Plan in the amount of \$45,121 to provide funding for Capital Project 1008814 – Ramona Airport Air Traffic Control Tower Access Road based on Federal Aviation Administration grant and fund balance available.
17. Establish appropriations of \$3,645 in the Department of Public Works Inactive Waste Fund for groundwater projects at Duck Pond Landfill based on unanticipated revenue from Interest on Deposits & Investments. (4 VOTES)
18. Establish appropriations of \$30,000 in the Department of Public Works Survey Remonument Fund, Operating Transfer Out, for transfer to the Department of Public Works Road Fund based unanticipated revenue from monumentation fees. (4 VOTES)
19. Establish appropriations of \$30,000 in the Department of Public Works Road Fund for staff review of survey monuments based on an operating transfer from the Department of Public Works Survey Remonument Fund. (4 VOTES)
20. Establish appropriations of \$16,785 in the Department of Public Works San Diego Lighting District Fund for street lighting maintenance based on unanticipated revenue from Interest on Deposits and Investments. (4 VOTES)
21. Establish appropriations of \$7,000 in Special District PRD 117 - Legend Rock, for road repair based on unanticipated revenue from the Federal Emergency Management Administration (FEMA). (4 VOTES)
22. Cancel appropriations and related Operating Transfer from the General Fund of \$196,923 in the Capital Outlay Fund for Capital Project 1000245 – Volcan Mountain Preserve Phase VII Acquisition, to provide funds for the Volcan Mountain West Acquisition project.
23. Establish appropriations of \$196,923 in the Capital Outlay Fund for Capital Project 1000040 – Volcan Mountain West Acquisition, based on an operating transfer from the General Fund. (4 VOTES)
24. Establish appropriations of \$100,000 in the Spring Valley Park Land Dedication Ordinance (PLDO) Fund, Operating Transfer Out, for the Spring Valley Gym

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

and Teen Center project, based on Fund Balance available. (4 VOTES)

25. Establish appropriations of \$100,000 in the Capital Outlay Fund for Capital Project 1000234 – Spring Valley Gym and Teen Center, based on an operating transfer from the Spring Valley PLDO Fund. (4 VOTES)
26. Cancel appropriations and related Operating Transfer from the General Fund of \$17,813 in the Capital Outlay Fund for Capital Project 1000216 – Agua Caliente Park Restrooms, to provide funds for the Agua Caliente Ranger Housing project.
27. Establish appropriations of \$17,813 in the Capital Outlay Fund for Capital Project 1010299 – Agua Caliente Ranger Housing, based on an Operating transfer from the General Fund. (4 VOTES)
28. Establish appropriations of \$2,000 in the Spring Valley Park Land Dedication Ordinance (PLDO) Fund, Operating Transfer Out, for transfer to the Department of Parks and Recreation based on Fund Balance available. (4 VOTES)
29. Establish appropriations of \$2,000 in the Department of Parks and Recreation, Professional and Specialized Services, for closing costs related to the Ildica Street Park Acquisition project, based on an Operating transfer from the Spring Valley PLDO fund. (4 VOTES)
30. Transfer appropriations of \$64,286 from the Department of Parks and Recreation, Contributions to Other Agencies, to Contributions to Capital Outlay Fund, Operating Transfer Out, to provide matching funds for the Lindo Lake Boathouse Restoration project. (4 VOTES)
31. Establish appropriations of \$64,286 in the Capital Outlay Fund for Capital Project 1009269 – Lindo Lake Boathouse Restoration based on an operating transfer from the General Fund. (4 VOTES)
32. Establish appropriations of \$46,500 in the Department of Parks and Recreation, Professional and Specialized Services, for cleanup activities in the Otay River Valley, based on unanticipated revenue from the City of Chula Vista. (4 VOTES)
33. Establish appropriations of \$11,005 in the Department of Parks and Recreation, Special Departmental Expense, for upgrades to San Elijo Lagoon Ecological Reserve, based on unanticipated revenue from the City of Solana Beach. (4 VOTES)
34. Establish appropriations of \$200,000 in the Capital Outlay Fund for Capital

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

Project 1000012 – Multiple Species Conservation Plan (MSCP)/Open Space Acquisitions, based on unanticipated grant revenue from the Habitat Conservation Fund. (4 VOTES)

35. Establish appropriations of \$64,414.84 in the Park Land Dedication Ordinance (PLDO) Fund, Operating Transfer Out, for transfer to various PLDO funds and the Department of Parks and Recreation based on fund balance available. (4 VOTES)
36. Establish appropriations of \$64,230.64 for park improvements and land acquisitions based on an operating transfer from the PLDO Fund in the following PLDO funds: Anza Borrego (\$1,253.57), Fallbrook (\$3,739.27), Valley Center (\$5,570.99), Lakeside (\$1,642.85), Jamul (\$16,449.96), Palomar/Julian (\$421.43), Pauma Valley (\$864.28), Spring Valley (\$9,035.69), Valle de Oro (\$821.43), Escondido (\$1,642.85), San Dieguito (\$16,941.92), Ramona (\$1,642.85), Laguna/Mountain Empire (\$3,307.13), Vista (\$842.85), and Alpine (\$32.14), Central Mountain (\$21.43). (4 VOTES)
37. Establish appropriations of \$184.20 in the Department of Parks and Recreation, for park improvements and land acquisitions based on an operating transfer from the PLDO Fund. (4 VOTES)
38. Cancel appropriations and related Operating Transfer from the General Fund of \$20,000 in the Capital Outlay Fund for Capital Project 1010432 – Otay Valley Regional Park (OVRP) Active Recreation Area, to reimburse the Department of Parks and Recreation for costs related to an Option to Purchase for the Midway Property in OVRP.
39. Transfer appropriations of \$20,000 from Contributions to Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, Professional & Specialized Services (\$10,000) and Facilities Management Real Property ISF (\$10,000), for costs related to an Option to Purchase for the Midway Property in OVRP.
40. Transfer appropriations of \$30,000 from the Department of Environmental Health to Agriculture, Weights and Measures to provide funding for the Animal Disease and Diagnostic Laboratory.
41. Amend the Fiscal Year 2006-07 Fleet Services Internal Service Fund (ISF) Spending Plan in the amount of \$66,444 due to the cancellation of purchasing three vehicles and related fuel and maintenance costs for the Department of Agriculture, Weights and Measures.
42. Transfer appropriations of \$57,000 in the General Fund from Contributions to Fleet Services ISF Fund to the Department of Agriculture, Weights and

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

Measures, Transportation Equipment due to the cancellation of purchasing three vehicles.

43. Establish appropriations of \$700,000 in the Department of Planning and Land Use for hazardous fuels reduction activities based on unanticipated revenue received from the Federal grant funds. (4 VOTES)
44. Transfer appropriations of \$163,000 from the Land Use and Environment Group's Management Reserve to County Counsel for reimbursement of additional services.
45. Amend the Fiscal Year 2006-07 Fleet Management ISF Parts and Fuel Spending Plan in the amount of \$292,803 to provide funding for vehicle parts and fuel purchases based on charges for services received from the General Fund.
46. Transfer appropriations of \$1,592,094 within the Housing and Community Development Special Revenue Fund (HOME-Rental Assistance \$566,732 and HOME 1st Time Homebuyer \$1,025,362) from Operating Transfer Out to other charges to align the budget with current year expenditures.
47. Establish appropriations of \$800,000 in the Department of Animal Services for continuation of the major maintenance project at the Bonita Animal Shelter based on unanticipated revenue from State Aid Reimbursement Mandated SB90 Title. (4 VOTES)
48. Transfer appropriations of \$240,000 from Community Services Group, Management Reserves, to the Department of Animal Services for continuation of the major maintenance project at the Bonita Animal Shelter.
49. Establish appropriations of \$510,000 in the Registrar of Voters for the June 2007 Special Election in the City of Vista (\$150,000) and for costs related to poll accessibility (\$100,000) and poll worker training (\$260,000) based on reimbursements from the City of Vista (\$150,000) and two Help America Vote Act (HAVA) Grant programs (\$360,000). (4 VOTES)
50. Transfer appropriations of \$50,000 in Finance Other – General County Expense from Contracted Services to Operating Transfer Out for workers' compensation costs.
51. Establish appropriations of \$697,208.03 in the General Fund Lease Payments Bonds to correct a prior year accounting error based on the General Fund Fiscal Year 2005-06 fund balance available. (4 VOTES)
52. Transfer appropriations of \$227,875 from the Department of Environmental

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

Health, Interdepartmental Expense, to the Finance and General Government Group for the annual repayment related to the Finance and General Government Group financing of the construction of the San Marcos Building.

53. Transfer appropriations of \$227,875 from the Land Use and Environment Group, Management Reserves to the Finance and General Government Group for the annual repayment related to Finance and General Government financing of the construction of the San Marcos Building.
54. Establish appropriations of \$9,349.63 in the Capital Outlay Fund for Internal Agreements (\$8,748.85), Capital Project 1000165 Otay Valley Regional Park (\$444.00), and Capital Project 1000187 Tijuana River Valley (\$156.78) based on fund balance available. (4 VOTES)
55. Cancel appropriations up to \$704,849 in the Capital Outlay Fund for projects completed in Fiscal Year 2006-07.
56. Cancel appropriations up to \$83,791 in the Justice Facility Construction Fund for projects completed in Fiscal Year 2006-07.
57. Cancel appropriations up to \$370,892 in the Library Capital Outlay Fund for projects completed in Fiscal Year 2006-07.

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 up to \$1,460,712 and will establish additional appropriations of \$5,767,216, resulting in a net increase in appropriations up to \$4,306,504. Funding sources include General Fund Fiscal Year 2005-06 fund balance, Proposition 172 fund balance, SB90 Domestic Violence unanticipated revenues, Spring Valley Park Land Dedication Ordinance fund balance, Habitat Conservation Fund unanticipated grant revenue, unanticipated state aid and federal grant revenue, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

FY 2006-07 Fund Balance Projections

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$217.7 million. It is made up of \$16.2 million in additional General Purpose

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

Revenues, \$154.7 million in net savings from departmental operations, and \$46.8 million in unspent contingency and management reserves. The projected balance for all other funds combined is \$58.7 million. Schedule A summarizes the fund balance projections by Group. The Notes to Schedule A explain variances from budget by department. Schedule B shows the projected General Fund fund balance by Group split between operating and reserve balances. These projections are based on actual experience through March, 2007 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 \$217.7 million is based on the estimate that expenditures will be \$306.9 million less than budgeted in the Fiscal Year 2006-07 Amended Budget, and revenues will be \$89.2 million less than budgeted in the 2006-07 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus year to date changes that have been either approved by the Board or Chief Financial Officer where permitted. The projected revenue under-realization to budget consists of a positive revenue variance of \$28.7 million in the following categories: taxes other than current secured (\$2.3 million), fines, forfeitures and penalties (\$2.8 million), revenue from use of money and property (\$16.6 million), and miscellaneous revenues (\$7.0 million), offset by a \$117.9 million negative variance in all other sources of revenues (primarily in intergovernmental revenues and largely the result of expenditure savings in caseload driven programs).

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

- \$52.3 million in appropriation savings from lower than budgeted salaries and employee benefit costs due to turnover and ongoing recruitment challenges in select classifications.
- \$125.5 million in appropriation savings in services and supplies across the County. In the Health and Human Services Agency, savings are projected in contracted services (e.g., in Behavioral Health Services for services being less than budgeted in Early and Periodic Screening, Diagnosis and Treatment (EPSDT), delays in contract implementation for Prop 63 and the Mental Health Management Information Systems, and reduced utilization of Medi-Cal inpatient services. It also includes \$3.0 million due to savings in contracts for California Screening, Brief Intervention, Referral and Treatment (CASBIRT) in Alcohol and Drug Services) and in emergency appropriations for bioterrorism, as well as appropriation savings for information technology transition costs and CalWIN projects. In the Public Safety Group, savings in the District Attorney's Office related to a delay in purchasing information technology equipment are being re-budgeted in the CAO Proposed Operational Plan for Fiscal Years 2007-09 and savings in the Sheriff's Department are related to lower than anticipated reimbursements to participating agencies for the High Intensity Drug Trafficking Area (HIDTA) initiatives. Finally, appropriations in Finance Other set aside for economic uncertainty are anticipated to be unspent through the end of the fiscal year.
- \$69.0 million in appropriation savings in other charges reflecting lower than budgeted caseloads and aid payments (e.g., for Child Care payments, CalWORKS, and Welfare to Work and Refugee Assistance payments based on projected caseloads and in County

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

Child Welfare Services due to decreases in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents, and KinGap due to caseload projections that are less than budget). In addition, appropriation savings in the Office of Emergency Services in Public Safety supported by grant funding are being re-budgeted in the CAO Proposed Operational Plan for Fiscal Years 2007-09.

- \$13.8 million in appropriation savings from reduced operating transfers out to various funds primarily as a result of savings in appropriations in Contributions to Capital for the Edgemoor Skilled Nursing Facility and in Aging and Independence Services due to a reduced operating transfer out to the In-Home Supportive Services (IHSS) Public Authority related to health benefit costs being less than budgeted.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$26.8 million in management reserves that are projected to be unspent across the groups at year-end.

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

The Economy

The U.S. economy's Gross Domestic Product (GDP) for 2006 showed an increase of 3.3% versus an adjusted 3.2% growth in 2005 and 3.9% in 2004. This represents a solid year with growth above the 15-year average. However, a GDP growth rate of 2.2% is forecasted for 2007. The first quarter 2007 "advance" GDP reported a 1.3% growth rate increase. The increase in GDP reflects a positive contribution from personal consumption and state and local government spending partly offset by negative contributions from residential fixed investment, private inventory investment, and federal government spending. First quarter preliminary estimates will be released on May 31, 2007. The downturn in the housing market is expected to be a significant drag for at least the first half of 2007. Softness in business equipment spending is also projected to contribute to a lower GDP. Some significant risks facing the U.S. economy include the slowing housing market (including turmoil in the sub-prime mortgage market), federal budget deficit, relatively high core inflation, and continued volatility in oil prices.

California's economy, like the U.S. economy, grew at a healthy rate in 2006. California payroll jobs experienced growth of 1.9%; the job growth also contributed to real personal income growth of 2.8%; and adjusted taxable sales grew 2.3%. The unemployment rate has continued to decline, dropping down to 4.9% in 2006, versus 5.4% in 2005, 6.2% in 2004, and 6.8% in 2003.

The housing boom which has been a major driver of both the California and U.S. economies has faded, and the "housing construction/real estate" slowing will contribute to overall slowing in the growth of the state economy in 2007. The gross state product projected growth in 2007 is 1.6%, down from 3.9% in 2006, 4.3% in 2005 and 5.2% in 2004. While construction, retail trade, finance, professional and technical services, and administrative support all contributed to overall job growth in 2006, the slowing in the housing market will impact construction and finance jobs significantly in 2007. For 2007, slower growth rates are estimated - job growth is projected at 1.3%, taxable sales will grow at 2.2%, and personal income is anticipated to grow at 2.4%.

San Diego's economy has continued to enjoy economic stability in recent years. This is also reflected in the annual unemployment rate, estimated at 4.0% for the 12-month period of January

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

2006 through December 2006, with December 2006's unemployment rate at 3.7%. These figures remain lower than the State rate for 2006 of 4.9%, the 2007 projected rate of 5.2%, the national rate for 2006 of 4.6%, and the 2007 projected rate of 4.8%.

An ongoing troubling aspect of the local economy is San Diego's housing affordability. The California Association of Realtors has established a new index for first-time buyers throughout California. The percentage of households who could afford to buy an entry-level home in San Diego stood at 23% in December 2006, up from 21% in June 2006, while previously at 23% in June 2005. This index is based on an adjustable rate mortgage assuming a 10% down payment and a first-time buyer purchase of a home equal to 85% of the prevailing median price. Another trend the County is watching closely is the trustee's deeds foreclosures compared to notices of loan default and also compared to deeds recorded. Trustee's Deeds foreclosures compared to notices of loan default averaged approximately 11.6% in 2003, 2004 and 2005. However, this percentage jumped to 20.0% in 2006 and is at 31% through February 2007. Trustee's Deeds foreclosures compared to total deeds recorded averaged 0.26% over the 3 year period of 2003, 2004 and 2005. This percentage increased to 1.25% in 2006 and it is at 3.8% through February 2007.

California Budget Outlook

On January 10, 2007, Governor Schwarzenegger submitted the Proposed Fiscal Year 2007-08 budget to the California legislature. The Governor's Proposed Budget includes only a few program expansions, and instead proposes a number of budget-balancing actions, including a major redirection of transportation funds and significant reductions in social services.

The State's budget outlook continues to be strained by an ongoing structural imbalance between revenues and expenditures. According to a review of the Governor's budget by the State of California's Legislative Analyst (February 21, 2007), the projected imbalances for fiscal years 2008-09 and 2009-10 are estimated at \$3.4 billion and \$2.5 billion, respectively.

The CAO Proposed Operational Plan for Fiscal Years 2007-09 has also been prepared with a carefully analysis of the Governor's plan. Staff will continue to monitor the potential impacts on the County and will bring issues to the Board as appropriate for action.

FY 2006-07 Budget Adjustments

The budget adjustment recommendations in this letter are explained below.

Recommendation 2

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

Recommendation 3 & 4

These requests will establish appropriations of \$32,000 in the Sheriff's Department based on an operating transfer from the Proposition 172 Special Revenue Fund. The Sheriff's Department will purchase 40 hand-held and 8 vehicle mounted Global Positioning Systems for the Search and Rescue Unit, which conducts regional search and rescue missions.

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

Recommendation 5

This request will establish additional appropriations of \$2,200 to pay for radio network operating charges and other operational expenses in the City of Poway's CSA Zone F based on unanticipated revenue from interest and service to property owners.

Recommendation 6

This request will establish appropriations of \$701,824 in services and supplies for increased food costs in the detention facilities (\$314,480) and one-time application costs associated with transition and desktop computing (\$387,344) based on unanticipated SB90 Domestic Violence and TCM/MAA revenues. This request will also establish appropriations in other charges of \$131,695 to fund an unanticipated prior year true-up for year end expenditures for the Foster Care program based on unanticipated Federal and State Foster Care revenue.

Recommendation 7

This request will transfer appropriations of \$330,000 from Management Reserves in the Public Safety Group Executive Office to services and supplies in the Department of Child Support Services (DCSS) for one-time costs associated with the transition of all DCSS information technology resources to the County's Information Technology vendor. Costs include the transition efforts required to move call support to the Help Desk, the California Child Support Automation System into the County messaging services, and various installations/de-installations of assets.

Recommendation 8

This recommendation amends the spending plan in the Equipment Acquisition Airport Fund by \$36,381 for the depreciation of purchased equipment. Depreciation is calculated on the actual cost of the equipment. The actual cost was more than the budgeted projection and is offset by over-realized revenue received from equipment rental charges.

Recommendation 9

This recommendation amends the spending plan in the Inactive Waste Equipment Acquisition Fund by \$7,312 to fully fund the purchase of new equipment. Actual cost of equipment exceeded the projected budget, therefore funds will be provided to align the budget with expenditures.

Recommendations 10 & 11

These recommendations will establish appropriations of \$115,328 in the Department of Public Works Road Fund based on an operating transfer from the Department of Public Works General Fund for the Documentum Strategy project. Documentum will provide a central document repository for records management and workflow capabilities for various functions across four divisions within the Road Fund.

Recommendations 12 - 15

These recommendations release Designation for ACO for the following: (1) PRD 101A Hi Ridge Road by \$1,654; (2) PRD 127 Singing Trails Court by \$3,500; (3) PRD 1002 Sunny Acres by \$1,000 and (4) Stormwater Maintenance Zone ZN349781 by \$2,000. The designations were used

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

for capital improvement projects which have been completed. The residual balances in the respective designations are no longer needed and should be canceled.

Recommendation 16

This recommendation amends the Airport Enterprise Spending Plan by \$45,121 for Capital Project 1008814 – Ramona Airport Air Traffic Control Tower Access Road. Funds are needed to pave an airfield emergency access road and to install an electronically controlled gate for access to the Air Traffic Control Tower ramp at Ramona Airport. On February 1, 2006, the Board approved acceptance of grant funds from the Federal Aviation Administration for this project and related work. The work will be performed through the County’s Job Order Contract (JOC) by General Services. All funds are reimbursable through an existing grant from the Federal Aviation Administration and Airport Enterprise fund balance.

Recommendation 17

This recommendation establishes appropriations of \$3,645 in the Duck Pond Landfill fund for groundwater monitoring and reporting. Pursuant to the agreements between Boulevard Investors, funds are needed to comply with the requirements of the Regional Water Quality Control Board. Costs for these activities will exceed the budget if not corrected. The additional appropriations will be funded with unanticipated revenue from Interest on Deposits and Investments from the Duck Pond Trust Fund.

Recommendation 18 & 19

These recommendations will establish appropriations of \$30,000 in the Department of Public Works Road Fund based on an operating transfer from the Department of Public Works Survey Remonument Fund. These funds are needed to pay for staff review of monuments in the land development area. Property monuments are established by surveying customers to identify property boundary lines. Department of Public Works Road Fund surveying staff performs ongoing survey maintenance as time allows, based on workload, to ensure that monuments are established correctly. It is estimated that an additional 260 hours will be spent on survey maintenance. This recommendation will reimburse the Department of Public Works Road Fund for non-roads related work. Projected staff costs will exceed the budget by \$30,000. Funding is provided by monumentation fees deposited in the Survey Remonument Fund.

Recommendations 20

This recommendation establishes appropriations of \$16,785 for additional street light maintenance needed in the San Diego Lighting District Fund. Identification and mapping of street light underground electrical utilities were needed to protect underground electrical lines from potential damage from trenching and other activities prior to maintenance recently performed by the County, other agencies, and utility companies.

Recommendations 21

This request will establish appropriations of \$7,000 in the Department of Public Works Special Districts to complete road repair work on approximately 300 feet of road to the entrance of High Mountain Drive from Mountain Meadow Road on the East side of Interstate 15 in PRD 117-Legend Rock. The road was damaged in the FEMA-1577-DR, 2005 Floods. Completion of work

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

was delayed because repair and building of homes necessitated the placement of underground sewer and water lines in the flood damage area. Special Districts applied for and recently received an extension from FEMA which will fund the repair work that began last month.

Recommendations 22 & 23

The Volcan Mountain Preserve Phase VII Acquisition project is complete and \$196,923 remains available. Additional land will be purchased in the near future to expand the preserved area in Volcan Mountain for Capital Project 1000040 – Volcan Mountain West Acquisition. This request will transfer remaining funds in the Volcan Mountain Preserve Phase VII Acquisition project to the Volcan Mountain West Acquisition project for this purchase.

Recommendation 24 & 25

The Spring Valley Gym and Teen Center project involves construction of a full sized gymnasium with an attached teen center that will provide programs and recreational opportunities to the residents of Spring Valley. Construction is currently underway and is expected to be complete in August 2007. The requested funds will be utilized to purchase and install related gymnasium equipment including bleachers, backboards, scoreboards, divider partitions, and other recreational equipment to augment the building.

Recommendation 26 & 27

The Agua Caliente Park Restroom project included construction of a new family friendly restroom to serve the camping facility at Agua Caliente Regional Park. The project is complete and \$17,813 of funding from the General Fund remains available. This request will transfer the remaining funds to the Agua Caliente Ranger Housing Improvements project for the purchase and installation of three ranger housing units. These funds will also be used to replace the existing ranger houses with pre-manufactured modular units, utility connections, and shade structures. Project construction is expected to begin in summer 2007 and completion is anticipated in fall 2007.

Recommendations 28 & 29

On July 19, 2006 (17) the Board approved the purchase of a land parcel for future development of a neighborhood park on Ildica Street in Spring Valley. Funding sources for Capital Project 1008750 – Ildica Street Acquisition were provided by Proposition 12 Roberti-Z'berg-Harris grant funds and the Spring Valley PLDO fund. Funding in the Capital Project was not sufficient to cover escrow closing costs. The closing costs were paid by the Department of Parks and Recreation. This request will reimburse the Department of Parks and Recreation from Spring Valley PLDO funds, which were approved by the community on February 20, 2007.

Recommendations 30 & 31

On May 16, 2006 (21), the Board approved the establishment of Capital Project 1009269 - Lindo Lake Boathouse Historical Restoration. The project was funded with Proposition 12 Roberti-Z'berg-Harris grant funds and requires a minimum 10% match of the total project cost. This request will provide funding of \$64,286 from the Department of Parks and Recreation to meet the 10% match requirement and help restore the boathouse.

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

Recommendation 32

In April, 2005 the County entered into an agreement with the State to have crews from the Donovan Correctional facility provide cleanup activities including the removal of litter, debris, and trash in the Otay River Valley. The City of Chula Vista will provide funding in the amount of \$46,500 which will be used for these activities.

Recommendation 33

The City of Solana Beach is expanding a sewer main that crosses San Elijo Lagoon Ecological Reserve and has provided \$11,005 to the Department of Parks and Recreation as payment for the easement. Funding will be used primarily for trailhead signage and other various upgrades in the park.

Recommendation 34

The MSCP preserves San Diego's unique, native habitats and wildlife for future generations by targeting 173,000 acres of our natural areas for conservation. Grant funding of \$200,000 from the Habitat Conservation have become available to acquire future County-approved MSCP properties. This request will appropriate funds in Capital Project 1000012 - MSCP/Open Space Acquisitions and allow for the continued effort of this conservation program.

Recommendations 35 - 37

Fees are collected and deposited in the PLDO funds for park improvements and land acquisitions. It was discovered that park and developer fees were inadvertently deposited in the main PLDO Fund along with earned interest. To correct this error, \$64,414.84 will be distributed to various PLDO funds accordingly and \$184.20 to the Department of Parks and Recreation.

Recommendations 38 & 39

On April 24, 2007 (19A), the Board authorized the Director of General Services to execute an option agreement with Midway Baptist Church for the purchase of 11.63 acres of land for an active use park, including ballfields and parking in the Otay Valley Regional Park. The transaction is part of a court settlement between the California Department of Transportation (CalTrans) and the County of San Diego to replace County park land that was lost as a result of the State Route 125 project. The option agreement requires the County to pay an option consideration of \$10,000 to the Church. In addition, the Department of Parks and Recreation will reimburse the Department of General Services for staff support costs for Real Estate Services in the amount of \$10,000 to facilitate the option to purchase. This request will transfer appropriations to the Department of Parks and Recreation to pay for the option consideration and staff support costs.

Recommendation 40

The Departments of Environmental Health and Agriculture, Weights and Measures have been working collaboratively to diagnose diseases, such as West Nile Virus, that may be affecting animals in San Diego County. This request will transfer appropriations of \$30,000 from the Department of Environmental Health to Agriculture, Weights and Measures to provide funding for the Animal Disease and Diagnostic Laboratory to purchase laboratory equipment towards this effort.

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

Recommendations 41 & 42

On November 1, 2006 (10) the board approved funding to cover the costs for High Risk Pest Exclusion activities in the Department of Agriculture, Weights and Measures, which included purchasing three vehicles. Since the vehicles will not be purchased, funds will be transferred back to the Department of Agriculture, Weights and Measures and the Fiscal Year 2006-07 Fleet Services Internal Service Fund (ISF) Spending Plan will be decreased by \$66,444.

Recommendation 43

On May 19, 2004 (14), the Board authorized the acceptance of federal grant funds totaling up to \$39.904 million for hazardous fuels reduction activities. These funds were used to reduce hazardous fuels by removing over 400,000 dead, dying and diseased trees in the unincorporated area of the county. In January, 2007 the original grant agreement was amended to add funding in the amount of \$700,000. This Board action authorizes the establishment of appropriations to provide additional comprehensive fuels treatment in these high-risk areas.

Recommendation 44

This request will transfer Management Reserves of \$163,000 to County Counsel for reimbursement of additional legal services provided to the Land Use and Environment Group.

Recommendation 45

This recommendation will amend the Fleet Management Internal Service Fund Spending Plan in the amount of \$292,803 to provide continued funding for vehicle parts and fuel purchases. Based on year-to-date expenditure trends, customer demand for services and fuel consumption, the department projects that it will overspend its appropriations and accordingly requests an increase in spending authority.

Recommendation 46

This request will transfer appropriations of \$1,592,094 within the Housing and Community Development Special Revenue Fund in HOME – Rental Assistance (\$566,732) and HOME – 1st Time Homebuyer (\$1,025,362) from Operating Transfer Out to other charges. These technical adjustments will align appropriations with expenditures incurred during this fiscal year.

Recommendation 47 & 48

These requests will establish and transfer appropriations to provide funding to complete Phase IIA and begin work on Phase III at the South County's Bonita Animal Shelter. Phase IIA is the renovation of Pit Hill which will include the following work: Installation of an Easy Turf system, which will include a sprinkler system and fencing, new concrete slabs for public waiting areas, two large shade structures and roof coatings for the dog kennel areas. Also included is a 900 square foot rabbit structure that includes HVAC system, lighting with power upgrades, new waste lines, cabinetry, plumbing and all exterior finishings.

Phase III is the renovation of the medical facilities and surgical areas which include the following: design of a new layout for increased efficiencies and animal care, floor leveling, HVAC system, new plumbing, upgrade of electrical systems, new finishes and new equipment.

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

Recommendation 49

The Registrar of Voters will conduct a Special Election on June 5, 2007 for the City of Vista and will be reimbursed for costs incurred. Election Services revenue of \$150,000 will provide funding to conduct this election. In addition, the department is currently conducting surveys of poll sites to determine voter accessibility and potential mitigation, and is developing a plan to enhance poll worker training by using an on-line component. The costs of these two projects of \$360,000 are claimable as HAVA 261 Elections Assistance to Individuals with Disabilities (EAID) Grant reimbursements for surveys of poll sites (\$100,000) and HAVA 301 Grant reimbursements for enhanced poll worker training (\$260,000).

Recommendation 50

This request will transfer appropriations in Finance Other – Countywide General Expense of \$50,000 that was budgeted in services and supplies to the Operating Transfer Out account. These appropriations will be used to support workers' compensation costs based on the transfer settlement between the County and the State for pre-calendar year 2000 workers' compensation cases for Court employees. The agreement calls for the Court to assume all expenses for Court employee workers' compensation cases filed in calendar year 2001 and after. The County has received a lump sum payment for the liability for all Court employee cases filed during calendar year 2000. Cases filed prior to calendar year 2000 are the responsibility of the County.

Recommendation 51

This request will establish appropriations of \$697,208.03 in Contributions to Others based on Fiscal Year 2005-2006 fund balance available in the General Fund for deposit into the Centre City Redevelopment Agreement trust fund. The amount received from CCDC pursuant to the Centre City Redevelopment Project Agreement (Agreement) is restricted for certain uses. Pursuant to the Agreement a portion of the funds are to be applied toward the 1998 Downtown Courthouse Financing. The fiscal year 2005-06 payment received from CCDC of \$1,497,208.03 should have been deposited directly into the trust fund and from the trust fund the amount of \$800,000 was to be transferred into the Lease Payment Org., to be applied toward the 1998 Downtown Courthouse Financing. The entire payment was inadvertently deposited into the Lease Payments Org. This request will correct the prior year error and result in the appropriate amount of funds to be held in the trust fund.

Recommendation 52 & 53

On February 1, 2005 (1), the Board of Supervisors approved the establishment of appropriations of \$7,244,118 for the construction of a new facility in San Marcos to be occupied by the Assessor/Recorder/County Clerk, the Departments of Planning and Land Use and Environmental Health. The funding source for the construction of the new facility was \$4,557,500 of Fiscal Year 2003-2004 fund balance available in the Finance and General Government Group, \$1,074,648 from the Recorder-Modernization Trust Fund, and \$1,611,970 from the Property Tax Administration Trust Fund. The departments of Planning and Land Use and Environmental Health have agreed to repay the Finance and General Government Group over a period of 10 years the \$4,557,500 beginning in Fiscal Year 2006/07. These recommendations will make the year one of ten, repayment to Finance and General Government Group.

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

Recommendation 54

Several set up and system issues in Oracle caused Internal Agreements not to process successfully at the end of Fiscal Year 2005-06. Therefore, an adjustment was entered in Fiscal Year 2006-07 to transfer cash and the associated expenditure and revenue between departments. The adjustment caused the Internal Agreements account and Capital Projects KN0550 and KN9020 to exceed their budgets. This request will appropriate funds to align the budgets with the associated expenditures.

Recommendations 55 - 57

At the end of Fiscal Year 2006-07 a total of 36 projects are anticipated to be completed and capitalized. These projects will have remaining appropriations and related revenue of up to \$1,159,532. The appropriations will be cancelled at the end of this fiscal year and the funding sources which include General Fund, Park Land Dedication, Federal and State Grants will be returned to the respective sources where applicable. These projects are listed in Schedule C.

Linkage to the County of San Diego Strategic Plan

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

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

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

Other Concurrence(s): N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Janel Pehau, Director, Office of Financial
Planning

Name

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AUTHORIZED REPRESENTATIVE:

Donald F. Steuer, Chief Financial Officer

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

8/01/06 (17) County of San Diego FY 2006-07 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, State and County Budget Update, Encumbrance and Penalty Assessment; 12/12/06 (18) Fiscal Year 2006-07 First Quarter Operational Plan Status Report and Budget Adjustments; 2/27/07 (14) Fiscal Year 2007-08 Second Quarter Operational Plan Status Report and Budget Adjustments; and 4/24/07 (13) General Fund Reserves and Fund Balance Policy.

BOARD POLICIES APPLICABLE:

A-91, Mid-Year Budget Changes

BOARD POLICY STATEMENTS:

A-91 Mid-Year Budget Changes

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

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

**FY 2006-2007 3rd Quarter
Projected Year-end Results**
(in thousands)

COUNTY SUMMARY

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

Public Safety	\$ 56,720	\$ (11,931)	\$ 44,789
Health & Human Services	108,409	(93,751)	14,657
Land Use & Environment	16,797	(8,500)	8,297
Community Services	10,130	266	10,396
Finance & General Government	15,191	399	15,590
Total Agency/Group	207,248	(113,518)	93,730
General Revenues	0	16,175	16,175
Finance Other	99,632	8,119	107,751
Total General Fund	\$ 306,880	\$ (89,225)	\$ 217,655

Special Revenue Funds

Public Safety	\$ 1,279	\$ (1,672)	\$ (393)
Health & Human Services	1,300	0	1,300
Land Use & Environment	7,151	5,600	12,751
Community Services	24,490	(18,156)	6,334
Finance & General Government	271	10	281
Finance Other	2,729	3,140	5,869
Total Special Revenue Funds	\$ 37,219	\$ (11,078)	\$ 26,141

Internal Service Funds Departments

Public Safety Group	\$ 1,088	\$ (419)	\$ 669
Health & Human Services	0	0	0
Land Use & Environment	14	82	96
Community Services	21,808	(22,631)	(823)
Finance & General Government	(0)	0	(0)
Finance Other	9,606	2,600	12,206
Total Internal Service Funds	\$ 32,516	\$ (20,369)	\$ 12,147

Enterprise Fund Departments

Land Use & Environment	\$ 6,936	\$ (3,414)	\$ 3,521
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Special District Funds Departments

Public Safety Group	\$ (1)	\$ 43	\$ 42
Health & Human Services	135	(135)	(0)
Land Use & Environment	8,690	1,403	10,094
Total Special District Funds	\$ 8,825	\$ 1,311	\$ 10,136

Other County Funds Departments

LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	94	244	338
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	\$ 94	\$ 244	\$ 338

Debt Service - Pension Obligation Bonds	\$ 5,004	\$ 1,482	\$ 6,486
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Total County Projected Operating Balance	\$ 397,473	\$ (121,049)	\$ 276,425
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**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Alternate Public Defender	\$ 876	\$ 10	\$ 885
Child Support	2,830	(1,471)	1,359
Contributions for Trial Courts	1,707	(1,108)	599
Defense Attorney Contract Admin.	1,123	(175)	948
District Attorney	6,799	1,436	8,235
Emergency Services	11,339	(9,684)	1,655
Law Enforcement Review Board	34	0	34
Medical Examiner	538	(57)	481
Probation	229	2,359	2,588
Public Defender	1,041	(29)	1,012
Public Safety Executive Office	7,595	834	8,429
Sheriff	22,610	(4,047)	18,563
Total General Fund	\$ 56,720	\$ (11,931)	\$ 44,789

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	86	14	100
Probation - Asset Forfeiture	0	76	76
Probation - Inmate Welfare Program	0	0	0
Sheriff - Asset Forfeiture	224	108	333
Sheriff - Inmate Welfare Program	969	(1,870)	(901)
Public Safety - Proposition 172	0	0	0
Total Special Revenue Funds	1,279	(1,672)	(393)

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	1,088	(419)	669
Total Internal Service Funds	1,088	(419)	669

Special District Funds

Sheriff (Regional 800 MHz)	(1)	43	42
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Total Group Projected Fund Balance	\$ 59,086	\$ (13,980)	\$ 45,106
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**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Agency Administration	\$ 12,928	\$ (5,875)	\$ 7,052
Aging & Independence Services	6,209	(4,707)	1,502
Behavioral Health Services	33,812	(33,290)	523
Child Welfare Services	24,279	(22,979)	1,301
Public Administrator/Public Guardian	264	81	346
Public Health Services	2,268	(890)	1,378
Regional Operations	23,792	(22,641)	1,151
Strategic Planning & Operational Support	4,857	(3,452)	1,405
Total General Fund	\$ 108,409	\$ (93,751)	\$ 14,657

Special Revenue Funds

Tobacco Securitization Fund	1,300	0	1,300
Total Special Revenue Funds	1,300	0	1,300

Internal Service Funds

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

Ambulance Districts	135	(135)	(0)
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Other County Funds Departments

	0	0	0
Total Health & Human Services Agency	\$ 109,844	\$ (93,887)	\$ 15,957

**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 1,224	\$ (395)	\$ 828
Environmental Health	3,531	(1,936)	1,595
Farm Advisor	0	0	0
Land Use & Environment Group Exec Office	3,220	155	3,375
Parks & Recreation	629	117	746
Planning & Land Use	8,194	(6,443)	1,751
Public Works	(0)	1	1
Total General Fund	\$ 16,797	\$ (8,500)	\$ 8,297

Special Revenue Funds Departments

A,W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	6	937	943
DPW - Aviation Funds	0	0	0
DPW - Road Funds	4,324	7,279	11,603
DPW - Inactive Waste	2,822	(2,617)	205
Total Special Revenue Funds	7,151	5,600	12,751

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	14	82	96
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Enterprise Funds Departments

Airport Enterprise Fund	6,833	(3,461)	3,372
Liquid Waste Enterprise Fund	103	46	149
Total Enterprise Funds:	6,936	(3,414)	3,521

Special District Funds Departments

Air Pollution Control District	1,805	(884)	921
Parks and Recreation	222	60	282
Planning and Land Use - CSAs	501	(154)	347
DPW - Sanitation Districts & Sewer Maintenance	6,115	2,248	8,363
DPW - CSAs	(0)	0	(0)
DPW - PRDs	0	180	180
DPW - Flood Control	47	(47)	0
DPW - Street Lighting Districts	0	(0)	(0)
Total Special Districts Funds:	8,690	1,403	10,094

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 39,588	\$ (4,829)	\$ 34,759
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**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 320	\$ 157	\$ 478
Community Services Group Exec Office	8,456	0	8,456
General Services	14	0	14
Housing & Community Development	1,090	(1,090)	0
Purchasing & Contracting	250	0	250
Library Services	0	0	0
Registrar of Voters	0	1,198	1,198
Total General Fund	\$ 10,130	\$ 266	\$ 10,396

Special Revenue Funds Departments

Library Services	5,614	719	6,334
Housing & Community Development	18,876	(18,876)	0
Total Special Revenue Funds	24,490	(18,156)	6,334

Internal Service Funds Departments

Facilities Management	18,587	(18,585)	1
Fleet Management	2,729	(3,936)	(1,207)
Purchasing & Contracting	493	(110)	383
Total Internal Service Funds	21,808	(22,631)	(823)

Other County Funds Departments

Redevelopment Agency	94	244	338
Total Community Services Group	\$ 56,522	\$ (40,278)	\$ 16,244

**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 1,601	\$ 343	\$ 1,944
Auditor & Controller	2,849	180	3,029
Board of Supervisors	11	4	15
CAC-Major Maintenance	5	(5)	0
Chief Administrative Officer	329	(1)	327
Civil Service Commission	21	0	21
Clerk of the Board of Supervisors	1,641	(3)	1,638
County Counsel	542	(226)	316
County Technology Office	2,191	(210)	1,981
Finance & GG Exec Office	2,876	0	2,876
Grand Jury	17	0	17
Human Resources	2,011	(320)	1,691
Treasurer-Tax Collector	1,099	637	1,736
Total General Fund	\$ 15,191	\$ 399	\$ 15,590

Special Revenue Funds Departments

Media & Public Relations	271	10	281
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Internal Service Funds Departments

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

\$ 15,462	\$ 409	\$ 15,871
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**FY 2006-2007 3rd Quarter
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &
FINANCE OTHER**

	Expenditure Variance	Revenue Variance	3rd Quarter FY06-07 Projected Fund Balance
	Favorable/(Unfavorable)		

General Fund

General Revenues:

All Current Property Taxes	\$ 0	\$ (8,655)	\$ (8,655)
All Other Taxes-Local	0	2,337	2,337
Licenses, Permits & Franchises	0	885	885
Fines, Forfeitures & Penalties	0	4,236	4,236
Revenue for Use of Money & Property	0	14,966	14,966
Intergovernmental Revenue	0	1,968	1,968
Charges for Current Services	0	0	0
Miscellaneous Revenue	0	437	437
Total General Revenues	\$ 0	\$ 16,175	\$ 16,175

General County Expenses:

Cash Borrowing Program	\$ 1,100	\$ 0	\$ 1,100
Community Enhancement	0	0	0
Contingency Reserve	20,000	0	20,000
Contributions to the Capital Outlay Fund	10,434	5,439	15,873
Contributions to Library Fund	0	0	0
Community Projects & Services	(0)	0	(0)
Countywide Expenses	68,098	2,680	70,778
Total Finance Other Expenses	\$ 99,632	\$ 8,119	\$ 107,751
Total General Fund	\$ 99,632	\$ 24,294	\$ 123,926

Special Revenue Funds Departments

Capital Program	\$ 2,729	\$ 3,140	\$ 5,869
Total Special Revenue Funds	\$ 2,729	\$ 3,140	\$ 5,869

Internal Service Funds Departments

Workers Compensation	\$ 4,000	\$ 2,600	\$ 6,600
Unemployment Insurance	0	0	0
Public Liability	5,606	0	5,606
Total ISF Funds	\$ 9,606	\$ 2,600	\$ 12,206

Other County Funds Departments

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

Pension Obligation Bonds	\$ 5,004	\$ 1,482	\$ 6,486
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Total General Revenues & Finance Other	\$ 116,971	\$ 31,516	\$ 148,486
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**FY 2006-2007 3rd Quarter
Projected Year-end Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY06-07 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 7,179	\$ 37,609	\$ 44,789
Health and Human Services	5,000	9,657	14,657
Land Use and Environment	3,159	5,138	8,297
Community Services	8,161	2,235	10,396
Finance & General Government	3,260	12,330	15,590
Agency/Group Totals	\$ 26,759	\$ 66,971	\$ 93,730
General Revenues	0	16,175	16,175
General County Expenses	0	87,751	87,751
Contingency Reserve	20,000	0	20,000
Total Gen'l. Revs & Gen'l. County Exp.	\$ 20,000	\$ 103,926	\$ 123,926
Total General Fund	\$ 46,759	\$ 170,896	\$ 217,655

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
FY 2006 - 2007 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 \$0.9 million is projected for the Alternate Public Defender.

An expenditure variance of \$0.9 million is projected in salaries and benefits primarily due to vacancies, modified positions, and staff turnover.

Child Support Services

A net positive variance of \$1.4 million is projected for the Department of Child Support Services (DCSS).

A net positive expenditure variance of \$2.8 million is projected. A positive variance of \$2.0 million is projected in salaries and benefits due to a limit on backfilling positions as they become vacant. The Governor's Budget confirmed the Operational Plan's projection that there will be no increases to the Fiscal Year 2007-08 allocation to support increases in staffing costs. With increasing staff costs, the Department of Child Support is required to continue reducing the number of staff to a level that can be supported with the current allocation. A positive expenditure variance of \$0.8 million is projected in services and supplies. This is due to decreased costs as a result of a renegotiated lease, renegotiated contracts for services, and streamlining services.

A net negative revenue variance of \$1.4 million is projected. A negative variance of \$0.1 million is projected for Federal Title IV-D revenue. A negative variance of \$1.2 million is projected for State revenue. The reduction in projected intergovernmental revenues is due to the decrease in claimed expenditures. A negative revenue variance of \$0.4 million is projected for FSD Recovered Costs, resulting from a decline in public assistance child support collections. A positive variance of \$0.3 million is projected in miscellaneous revenues due to the projected reimbursement from Northrop Grumman for information technology equipment purchased, and revenue due to an agreement with the State for salary, benefit and travel cost reimbursement for the loan of an employee to work in Sacramento on the California Child Support Automated System.

Contribution for Trial Courts

A positive variance of \$0.6 million is projected for the Contribution for Trial Courts.

A net positive expenditure variance of \$1.7 million is projected. A positive variance of \$1.1 million in Contribution to Other Agencies is due to the 50/50 Excess Split Revenue payment to the State being lower than budgeted, due to shortfalls in revenue. This payment, made pursuant to the Trial Court Funding Act of 1997, AB 233, requires each county to remit certain fee, fine, and forfeiture revenue growth to the State Treasury. Also, an anticipated year-end balance of \$0.6 million is projected in Management Reserves. A request to re-budget these funds is included in the Fiscal Year 2007-09 CAO Proposed Operational Plan to support the Undesignated Fee payment to the State.

A negative revenue variance of \$1.1 million is primarily due to a projected shortfall in the above noted fines and fees, as defined by the Trial Court Funding Act of 1997, AB 233.

Defense Attorney/Contract Administration

A positive variance of \$0.9 million is projected for Defense Attorney/Contract Administration.

A positive expenditure variance of \$1.1 million is projected. A positive variance of \$0.4 million in services and supplies is due to projected savings in weekly ancillary and defense costs for cases outside the indigent defense contract. An anticipated year-end balance of \$0.7 million in Management Reserves is also projected. A request to re-budget these funds is included in the Fiscal Year 2007-2009 CAO Proposed Operational Plan.

A negative revenue variance of \$0.2 million is projected in court appointed attorney fees due to implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery.

District Attorney

A net positive variance of \$8.2 million is projected for the District Attorney's Office.

A net positive variance of \$6.8 million is projected for total expenditures. A positive expenditure variance of \$4.1 million in salaries and benefits is due to pending recruitment and hiring of grant funded positions related to grant programs awarded mid-year, delays in projected hiring due to the extended background investigation process and cost savings from modified positions. A positive variance of \$4.0 million is projected in services and supplies due to the delay in purchasing information technology equipment. A negative variance of \$1.3 million is projected in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Division.

A net positive revenue variance of \$1.4 million is primarily attributable to unanticipated revenue for the Southwest Border Prosecution Initiative of \$1.9 million and unanticipated prior year revenue for SB90 – State Mandate Reimbursement Payment of \$1.3 million. This is offset by negative variances of \$0.7 million for recovered expenditures, \$0.3 million for the Disability and Health Care, \$0.3 million for the Real Estate Fraud Program, \$0.1 million for the Worker's Compensation Insurance Fraud Program due to delays in hiring new positions and a decrease of \$ 0.4 million in miscellaneous revenues.

Office of Emergency Services

An overall positive variance of \$ 1.7 million is projected for the Office of Emergency Services (OES).

A net positive expenditure variance of \$11.3 million is due to \$1.7 million in grant funded equipment purchased directly through the State's Quarter Master

Program rather than OES appropriations, \$0.8 million in expenses processed through other County departments instead of being processed through OES, lower expenditures of \$0.7 million associated with Family Disaster Packets and Major Maintenance Projects and \$1.2 million of lower expenditures for operations and salaries and benefits. A total of \$6.9 million in grant supported appropriations is not expected to be expended this year and will be included in the CAO Proposed Operational Plan for Fiscal Year 2007-2009.

A net negative revenue variance of \$9.6 million is projected. This variance is due to the reduction of expenses that are revenue offset as described above and the move of \$6.9 million of grant supported appropriations to the Fiscal Year 2007-09 CAO Proposed Operational Plan as described above.

Medical Examiner

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

A net positive expenditure variance of \$0.5 million is a result of projected savings in salaries and benefits of \$0.4 million due to vacant Deputy Medical Examiner and Fellow positions and services and supplies of \$0.1 million due to anticipated savings related to forensic toxicology services.

A net negative revenue variance of \$0.1 million is projected. This variance is due to lower than budgeted reimbursements for forensic toxicology expenditures due to the expenditure savings noted above.

Probation

An overall net positive variance of \$2.6 million is projected for the Probation Department.

A net positive expenditure variance of \$0.2 million is projected due to a positive variance of \$1.2 million in salaries and benefits due to vacancies, offset by a negative variance of \$1.0 million in services and supplies and other charges, primarily due to increased food costs in the institutions and increased communications costs.

A net positive revenue variance of \$2.4 million is projected. Federal and State Meal program revenues are projected to exceed budget by \$0.2 million due to increasing population in institutions. Work Project crew revenue, Airport Enterprise Funds, Road Funds, and Internal Service Funds accounts are projected to generate an additional \$0.6 million in revenue due to increased demand for Work Project work crews. Proposition 36 funds are projected to exceed budget due to reallocation of an additional \$0.5 million from the Health and Human Services Agency to offset total program costs. Title IV-E revenue will be over-realized by \$0.2 million due to a projected increase in the number of

officers who time survey for the program. Juvenile Justice Crime Prevention (JJCPA) and Juvenile Programs and Camp Funding (JPCF) will be over-realized by \$0.6 million based on prior year realized revenue. Standards and Training for Corrections (STC) will be over-realized by \$0.6 million. Unanticipated SB 90 Domestic Violence revenue of \$0.7 million is due to payment for prior year claims. Foster Care and Targeted Case Management / Medi-Cal Administrative Activities will net as over-realized revenue of \$0.3 million. An additional \$0.6 million in revenue will be realized from various sources including Title V, charges for sealing records and court fees. These positive variances are offset by the following projected negative revenue variance of \$1.9 million. Revenue from offender reimbursements for the cost of Supervision/ Investigations (Other Court Costs and Court Administration Fees account) is projected to be under budget by \$0.5 million due to the implementation of AB3000 that changes the priority for allocating payments collected by Revenue and Recovery. Parental reimbursements and Institutional Care Federal revenue for wards detained in institutions are projected to be below budget by \$0.8 million primarily due to fewer undocumented wards detained in Juvenile Hall. An additional \$0.6 million in revenue will be under-realized for Federal Grants such as SB933 and Justice Assistance Grant (JAG).

Public Defender

A net positive variance of \$1.0 million is projected for the Public Defender.

A positive variance of \$1.0 million is projected in salaries and benefits. The cost savings is due primarily to under-filling of positions budgeted at the Deputy Public Defender III level.

Public Safety Group Executive Office

A net positive variance of \$8.4 million is projected for the Public Safety Group Executive Office.

An overall positive expenditure variance of \$7.6 million is projected. A positive variance of \$2.7 million in services and supplies is projected due primarily to savings in a reserve for emergency major maintenance projects and savings in contracted services, utilities and information technology ISF costs. A negative variance of \$0.2 million in other charges is due to a technical change in accounting for the Hall of Justice (HOJ) debt service obligation. An anticipated year-end balance of \$5.1 million in Management Reserves is also projected. A request to re-budget these funds is included in the Fiscal Year 2007-09 CAO Proposed Operational Plan.

A positive revenue variance of \$0.8 million is due to anticipated over-realized Hall of Justice parking fee revenues and rents and concessions.

Sheriff

A net positive variance of \$18.6 million is projected for the Sheriff's Department.

An overall positive expenditure variance of \$22.6 million is projected. Salaries and benefits are projected to be \$16.1 million under budget due to salary savings as a result of 252 vacant positions. This projection includes "Expected New Hires" of 33 deputies from forthcoming academies, 5 deputies from lateral transfers and 39 professional staff. It also anticipates 50 retirements/departures. A positive expenditure variance of \$3.9 million is projected in services and supplies primarily due to cost savings of \$1.6 million associated with lower than anticipated reimbursements to participating agencies for their High Intensity Drug Trafficking Area (HIDTA) initiatives, savings of \$1.0 million in utilities, savings of \$0.6 million associated with the delay in the purchase of minor equipment for the Cal-ID program, savings of \$0.5 million due to delayed expenditures associated with the Mentally Ill Offender Crime Reduction (MIOCR), California Multi-Jurisdictional Methamphetamine Enforcement Team (Cal MMET), and Domestic Violence grants, and savings of \$0.2 million in uniform allowance costs. A positive expenditure variance of \$1.7 million is projected in fixed assets primarily due to the delay in the purchase of equipment for the Cal-ID program. A positive expenditure variance of \$0.1 million is projected in cost applied primarily due to increased cost of providing food to Probation institutions. An additional positive variance of \$0.8 million is due to a projected year-end balance in management reserves.

A net negative revenue variance of \$4.0 million is projected. A positive variance of \$1.5 million is projected in Reimbursement Mandated SB90 due to unanticipated revenue in State reimbursements from previous years. A positive variance of \$0.6 million is projected in SB 924 Correctional Training (STC) due to unanticipated State revenue. The negative variance of \$2.1 million in Cal-ID Revenue is due to the delay in purchases of minor equipment and fixed assets. A negative variance of \$1.6 million is projected in Aid from other Governmental Agencies due to lower reimbursements to participating agencies associated with High Intensity Drug Trafficking Area (HIDTA) initiatives. A negative variance of \$0.6 million is projected in Reimbursement from Trial Courts due to a new methodology being used by General Services when allocating shared space cost, which decreases the amount of revenue the Trial Courts will reimburse for Weapons Screening. A negative variance of \$0.5 million is projected in Federal Other due to the delay in expenditures of DNA and the Domestic Violence grants. A negative variance of \$0.5 million is projected in Operating Transfer from the Inmate Welfare Fund due to a shortfall in revenue associated with the telephone contract. A negative variance of \$0.3 million is projected in Operating Transfer from the Internal Service Fund due to salary savings from vacancies in Jail Stores. A negative variance of \$0.2 million is projected in State Aid Other due to the late implementation of the Mentally Ill Offender Criminal Reduction (MIOCR) grant. A negative variance of \$0.2 million is projected in State Aid – Auto Theft

Task Force due to a vacant position. A negative variance of \$0.1 million is due to a delay in expenditures for the California Multi-Jurisdictional Methamphetamine Enforcement Team (Cal-MMET) grant.

Special Revenue Funds

Sheriff's Asset Forfeiture

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

A positive expenditure variance of \$0.2 million is projected in services and supplies due to a delay in the purchase of approved items.

A positive revenue variance of \$0.1 million is projected due to interest received on deposits and investments.

Sheriff's Inmate Welfare

A net negative variance of \$0.9 million is projected for the Inmate Welfare Fund. Available Inmate Welfare Fund Balance of \$0.9 million will be used to offset the variance.

A positive expenditure variance of \$1.0 million is projected. A positive variance in services and supplies of \$0.5 million is due mainly to planned reductions in expenditures to offset the inmate telephone contract revenue shortfall. There is a dispute with the vendor over the terms of the phone contract and the matter has been referred to County Counsel. A positive variance in operating transfers of \$0.5 million is projected due to a transfer that will not take place from Inmate Welfare as a result of the shortfall in revenue associated with the inmate telephone contract.

A net negative revenue variance of \$1.9 million is projected. A negative variance of \$2.5 million is due to non-payment by the vendor for the inmate telephone contract and decreased print shop sales. A positive variance of \$0.6 million is projected due to a reimbursement from the Grossmont Union High School District for increased inmate attendance in educational programs and higher than anticipated interest earnings.

Proposition 172

No variance is projected for the Proposition 172 Special Revenue Fund as revenue growth has slowed significantly from levels experienced in previous years.

The Proposition 172 Special Revenue Fund finished Fiscal Year 2005-06 with a \$17.0 million year-end fund balance after adjusting for year-end accruals and actual realized revenues. An additional amount of \$5.6 million remained in the fund from previous years for a total of \$22.6 million. Pursuant to Board of

Supervisor's Policy A-126, any positive variance at year end will be disbursed according to a public safety program plan agreed to by the Sheriff, the District Attorney and the Probation Department. A total of \$11.9 million has been appropriated to date through the adoption of the Fiscal Year 2006-07 Operational Plan and through actions of the Board of Supervisors. The Public Safety Group proposes to appropriate \$7.5 million of the remaining balance for one time uses in the District Attorney, Sheriff and Probation Department, plus contributions to capital projects and the ASTREA Trust Fund for the replacement of helicopters, in the Fiscal Year 2007-2009 CAO Proposed Operational Plan.

Internal Service Funds

Jail Stores ISF

A net positive variance of \$0.7 million is projected for the Jail Stores ISF.

A positive expenditure variance of \$1.1 million is projected. A positive variance in services and supplies of \$0.8 million is primarily in Professional and Specialized Services due to the deferral of payment to the telephone vendor associated with the sales of inmate telephone prepaid calling cards. A positive variance in operating transfers of \$0.3 million is projected due to salary savings from vacancies in the General Fund.

A negative revenue variance of \$0.4 million is due to the discontinuance of telephone prepaid calling card sales to inmates.

HEALTH AND HUMAN SERVICES AGENCY

General Fund

Agency Administration

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

A net positive variance of \$7.0 million is projected for Agency Administration as a result of expenditure savings of \$12.9 million and projected under-realized revenues of \$5.9 million.

The \$12.9 million expenditure savings include \$1.4 million in salaries and benefits due to normal attrition, \$6.5 million in services and supplies and a projected year-end balance of \$5.0 million in management reserves. The \$6.5 million savings in services and supplies includes \$3.0 million of emergency appropriations for bioterrorism, \$2.9 million for information technology costs associated with the transition to Northrup Gruman and CalWIN projects, and \$0.6 million in various services and supplies. The projected \$5.9 million of under-

realized revenues is associated with the expenditure savings in salaries and benefits and services and supplies.

Aging and Independence Services

A net positive variance of \$1.5 million is projected for Aging and Independence Services as a result of expenditure savings of \$6.2 million and projected under-realized revenues of \$4.7 million.

The expenditure savings of \$6.2 million include \$0.7 million in salaries and benefits due to vacancies and \$3.6 million in operating transfers for the In-Home Supportive Services (IHSS) Public Authority due to health benefits costs being less than budgeted. In addition, it includes the projected savings of \$1.9 million in services and supplies is due to reduced IT application costs, savings in Adult Protective Services contracts, and other miscellaneous services and supplies. The projected \$4.7 million of under-realized revenues is associated with the expenditure savings.

Behavioral Health Services

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

A net positive variance of \$0.5 million is projected in Behavioral Health Services as a result of expenditure savings of \$33.8 million and projected under-realized revenues of \$33.3 million.

The \$33.8 million expenditure savings consist of \$0.5 million savings in salaries and benefits and \$33.3 million in services and supplies. The savings in salaries and benefits include \$2.0 million under-expenditure in Adult and Childrens Mental Health, and Alcohol and Drug Services, due to vacancies and attrition offset by an over-expenditure of \$1.5 million in SDCPH and Edgemoor Hospital due to cost of living increases and equity adjustments. The \$33.3 million savings in services and supplies includes \$31.7 million due to Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services being less than budgeted, delays in contract implementation for Prop 63 and the Mental Health Management Information Systems, and reduced utilization of Medi-Cal inpatient services. It also includes \$3.0 million in Alcohol and Drug Services due to savings in contracts for California Screening, Brief Intervention, Referral and Treatment (CASBIRT). The savings in services and supplies are offset by an over-expenditure of \$1.4 million in Inpatient Health Services due to increased medication costs and temporary contract help for SDCPH. The projected \$33.3 million of under-realized revenues is associated with the expenditure savings.

County Child Welfare Services

A net positive variance of \$1.3 million is projected for County Child Welfare Services as the result of expenditure savings of \$24.3 million offset by \$23.0 million in under-realized revenues.

The \$24.3 million expenditure savings includes \$4.5 million in salaries and benefits due to normal attrition and hiring delays, \$21.2 million in other charges for aid payments due to caseload projections that are less than budgeted for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents (AAP) and KinGap. The savings are offset by a \$1.4 million over-expenditure in services and supplies primarily due to Adoptions and Foster Home Licensing recruitment activities and facilities repair costs for Polinsky and San Pasqual. The \$23.0 million in projected under-realized revenues is associated with the expenditure savings.

Public Administrator/Public Guardian

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

Public Health Services

A net positive variance of \$1.4 million is projected for Public Health Services as a result of expenditure savings of \$2.3 million offset by \$0.9 million in under-realized revenues.

The projected expenditure savings of \$2.3 million include \$0.2 million in salaries and benefits due to vacancies, \$1.7 million in services and supplies due primarily to savings in computer related expenditures and \$0.4 million savings in other charges due to a decrease in Child Health Disability and Prevention Treatment Reimbursement Program visits because of the success of Healthy Families program. The projected \$0.9 million of under-realized revenues is associated with the expenditure savings.

Regional Operations

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

A net positive variance of \$1.2 million is projected for Regional Operations as a result of expenditure savings of \$23.8 million offset by under-realized revenues of \$22.6 million. The projected savings include \$5.2 million in salaries and benefits due to normal attrition, \$2.4 million in services and supplies related to telecommunications costs and special departmental expense for special projects, and \$16.2 million in other charges based on projected caseloads. Savings in

other charges consists of \$3.5 million for Child Care payments, \$10.4 million for CalWORKS, Welfare to Work and Refugee Assistance payments and \$2.3 million over-expenditure in medical provider payments for California Children's Services. The projected \$22.6 million of under-realized revenues is associated with the expenditure savings.

Strategic Planning and Operational Support (SPOS)

A net positive variance of \$1.4 million is projected for Strategic Planning and Operational Support as a result of \$4.9 million expenditure savings offset by under-realized revenues of \$3.5 million. The projected savings include \$1.3 million in salaries and benefits due to vacancies, and \$3.6 million in services and supplies. The savings in services and supplies is primarily due to \$2.5 million less than anticipated for County Medical Services costs associated with the new eligibility requirements, as well as one-time retroactive payments being less than budgeted, and \$1.1 million under-spending for the California Healthcare for Indigents Program (CHIP) due to a reduced allocation. The projected \$3.5 million in under-realized revenues is associated with the expenditure savings.

Special Revenue Funds

Tobacco Securitization Fund

A net positive variance of \$1.3 million is projected in the Securitized Tobacco Settlement Fund. This represents the difference between the projected annual available amount of Tobacco funds and what the Board of Supervisors has approved, based on an annual draw of \$24.2 million. Fund reports will be based on maximum annual draw of \$27.5 million beginning in Fiscal Year 2007-08.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures

A net positive variance of \$0.8 million is projected for Agriculture, Weights and Measures. Projected expenditure savings of \$1.2 million in salaries and benefits is due to delays in hiring, under-filling positions and attrition. No net variance is projected for services and supplies but savings of \$0.6 million due to a reduction in work requests related to the Sudden Oak Death (SOD) contract are offset by increased expenditures for Internal Service Fund costs and major maintenance projects. The Sudden Oak Death (SOD) 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 \$0.4 million is projected. A negative variance of \$0.4 million in Intergovernmental revenues is primarily due to under-realized revenue from the Sudden Oak Death state contract. A negative variance of \$0.6

million is from a reduction of work requests in weed abatement, inactive landfill billings, and interfund charges. A positive variance of \$0.6 million is due to recovery of investigative costs and pesticide civil administrative penalties, increased bait sales, and recovered expenditures.

Environmental Health

A net positive variance of \$1.6 million is projected for the Department of Environmental Health. A net favorable expenditure variance of \$3.5 million is projected. Salaries and benefits savings of \$2.0 million is due to delays in hiring, under-filling positions, and intentionally holding a position vacant to offset projected under-realized revenue in land use plan check projects. Projected savings in services and supplies of \$1.4 million is primarily due to delays in Information Technology projects and under-spending in the Vector Control Program because of the postponement of building improvement projects and the purchase of a North County office building, and hiring less temporary help than anticipated. The remaining variance of \$0.1 million is due to reimbursement for expenses incurred through internal agreements.

A net negative revenue variance of \$1.9 million is projected. Licenses, Permits & Franchises are projected to be over-realized by \$0.4 million primarily due to an unanticipated increase in the number of fee for services projects, such as plan check projects for retail food handling facilities and permitted businesses for hazardous material facilities. Additional over-realized revenues of \$0.1 million are from a combination of other miscellaneous revenues. Charges for current services are projected to be under-realized by \$2.4 million primarily due to under-realized revenue from services and supplies savings in the Vector Control Program and to a downturn in land use development projects.

Land Use & Environment Group – Executive Office

A net favorable variance of \$3.4 million is projected for the LUEG Executive Office. This includes a projected year-end balance of \$3.2 million in management reserves. These funds will be used in future years for the continuing Business Process Re-engineering and Information Technology efforts of the various departments. In addition, \$0.2 million in over-realized revenues is due to charges in other funds being greater than anticipated as determined by the A-87 Plan-Executive Office support to other funds.

Parks and Recreation

A net favorable variance of \$0.7 million is projected by year-end.

A net positive expenditure variance is due to projected savings in salaries and benefits of \$0.6 million. These savings are generated by short-term vacancies within the department due to the time it took to classify and fill new positions and to fill existing positions.

A net favorable revenue variance of \$0.1 million is projected by year-end. A net positive revenue variance of \$0.3 million is projected in rents and concession revenue due to recent lease renewals and \$0.2 million in park and camping fee revenue due to authorized fee increases. A net negative variance of \$0.2 million is projected in charges in capital outlay funds and special districts revenue due to position vacancies. A negative variance of \$0.2 million in operating transfer revenue is anticipated due primarily to the new Spring Valley Gym and Teen Center construction delays.

Planning and Land Use

An overall positive net variance of \$1.8 million is projected for Planning and Land Use.

A net positive expenditure variance of \$8.2 million is projected. Savings in salaries and benefits of \$2.9 million is the result of an average vacancy rate of 5.3% (or 20 positions) from January 2007 – March 2007. The Department is currently in the process of recruitment or pending interviews on 12 positions in the Regulatory Planning Division (discretionary permitting). The remaining 8 positions are either pending personnel action or offers have been made. Savings in services and supplies of \$5.3 million is primarily due to projected savings in consultant services related to the Fire Safety, Fuels Reduction Program, Multiple Species Conservation Program, Plan Check Overflow, and General Plan 2020. Funding and expenditures for these projects span several years and will not be fully expended in Fiscal Year 2006-07.

The net revenue shortfall of \$6.4 million is comprised of several accounts. Building Construction Permit and Plan Check and Field Inspection revenues are lower than anticipated (\$3.4 million) as a result of lower than normal construction projects in San Diego County. This shortfall is offset by savings in salaries and benefits costs. A shortfall of \$0.4 million in Aid From Other Government Agencies is due to delays in expenditures and grant reimbursement related to MSCP North and East County Plans. The projected revenue shortfall of \$2.8 million in Services to Property Owners is due to vacancies in the discretionary permit-processing program. Revenue is not generated if staffing is not available to process permits. This shortfall is also offset by savings in salaries and benefits. These shortfalls are partially offset by over-realized revenue in the amount of \$0.2 million in various miscellaneous revenue accounts.

Special Revenue Funds

Parks and Recreation

Parkland Dedication

A favorable variance of \$0.9 million is projected by year-end due to additional revenue from park land dedication fees and interest on deposits. The increase

from park land dedication fees is due to a higher level of development than anticipated and the parkland dedication fee increases approved by the Board on February 7, 2007.

Department of Public Works

Road Fund

A net positive variance of \$11.6 million is projected for the Road Fund.

A positive expenditure variance of \$4.3 million includes \$1.4 million savings in salaries and benefits due to turnover and vacancies and \$2.9 million in services and supplies due to savings from completed projects.

A positive revenue variance of \$7.3 million is projected. Revenue from Use of Money & Property is projected to be over-realized by \$1.5 million related to interest on deposits and investments, developer deposits, and rents and concessions. The increase in interest revenue is due to higher interest rates. Intergovernmental revenues are projected to be over-realized by \$5.0 million primarily due to reimbursement from Federal Aid for Disaster and Federal Aid Rain Damage for the 2005 Winter Storms. Charges for Current Services are projected to be over-realized by \$1.6 million due to increased work for others. A net negative variance of \$0.6 million in Taxes Other Than Current is due to under-realized revenue from TransNet projects. A net negative variance of \$0.2 million in miscellaneous revenue is due to partial reimbursement for the Mission Road Phase III project that will be completed in the next fiscal year and delay in project construction.

Inactive Waste

A net positive variance of \$0.2 million is projected for Inactive Waste.

A positive expenditure variance of \$2.8 million includes savings of \$0.2 million in salaries and benefits that is due to turnover and vacancies during recruitment efforts. A positive variance of \$2.4 million in services and supplies is due largely to an overall effort to reduce the Jamacha Landfill project costs. A positive variance of \$0.2 million in Operating Transfers Out is due to the delay in property purchases near Jacumba and Descanso.

A negative revenue variance of \$2.6 million is projected, including \$2.4 million from the Environmental Trust Fund, due to decreased expenditures and \$0.2 million from various charges for current services.

Enterprise Funds

Department of Public Works

Airports

A net positive variance of \$3.4 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$6.8 million includes savings in services and supplies of \$1.4 million which is due to savings for landscaping supplies, internal agreements, consultant contracts (as needed contracts) and rents/leases in equipment. Projected savings of \$5.4 million in Capital Assets/Land Acquisition is due to anticipated completion of the following projects in Fiscal Year 2007-08 instead of the current fiscal year: Palomar Airport Terminal Redevelopment Projects, Palomar Runway Rehabilitation, Gillespie Field West Transient Ramp, Fallbrook Modular Terminal Building/Construct Terminal Parking Apron and Gillespie Field Overlay Transient Ramp.

A net negative variance of \$3.4 million in revenue is due to unearned revenue from Federal grants related to \$4.4 million savings in Capital project expenditures. A projected net positive variance of \$0.9 million in Rents & Concessions is due to additional equity payments under the terms of the amended lease agreement with four Fixed Based Operators; North Ramp anticipated lease revenue and Palomar Airport Advisory Committee hangar sales. A projected net positive variance of \$0.1 million in charges for current services is due to an increase in the Redevelopment Agency Internal Agreement.

Special District Funds

Air Pollution Control District

A net positive variance of \$0.9 million is projected by year-end for the Air Pollution Control District.

A positive expenditure variance of \$1.8 million includes savings in salaries and benefits of \$0.8 million resulting from vacancies and under-filled positions, savings of \$0.7 million in services and supplies due to lower than anticipated expenses for special departmental and professional and specialty accounts, and savings of \$0.3 million in fixed assets due to delays in procurements of modular partitions, energy management system and laboratory equipment.

A net negative revenue variance of \$0.9 million includes \$0.9 million in under-realized permit fees due to lower than anticipated new permit application levels and an increase in the number of retired permits, \$0.3 million under-realized Federal Grant revenue due to delay in procurement of equipment funded by the grant, and \$0.5 million under-realized in miscellaneous revenue from asbestos inspections due to a decline in condominium conversion activity. This is offset by

\$0.5 million in over-realized revenue from interest earnings based on Moyer and mitigation fund balances and \$0.3 million from recovered expenditures.

Planning and Land Use

An overall positive variance of \$0.3 million is projected for County Service Areas in the Fire Prevention Program.

A net positive variance of \$0.5 million is projected for expenditures as follows: \$0.2 million in services and supplies in various miscellaneous accounts and \$0.3 million in capital assets equipment and operating transfers out is due to delays in the purchase of equipment and savings in major maintenance.

A net negative variance of \$0.2 million in revenue is due to under-realized revenue in operating transfers from other/special districts and charges for current services due to less work for others.

Department of Public Works

Sanitation Districts & Sewer Maintenance

A net positive variance of \$8.4 million is projected for the Department of Public Works Sanitation Districts. A net positive variance of \$6.1 million in expenditures is the result of \$2.9 million savings in services and supplies, due to project delays and scope and design modifications, and \$3.2 million savings in capital assets due to unanticipated delays in design and construction of capital projects and major maintenance. A net positive revenue variance of \$2.3 million is due to over-realized revenue of \$2.0 million from the sale of fixed assets, mainly from the sale of the Lakeside Sanitation District property and \$0.3 million in over-realized revenue from sewer service charges.

COMMUNITY SERVICES GROUP

General Fund Departments

Animal Services

A net positive variance of \$0.5 million is projected for year-end. A positive expenditure variance of \$0.3 million is primarily due to savings in services and supplies of \$0.2 million and an additional \$0.1 million savings in salaries and benefits due to vacancies resulting from turn-over. A net positive revenue variance of \$0.2 million is projected due to an unanticipated revenue allocation of \$0.4 million from SB90 combined with a decrease of approximately \$0.2 million due to decreased dog license sales. The department is working with its contract cities to promote the benefits of licensing (at rabies clinics for example) and recent fee increases are also expected to improve collections.

CSG Executive Office

The projected favorable variance of \$8.5 million in the CSG Executive Office is due to a projected balance of \$8.2 million in management reserves at year-end. The Group office maintains these reserves to mitigate the risks of its departments' operations, to accumulate funds for one-time projects, and to provide funding for emergencies. A favorable variance of \$0.3 million in services and supplies is due to spending for departmental projects being shifted to Fiscal Year 2007-08.

Housing and Community Development (HCD)

No net variance is projected for HCD. HCD projects a positive expenditure variance of \$1.1 million. The variance is the result of salaries and benefits savings of \$0.7 million due to vacant and under-filled positions, and \$0.4 million in overall services and supplies savings (office and miscellaneous expense, inter-departmental expense and postage). The expenditure variance is offset by a corresponding projected revenue shortfall of \$1.1 million, since the department's direct expenditures are 100% offset by outside revenue sources.

Contribution from the General Fund to Purchasing and Contracting ISF

A net positive variance of \$0.3 million in operating transfer expenditures is projected by fiscal year-end. These General Fund appropriations provide a portion of the funding for the Records Management division and, due to salaries and benefits cost savings from employee turnover and unfilled vacancies in the ISF, these appropriations may not be utilized.

The Registrar of Voters

A net positive variance of \$1.2 million is projected for the Registrar of Voters, due to over-realized revenues in reimbursement for current year and prior year elections.

Special Revenue Funds

San Diego County Library

A net positive variance of \$6.3 million is projected for the Library. The expenditure variance is expected to be \$5.6 million. Projected savings of \$1.0 million in salaries and benefits is the result of normal staff turnover and vacancies that are anticipated to be filled. Active recruitment for hard-to-fill positions continues to be a priority for the Library. A net under-expenditure of \$3.8 million in services and supplies is primarily due to reductions in Contracted Services for library automation (\$4.5 million), offset by an increase in Rents and Leases (\$0.2 million) for the unbudgeted expansion of the Casa de Oro library, minor equipment (\$0.2 million), Purchasing costs (\$0.1 million), vehicle costs (\$0.1 million) and acquisition of specialty library materials (\$0.1 million). A net unfavorable variance in Capital Assets Equipment of \$0.1 million is due to the purchase of equipment for recently remodeled branch libraries. The expenditure

variance also includes \$0.9 million in a projected year-end balance in management reserves. The department maintains these reserves for emergencies and to accumulate funding for future one-time expenditures, such as major maintenance and technology improvements.

A net positive variance of \$0.7 million is projected for revenues. Due to increases in current year property taxes that are offset by decreases in Other than Current Secured, revenue from property taxes is projected to be \$0.5 million over budget. Aid from Other Governmental Agencies is expected to be \$0.1 million more than budgeted due to increased grant revenue. Charges for current services are projected to be \$0.1 million more than budgeted, primarily due to increased fees for Library Services.

Housing and Community Development Special Revenue Fund

No net variance is projected. A favorable expenditure variance of \$18.8 million is offset by an unfavorable revenue variance of the same amount. The Department budgets all funds that it is eligible to receive from the funding source, to facilitate the multi-year project expenditure request process. The savings of \$18.8 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.

Internal Service Funds (ISFs)

Facilities Management

No net variance is projected for the Facilities ISF. A favorable expenditure variance of \$18.6 million is offset by a projected unfavorable revenue variance of \$18.6 million for Facilities Management. Facilities Management consists of two funds, the Major Maintenance ISF and the Facilities Management ISF.

In the Major Maintenance ISF, a favorable expenditure variance of \$14.3 million is projected to offset an unfavorable revenue variance of \$14.3 million for a net zero variance. The favorable expenditure variance consists of projected under-spending in services & supplies of \$13.2 million and in operating transfers of \$1.1 million (the operating transfers are paid to the Facilities Management fund for project management services). The projected under-expenditure is based on an estimate of 76% of the budgeted work being done in the fiscal year, which is comparable to last year's 76%. The negative revenue variance is directly related to the lower than budgeted expenditure levels.

In the Facilities Management ISF, no variance is projected, comprised of a favorable expenditure variance of \$4.2 million offset by an unfavorable revenue variance of \$4.2 million. The expenditure variance is the result of a favorable variance of \$1.0 million in salaries and benefits and a favorable variance of \$3.2 million in services and supplies. The revenue variance is made up of several offsetting categories: \$6.1 million unfavorable variance in charges for services

and intergovernmental revenues, and a net \$1.9 million favorable variance in other categories. In the second quarter budget status report, the department projected an unfavorable variance of \$2.0 million. That deficit has been offset by an agreement among the Groups to fund the deficit with increased payments to the ISF.

Fleet Management

A net unfavorable variance of \$1.2 million is projected for the Fleet Management Internal Service Fund. A total favorable expenditure variance of \$2.7 million is offset by an unfavorable revenue variance of \$3.9 million.

The favorable expenditure variance of \$2.7 million is the result of \$0.4 million of savings in salaries and benefits due to staff vacancies, \$1.5 million of savings in services and supplies primarily due to a change in the accounting for parts purchases that eliminates payments from one division of Fleet to another and savings in fuel costs due to market fluctuations in the price of fuel, \$0.4 million of savings in other charges due to less than anticipated recording of depreciation, \$0.3 million of savings in Capital Assets due to pending departmental decisions regarding the purchase of vehicles (buses) and \$0.1 million in unused Contingency Reserves.

The unfavorable revenue variance of \$3.9 million is due to offsetting projections in several categories. Charges for services is projected to be \$3.9 million under budget. This variance is due to the change in the accounting for parts purchases noted above, and to projections for fewer billable hours than budgeted due to staff vacancies, absences and non-billable activities such as training. Other Financing is projected to be \$0.5 million under budget due to the loss on the sale of fixed assets as result of the salvage value on the sale of vehicles being less than anticipated. Interest earnings are projected to be \$0.4 million over budget. Miscellaneous revenues are projected to be over budget by \$0.1 million due to third party recoveries for insurance settlements.

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

Purchasing and Contracting ISF

A net positive variance of \$0.4 million is projected by fiscal year-end for the Purchasing and Contracting ISF. The positive expenditure variance of \$0.5 million is a combination of anticipated cost savings in salaries and benefits of \$0.3 million and services and supplies of \$0.2 million. The projected cost savings in salaries and benefits is due to employee turnover and subsequent vacancies. Projected cost savings in services and supplies are a combination of

savings in various expense accounts. The net negative variance in revenue of \$0.1 million is due to a favorable variance of \$0.1 million in interest and a negative variance of \$0.2 million in under-realized General Fund Operating Transfer revenue. This revenue source supports actual costs of operating the Records Management Services Division and due to under-expenditure the transfer was not necessary.

Other Funds

County of San Diego Redevelopment Agency

A positive variance of \$0.3 million is projected for the County Redevelopment Agency. The positive expenditure variance of \$0.1 million is due to reduced costs for services and supplies in the Gillespie Field Project Area. The positive revenue variance of \$0.2 million is due to higher than budgeted tax increment revenues, also in the Gillespie Field Project Area.

FINANCE & GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

An overall net favorable variance of \$1.9 million is projected for the Assessor/Recorder/County Clerk.

A net positive expenditure variance of \$1.6 million is primarily due to projected savings of \$1.1 million in services and supplies due to deferred one-time projects that will be re-budgeted in the Fiscal Year 2007-08 Operational Plan, and \$0.5 million in salaries and benefits from staff turnover and vacancies.

A net positive revenue variance of \$0.3 million is projected. This variance is primarily due to anticipated over-realized revenue of \$2.5 million in AB 2890 and SB 2557 revenue due to greater than anticipated receipts for supplemental assessments and a surplus of \$0.3 million in fees for marriage ceremonies, filing documents, and other fees. These positive revenue variances are offset by a projected shortfall of \$2.5 million in Recording Document revenue due to the housing and refinancing slowdown.

Auditor and Controller

An overall net positive variance of \$3.0 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$2.8 million is projected primarily due to anticipated savings in salaries and benefits of \$2.0 million as a result of staff turnover and normal delays in recruiting and hiring. The department experienced an average of 28 to 30 vacancies during the first three quarters of the fiscal year

and anticipates an average of 28 vacancies through the end of the fiscal year. The department also anticipates savings of \$0.6 million in services and supplies. The savings are projected in the information technology ISF accounts, and are a result of delays in the transition of information technology services from the Pennant Alliance to Northrop Grumman. In addition, the Auditor and Controller projects a year-end balance of \$0.2 million in management reserves.

A net positive revenue variance of \$0.2 million is projected due to over-realized revenue of \$0.1 million in aid from other government agencies and state reimbursements, over-realized revenue of \$0.4 in charges for current services from Superior Court reimbursements, and an anticipated revenue shortfall of \$0.3 million in miscellaneous revenue, due to Revenue and Recovery pass-through accounting for outside collections activity.

Chief Administrative Office

An overall net positive variance of \$0.3 million is projected for the Chief Administrative Office due to anticipated savings in salaries and benefits of \$0.2 million, due to longer than anticipated delays in recruiting and hiring, and anticipated savings of \$0.1 million in services and supplies due to savings in temporary contract help, professional and specialized services and various information technology accounts.

Clerk of the Board

A net positive variance of \$1.6 million is projected for the Clerk of the Board's Office. The projected variance is comprised of \$0.2 million in salary savings due to hiring delays, \$1.2 million in service and supplies savings due to lower than anticipated contract, utility and IT project costs and a projected year-end balance of \$0.2 million in management reserves.

County Counsel

An overall positive variance of \$0.3 million is projected for the Office of County Counsel.

A net positive expenditure variance of \$0.5 million is projected primarily due to savings of \$0.2 million in salaries and benefits, due to retirements and unanticipated departures of staff, and projected increases in expenditure reimbursements (cost applied) of \$0.3 million, due to increased reimbursement for staff providing exclusive legal services to DEH and HHSA.

A net negative revenue variance of \$0.2 million is projected primarily due to the reclassification of recovered expenditures for DEH legal staff which are now reflected in costs applied reimbursements described above.

County Technology Office

An overall favorable variance of \$2.0 million is projected for the County Technology Office.

A net positive expenditure variance of \$2.2 million is primarily due to anticipated savings in services and supplies of \$2.1 million due to delayed one-time information technology projects which will be re-budgeted in the Fiscal Year 2007-08 Operational Plan and anticipated savings of \$0.1 million in salaries and benefits. A net negative revenue variance of \$0.2 million is projected due to Trial Court reimbursements being less than budget.

Finance and General Government Executive Office

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

Human Resources

An overall positive variance of \$1.7 million is projected for the Department of Human Resources.

A net positive expenditure variance of \$2.0 million is projected. This expenditure variance is primarily due to projected savings of \$0.6 million in salaries and benefits related to staff turnover and the use of modified positions. A positive variance of \$1.4 million in services and supplies is due to cancellation of prior year encumbrances and anticipated savings on various insurance policies.

A net negative revenue variance of \$0.3 million is projected due to lower than budgeted reimbursed costs from the Workers Compensation Internal Service Fund, which is related to a portion of the expenditure savings noted above.

Treasurer-Tax Collector

An overall positive variance of \$1.7 million is projected for the Treasurer-Tax Collector.

A net positive expenditure variance of \$1.1 million is projected due to anticipated savings in salaries and benefits of \$0.5 million related to normal staff turnover; projected savings in services and supplies of \$0.4 million primarily due to cost savings for IT related expenses as a result of delays in the transition of information technology services from the Pennant Alliance to Northrop Grumman, and an anticipated year-end balance \$0.2 million in management reserves.

A net positive revenue variance of \$0.6 million is projected. This variance is primarily due to over-realized revenues from AB2890 Recovered Cost and

Property Tax System Administration which are affected by mortgage rates and the local employment rate as they impact the local housing market. In addition, a revenue shortfall of \$0.2 million is anticipated from Banking Services Pooled Money due to cost savings in relation to the salary and benefits and services and supplies positive expenditure variances noted above.

GENERAL REVENUES & GENERAL COUNTY EXPENSES

General Revenues & General County Expenses

A net positive variance of \$123.9 million is projected for these two categories combined, comprised of an estimated additional \$16.2 million in General Purpose Revenues and a \$107.7 million net positive variance in General County activities.

General Revenues

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

- San Diego's unemployment rate averaged 4.3% in 2005 and 4.0% in 2006 and is projected to be 4.1% in 2007. San Diego's unemployment rate continues to compare favorably to both the U.S. (5.1% in 2005, 4.6% in 2006 and the projected rate of 4.8% for 2007) and California unemployment rate (5.4% in 2005, 4.9% in 2006, and the projected rate of 5.2% in 2007).
- Unadjusted local sales tax transactions grew by 2.2% for the County as a whole for October through December, 2006 compared to the same time period for 2005. The unincorporated area shows an unadjusted sales tax increase of 1.8%. Reviewing sales tax data for the entire 2006 calendar year, also shows that the unincorporated area sales tax grew by 1.8% compared to 2005. In comparison, Los Angeles County and the State experienced sales tax revenue growth of 4.4% and 3.4%, respectively, for the entire calendar year.
- The housing boom that has been driving the U.S., California, and local economies has faded. The demand for housing in the County has slowed, as evidenced by the reduction in residential building permits, declining median housing prices, and the length of time of property listings. Overall, property tax growth is decelerating and property turnover and new construction are being watched closely. Relatively low interest rates, the area's population growth and commercial construction activity continue to mitigate against the possibility of a decline in property taxes.

All Current Property Taxes

All Current Property taxes are estimated to show a net negative variance of \$8.7 million.

- *Property Taxes - Current Supplemental*
Current Supplemental Property Taxes are projected to be \$9.7 million lower than budget. This projection is based on a review of collections to open charges through the April 10 Property Tax System apportionment (apportionment 9 of 13). The current secured supplemental roll (charges) is down 26.6% from the same time last year. Further, supplemental bill releases are down 24% countywide (approximately \$68.3 million) through April 14, 2007 compared to the same period last year.
- *Property Taxes - Current Unsecured*
Current Unsecured Property Taxes are projected to be \$1.0 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base. The final roll included adjustments for personal property and improvements that increased the current unsecured roll's assessed value by 15.4% resulting in the projected revenue increase.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$2.3 million above budget.

- *Property Tax in Lieu of VLF*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$3.4 million over the budgeted amount of \$274.5 million. The assessed value growth factor for 2006-07 is 12.15%, approximately 1.15% higher than the 11.0% growth rate used to calculate the budgeted revenue. An adjustment was also made to the County's 2005-06 Property Tax in Lieu of VLF revenue based on final calculations of the assessed value across the various local governments. This change resulted in a one-time positive adjustment to the County for 2005-06 of \$272,400 and it also raised the County's base in 2006-07. The County's new base for 2006-07 is \$277.7 million.
- *Real Property Transfer Taxes*
A negative variance of \$8.7 million in revenue is estimated for Real Property Transfer Taxes due to much weaker activity than anticipated in the real estate sector. According to DataQuick Information Systems,

the total number of homes sold in San Diego in March 2007 (3,218 homes) dropped 26% compared to March 2006 (4,367 homes). In addition, the median price of homes declined 4.9% compared to March 2006.

- *Sales and Use Taxes*
A positive revenue variance of \$0.7 million is estimated for Sales and Use Taxes based on current activity through April for Fiscal Year 2006-07 and projected advances through the end of the year.
- *Redevelopment Agency Tax Increment*
A projected \$4.3 million positive revenue variance is estimated for the Redevelopment Agency Tax Increment. This projection is based on the year to date collections compared to last year at the same time, and expected collections based on existing Redevelopment Agreements, with growth from the share of inflation/incremental revenue clauses and settlement payments increases in the various agreements.
- *Teeter Tax Reserve Excess*
The Teeter Tax Reserve Excess is estimated to be approximately \$3.6 million, \$0.1 million above the budget, based on current available data on penalty and interest collections. This projection is based on a review of total reserves available to meet the Revenue and Taxation Code requirement of maintaining a reserve of not less than 25% of the total teetered delinquent secured taxes and assessments (R&C section 4703.2). For Fiscal Year 2006-07, the reserve requirement is \$16.7 million and through June 30, 2006, the available reserve was \$10.3 million.
- *Other Tax Aircraft Unsecured*
A positive revenue variance of \$0.4 million is estimated for Other Tax Aircraft Unsecured based on current activity through January for Fiscal Year 2006-07 and projected adjustments and corrections through the end of the year.
- *Property Taxes Prior Secured Supplemental*
In contrast to the Current Supplemental Taxes' unfavorable year-end projection, Property Taxes Prior Secured Supplemental is estimated to be \$1.4 million above budget. This projection is based on a review of collections to open charges through the April 10 Property Tax System apportionment (apportionment 9 of 13) and is due to the effective date(s) of the supplemental assessment and the timing of collections.
- *Property Taxes Unsecured Supplemental*

A positive revenue variance of \$0.6 million is projected based on current activity through apportionment 9 and projected collections through year-end. Given the uncertainty in the unsecured roll, nothing is budgeted for this account. See Property Taxes – Current Unsecured for additional information.

Licenses, Permits, and Franchises

Franchise payments from San Diego Gas and Electric have been received. The 2007 payment of \$5.2 million exceeds the budgeted amount by \$0.9 million.

Fines, Forfeitures and Penalties

Penalties and Cost Delinquency Taxes are projected to be approximately \$4.0 million above budget. This increase is attributed to the overall increase in the property tax base as well as a continued higher delinquency rate compared to prior years. Revenues in this account reflect the 10% penalty that is assessed on late current year property tax payments.

A positive variance of \$0.2 million is projected from fines and forfeitures collected through various code violations.

Revenue from Use of Money and Property

A net positive variance of \$15.0 million is projected for interest on deposits. This positive variance is based on two factors: one, higher cash balances during the year than assumed when the budget figures were prepared in March/April 2006, and two, higher sustained interest rates compared to 2005-06. The 2006-07 third quarter interest apportionment rate was 4.76%, and the 2006-07 average rate is 4.9% compared to a 2005-06 average rate of 3.47%.

Intergovernmental Revenues

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

Miscellaneous Revenues

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

General County Expenses

Cash Borrowing Program

A positive \$1.1 million expenditure variance is projected. Savings is partially due to reduced expenses now that the County no longer issues a separate Teeter Borrowing. Additional savings are related to lower than projected TRANS borrowing costs in 2006.

Contingency Reserve

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

Facility Lease Payments

An overall positive variance of \$0.6 million is projected in the lease payments.

A positive expenditure variance of \$0.5 million in Other Charges is from savings in the actual lease payments for the 1998 Hall of Justice (\$0.3 million) and 1999 East Mesa project (\$0.2 million).

An overall positive revenue variance of \$0.1 million is projected. A positive variance of \$0.2 million is expected in Rents and Concession due to the higher than budgeted rent received from the Metropolitan Transit Development Board (MTDB). This is offset by a negative variance of \$0.1 million in Charges in Other Funds that were lower than expected.

Contributions to Capital/Debt Reduction

Overall, a positive variance of \$15.3 million is expected in Contributions to Capital in Fiscal Year 2006-07. Appropriations of \$15.0 million were established on May 9, 2006 in Contributions to Capital for the Edgemoor Skilled Nursing Facility project, based on General Fund fund balance, for unanticipated costs related to the project. These appropriations were unspent at the end of Fiscal Year 2005-06 and were carried forward into 2006-07. On September 25, 2006, \$5.0 million was expended and in October an additional \$0.3 million was expended, for a total of \$5.3 million. On October 31, 2006, the Board of Supervisors approved and authorized the Clerk of the Board of Supervisors to execute the Declaration of Official Intent to reimburse certain expenditures from proceeds of indebtedness. When the additional certificates of participation for the Edgemoor Project were issued in December, 2006, the \$5.3 million spent to date was returned to the County from the proceeds.

Additionally, savings of \$0.3 million is projected due to the cancellation of the Encinitas Library capital project (KL9543). The capital project was established in Fiscal Year 1998-99 with District 3 community projects money. The City of

Encinitas is building a new Civic Center which will include the Encinitas Library and as a result, the funds for this project are no longer needed.

ERP Lease Purchase Payments

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

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

Unbudgeted revenue totaling \$2.7 million is projected for FY 2006-07. The State of California reimbursed the County of San Diego for costs related to the November, 2005 statewide election (\$2.68 million). The County is also expected to be reimbursed approximately \$0.4 million for the April 2006 50th congressional district election; however, this reimbursement is not expected to be received until Fiscal Year 2007-08. These reimbursements offset most of the General County fund balance used in Fiscal Year 2005-06 to support appropriations for these elections. The State is reimbursing the County on a per voter basis for the 50th congressional district election, which will result in about half the cost of the election being recovered.

Countywide Exp. – General Misc. Exp. – Economic Uncertainty

\$66.4 million was set aside for economic uncertainty and it is expected to be unspent at year-end.

Special Revenue Funds

Capital Program

An overall positive variance of \$5.8 million is projected in the Capital Program Funds.

A positive expenditure variance of \$2.7 million is anticipated in the Edgemoor Development Fund due to costs in services and supplies related to the sale and lease of property at the Edgemoor site being less than expected.

A net positive year-end revenue variance of \$3.1 million is projected in the Capital Funds. A positive variance of \$2.3 million is due to recovered expenditures in the Edgemoor Development Fund as a result of the Edgemoor trustee returning \$2.3 million of the 2007/08 lease payment to the County. The amount was originally prepaid to the trustee due to the delays in the completion of the Edgemoor Skilled Nursing Facility. As part of the issuance of additional certificates of participation to complete the Edgemoor project, the lease prepayment was returned to the County and the payment will be made to the

certificate holders on the required due date, as originally scheduled. A positive variance of \$0.7 million is due to the proceeds from the sale of a fixed asset being higher than expected. A positive variance of \$0.4 million is due to interest earnings being higher than budgeted due to higher than anticipated cash balance in the Edgemoor Development Fund (\$200,000), Justice Facility Construction Fund (\$150,000), Capital Outlay (\$75,000), offset by \$.3 million in under-realized revenue in rents and concessions and operating transfer from General fund.

Internal Service Funds

Workers Compensation Employee Benefits ISF

A net positive variance of \$6.6 million is projected for the fund. The \$4.0 million contingency reserve appropriations are not anticipated to be spent in Fiscal Year 2006-07 and this will improve the fund's year-end cash balance. In addition, the fund is expected to realize \$2.6 million in interest income that in Fiscal Year 2005-06 was distributed to the General Fund.

Public Liability ISF

A net positive variance of \$5.6 million is projected for the Public Liability ISF. The services and supplies variance of \$1.3 million is primarily due to projected decreases in staff costs. The other charges variance of approximately \$4.3 million is due to projected favorable resolutions for several high exposure tort liability cases.

Debt Service Funds

Pension Obligation Bonds (POB's)

A net positive variance of \$6.5 million is projected for the fund. Expenditure savings of \$4.6 million is due to the actual variable interest rate on the POB's being less than the budgeted variable interest rate and an additional \$0.4 million in savings is due to administrative cost savings related to the POB's. The positive revenue variance of \$1.5 million is due to interest earnings on funds held with the trustee, and in the County treasury, being higher than expected. Available year-end over-realized revenue and appropriation savings will be retained in the fund to pay-down or reduce the principal balance of the POB's when conditions are favorable or when allowed by the bond indenture.

Fiscal Year 2006-07 3rd Quarter

Completed Capital Projects

ORACLE NUMBER	ARMS PROJECT #	PROJECT NAME	ACCOUNT	BUDGET	AMOUNT CAPITALIZED	AMOUNT CANCELED
** CAPITAL OUTLAY FUND **						
1000021	KA1562	NORTH COUNTY OPEN SPACE ACQUISITIONS VOLCAN MOUNTAIN PRESERVE PHASE VI	54014	606,856	603,968	2,888
1000245	KA0549	ACQUISITION	54032	744,081	547,158	196,923
1008750		ILDICA STREET ACQUISITION	54055	241,000	27,735	213,265
1005263	KA3442	SANTA MARIA CREEK ACQUISITION PHASE I	54131	525,000	490,113	34,887
1000020	KN1561	JULIAN JESS MARTIN COMMUNITY CENTER SWEETWATER REGIONAL PARK POND	54252	121,682	120,455	1,227
1000025	KN2680	RESTORATION	54363	50,000	49,603	397
1000072	KK1709	NORTH COUNTY ANIMAL SHELTER	54392	6,685,339	6,585,835	99,504
1000226	KN8013	JESS MARTIN PARK DEVELOPMENT	54477	70,150	68,793	1,357
1000216	KN0867	AGUA CALIENTE PARK RESTROOM	54527	447,577	429,764	17,813
1000221	KN0878	WILLIAM HEISE PARK TRAIL IMPROVEMENTS	54538	20,705	19,840	866
1000224	KN0884	LAKESIDE TEEN CENTER SWEETWATER REG PARK MORRISON POND	54544	571,000	556,662	14,338
1000212	KN9031	RECREATION AREA SAN ELIJO ADA PARKING LOT AND TRAIL	54579	227,287	227,287	0
1000172	KN1976	IMPROVEMENTS OTAY VALLEY REGIONAL PARK INTERPRETIVE	54618	339,453	339,186	267
1000192	KN2995	CENTER COUNTY ADMINISTRATIVE CENTER ELEVATOR	54629	91,786	91,786	0
1000038	KK3436	UPGRADE	54633	600,000	580,699	19,301
1000000	KN3408	LOS PENASQUITOS TRAIL RESTORATION	54667	75,000	73,198	1,802
1004981	KN3414	FELICITA PARK IMPROVEMENTS SAN DIEGUITO UPPER PICNIC	54674	887,613	887,380	233
1000004	KN3417	IMPROVEMENTS/PLAYGROUNDS	54677	575,000	574,877	122
1005261	KN3418	SOUTH LANE PARK IMPROVEMENTS	54678	3,757	3,757	0
1005264	KN3442	SANTA MARIA CREEK RESTORATION	54692	1,050,000	989,785	60,215
1000275	KN4450	LAKESIDE TEEN CENTER PHASE II LINCOLN ACRES PARK PLAYGROUND	54695	335,000	322,467	12,533
1005992	KN5492	IMPROVEMENTS	54723	114,000	113,151	849
1005993	KN5493	FELICITA PARK ADA RAMP DESIGN	54724	73,251	73,250	1
1006856	KN6314	LINDO LAKE PARK RESTROOM	54732	255,000	229,326	25,674
1006860	KN6317	COLLIER PARK ADA WALKWAYS JULIAN JESS MARTIN PARKING/ACCESS	54735	72,017	72,017	0
1006862	KN6319	IMPROVEMENTS	54737	183,029	183,029	0
1007109	KN6326	DAIRY MART POND RESTORATION	54741	89,660	89,276	383
TOTAL				\$ 15,055,243	\$ 14,350,394	\$ 704,849
** JUSTICE FACILITY CONSTRUCTION FUND **						
1000157	KK6116	EAST MESA REGIONAL FIREARMS TRAINING FACILITY	54331	6,213,614	6,205,100	8,514
1000142	KK1717	EAST MESA DETENTION FACILITY ACCESS ROAD	54397	2,330,189	2,310,291	19,898
1000041	KK3439	VISTA DETENTION FACILITY CONTROL PANELS SHERIFF MODULAR BUILDING @ FALLBROOK	54634	2,647,483	2,603,366	44,117
1007440	KK6328	AIRPARK	54743	310,000	298,738	11,262
TOTAL				\$ 11,501,286	\$ 11,417,495	\$ 83,791
** LIBRARY CONSTRUCTION FUND **						
1000154	KA9542	CARDIFF BRANCH LIBRARY LAND ACQUISITION	54042	989,000	983,309	5,691
1005336	KA4479	FALLBROOK BRANCH LIBRARY LAND ACQUISITION	54048	191,000	95,000	95,999
1000182	KL9543	ENCINITAS BRANCH LIBRARY	54429	250,000	-	250,000
1000166	KL9022	RANCHO SAN DIEGO BRANCH LIBRARY	54570	5,154,800	5,135,727	19,073
1000262	KL3460	DESCANSO BRANCH LIBRARY EXPANSION	54637	176,000	175,872	129
TOTAL				\$ 6,760,800	\$ 6,389,907	\$ 370,893
TOTAL FOR CAPITAL PROJECTS				\$ 33,317,329	\$ 32,157,797	\$ 1,159,532

This attachment represents a listing of the 36 capital projects that are anticipated to be completed and capitalized at the end of Fiscal Year 2006-07. See recommendations 55 - 57 of the Fiscal Year 2006-07 3rd Quarter Status Report.