



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

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Fourth District

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Fifth District

DATE: May 13, 2008

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2007-08 THIRD QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (District: All)

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2007-08 Operational Plan, as measured by projected year-end fund balance. The projected fund balance from current year operations for the General Fund is \$164.6 million and for all budgetary funds combined is \$217.3 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., Spring Valley Community Center Expansion and the Cactus Park Sports Field), for costs related to response and recovery efforts associated with the October 2007 Firestorm in the Office of Emergency Services, for mitigating declining revenues in the Proposition 172, Recording Fees, and AB 2890 supplemental property tax administration accounts, to amend the Department of Public Works ISF to provide funding for operations and maintenance of vehicles and fuel, to amend the Airport Enterprise Spending Plan for various needs, for Geographical Information Systems scanning and data conversion needs in the Department of Public Works, and for establishing appropriations in the Department of Animal Services for major maintenance projects at the Carlsbad Shelter and for the construction of a surgical center at the Central Shelter. The Board is also asked to authorize the Auditor and Controller to reduce the fund balance designation within the General Fund for Environmental Health to provide funding for data imaging projects and to reduce the fund balance designation within the General Fund for the Department of Planning and Land Use for the costs associated with processing building permits.

In addition, 17 capital projects are anticipated to be completed and capitalized at the end of Fiscal Year 2007-08. These projects have remaining appropriations that need to be cancelled. This board letter proposes to cancel the remaining appropriations in the identified projects.

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Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2007-08 third quarter report on projected year-end results.
2. Cancel appropriations in salaries and benefits and related Proposition 172 revenue of \$6,230,000 in the Sheriff's Department due to the national economic slowdown and reduced sales tax receipts supporting critical regional law enforcement services.
3. Transfer appropriations of \$4,000,000 from the Public Safety Group Executive Office, Management Reserves, to the Sheriff's Department, salaries and benefits, for critical regional law enforcement services.
4. Establish appropriations of \$2,230,000 in the Sheriff's Department, salaries and benefits, for critical regional law enforcement services based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
5. Cancel appropriations in salaries and benefits and related Proposition 172 revenue of \$4,380,000 in the District Attorney's Office due to the national economic slowdown and reduced sales tax receipts supporting critical regional law enforcement services.
6. Establish appropriations of \$4,380,000 in the District Attorney's Office, salaries and benefits, for critical regional law enforcement services based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
7. Cancel appropriations in salaries and benefits and related Proposition 172 revenue of \$1,190,000 in Probation Department due to the national economic slowdown and reduced sales tax receipts supporting critical regional law enforcement services.
8. Establish appropriations of \$1,190,000 in Probation Department, salaries and benefits, for critical regional law enforcement services based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
9. Establish appropriations of \$1,539,290 in the Office of Emergency Services, salaries and benefits (\$51,000), capital assets equipment (\$715,505), and services and supplies (\$772,785), for costs related to response and recovery efforts associated with the October 2007 Firestorm based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
10. Cancel appropriations in other charges and related federal revenue of \$1,009,289 in the Office of Emergency Services to correct year-end accounting errors that occurred during Fiscal Year 2006-07.

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11. Establish appropriations of \$1,009,289 in the Office of Emergency Services, other charges, to correct accounting errors that occurred during last fiscal year-end based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
12. Cancel appropriations in other charges and related revenue of \$1,000,000 in Contribution for Trial Courts due to an anticipated shortfall in Recording Document Fees Revenues.
13. Establish appropriations of \$1,000,000 in the Contribution for Trial Courts, other charges, based on Public Safety Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
14. Establish appropriations of \$70,370 in the Probation Department's Asset Forfeiture Fund, services and supplies, for costs associated with the purchase of law enforcement equipment based on fund balance available. (4 VOTES)
15. Establish appropriations of \$138,479 in the Probation Department, salaries and benefits, for overtime worked by Probation Officers based on over-realized revenue from Juvenile Probation Camps Funding. (4 VOTES)
16. Establish appropriations of \$75,000 in the Department of Public Works Road Fund, services and supplies, for consultant costs associated with the formation of Community Facilities Districts based on unanticipated revenue from developer deposits. (4 VOTES)
17. Amend the Fiscal Year 2007-08 Department of Public Works ISF - Equipment Operations Fund Spending Plan in the amount of \$314,532 to provide funding for operations and maintenance of vehicles and fuel based on fund balance available.
18. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$301,941 to provide funding for the Palomar Airport Rehabilitation of Terminal Access Road and Terminal Area project based on unanticipated revenue from the Federal Aviation Administration (FAA) (\$286,844) and fund balance available (\$15,097).
19. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$206,063 to provide funding for the Palomar Terminal Airport Security System project based on unanticipated revenue from Federal Aviation Administration (\$195,760) and fund balance available (\$10,303).
20. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$600,026 to provide funding for the Palomar Airport Auto Parking Lots project based on fund balance available.

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21. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$106,030 to provide funding for the Palomar Airport Auto Parking Lots Control System project based on fund balance available.
22. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$1,486.41 to provide funding for the Ramona ATCT Access Road, Phase 2 project based on fund balance available.
23. Amend the Fiscal Year 2007-08 Airport Enterprise Fund Spending Plan in the amount of \$2,305 to provide funding for Equipment Depreciation Expense based on fund balance available.
24. Establish appropriations of \$50,000 in the Campo Sewer Area Fund, services and supplies, for emergent repair requirements based on fund balance available. (4 VOTES)
25. Establish appropriations of \$9,898 in the PRD 1015 Landavo Drive et al Fund, other charges, for partial prepayment of the principal balance on a construction loan based on unanticipated revenue from service to property owners. (4 VOTES)
26. Establish appropriations of \$250,000 in the Department of Public Works General Fund, services and supplies, for Geographical Information Systems scanning and data conversion based on Fiscal Year 2006-07 General Fund fund balance available. (4 VOTES)
27. Establish appropriations of \$760,000 in Contributions to Capital Outlay Fund Operating Transfer Out, for the Spring Valley Community Center Expansion project based on Fiscal Year 2006-07 General Fund fund balance available. (4 VOTES)
28. Establish appropriations of \$35,000 in Contributions to Capital Outlay Fund Operating Transfer Out, for the Spring Valley Community Center Expansion project based on unanticipated revenue from the Flood Control District. (4 VOTES)
29. Establish appropriations of \$795,000 in the Capital Outlay Fund for Capital Project 1006572, Spring Valley Community Center Expansion based on an Operating Transfer from the General Fund. (4 VOTES)
30. Authorize the Auditor and Controller to discharge an Accounts Receivable of \$90,920.93 in the Capital Outlay Fund from Proposition 12 Non-Motorized Trail grant program for project costs that will not be reimbursed by the State for the Tijuana River Trails Crossing project.
31. Cancel appropriations and related Operating Transfer from the General Fund of

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\$7,645.32 in the Capital Outlay Fund for Capital Project 1005176, Tijuana River Trail Crossing to provide funding for the Tijuana River Valley Trails Construction project.

32. Establish appropriations of \$7,645.32 in the Capital Outlay Fund for Capital Project 1011723, Tijuana River Valley Trails Construction based on an Operating Transfer from the General Fund. (4 VOTES)
33. Cancel appropriations and related revenue from the insurance proceeds in the Firestorm 2003 Trust Fund of \$275,982 in the Department of Parks and Recreation's Operations Division to provide funding for the Oakoasis Park Improvements project.
34. Establish appropriations of \$275,982 in the Capital Outlay Fund for Capital Project 1012152, Oakoasis Park Improvements based on revenue from the insurance proceeds in the Firestorm 2003 Trust Fund. (4 VOTES)
35. Establish appropriations of \$50,000 in the Department of Agriculture, Weights and Measures, services and supplies, for the removal of a liquid measure prover at the San Marcos Road Station based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
36. Establish appropriations of \$70,000 in the Department of Agriculture, Weights and Measures, services and supplies, for integration services related to the Restricted Materials Management System upgrade based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
37. Establish appropriations of \$450,000 in the Department of Agriculture, Weights and Measures, services and supplies, for integration services related to the Business Case Management System based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
38. Cancel appropriations and related revenue of \$117,750 in the Department of Environmental Health due to shortfall in permit fees revenue.
39. Establish appropriations of \$117,750 in the Department of Environmental Health, salaries and benefits, to offset the cost of the Board approved fee waivers as a result of the Harris, Witch, and Rice Canyon Fires, based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
40. Establish appropriations of \$31,229 in the Department of Environmental Health, services and supplies, for the rent and lease amount of the El Cajon facility based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)

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41. Establish appropriations of \$11,000 in the Farm and Home Advisor, salaries and benefits, for website design upgrades and a student worker's assistance based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
42. Authorize the Auditor and Controller to reduce the fund balance designation within the General Fund for Environmental Health by \$300,000 to provide funding for data imaging projects.
43. Cancel appropriations and related revenue of \$200,000 in the Department of Environmental Health due to a shortfall in Plan Check and Field Inspection revenues.
44. Establish appropriations of \$300,000 in the Department of Environmental Health, salaries and benefits (\$200,000) and services and supplies (\$100,000) to fund data imaging projects based on Environmental Health's fund designation within the General Fund. (4 VOTES)
45. Authorize the Auditor and Controller to reduce the fund balance designation within the General Fund for the Department of Planning and Land Use by \$647,005 based on an analysis of Fiscal Year 2006-07 costs and revenue associated with the processing of building permits.
46. Establish appropriations of \$647,005 in the Land Use and Environment Group Executive Office, Management Reserves, based on the Department of Planning and Land Use Building's fund balance designation within the General Fund. (4 VOTES)
47. Establish appropriations of \$92,000 in the Department of Planning & Land Use, salaries and benefits, for temporary extra help to assist with reducing Code Enforcement caseloads based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
48. Establish appropriations of \$107,500 in the Department of Planning & Land Use, salaries and benefits, to offset unanticipated staff costs to provide damage assessment associated with the 2007 Wildfires based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
49. Authorize the Auditor and Controller to reduce the Replacement Reserve by \$196,420 and Expansion Reserve by \$5,000 in the CMWSMD-Zone A (Rancho Del Campo Water) Fund to correct the budget.
50. Authorize the Auditor and Controller to reduce the Replacement Reserve by \$191,830 in the CMVSMD-Sewer (Campo Sewer Area) Fund to correct the budget.

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51. Establish appropriations of \$125,000 in the Department of Animal Services for major maintenance projects at the Carlsbad Shelter and for the construction of a surgical center at the Central Shelter based on Community Services Group's Fiscal Year 2006-07 fund balance available (4 VOTES)
52. Amend the Fiscal Year 2007-08 Fleet Management ISF Parts and Fuel Spending Plan in the amount of \$809,000 to provide funding for increased costs of fuel and parts based on Charges For Services.
53. Amend the Fiscal Year 2007-08 Fleet Management ISF Vehicle Acquisition Spending Plan in the amount of \$793,000 to provide funding for the unanticipated purchase of vehicles and equipment (\$459,000) and depreciation (\$334,000) based on available fund balance.
54. Amend the Fiscal Year 2007-08 Fleet Management ISF Accident Repair Sheriff Spending Plan in the amount of \$100,000 to provide funding for vehicle repair services based on over realized revenues from Charges in the General Fund (\$44,296), Third Party Recoveries (\$21,644), Recovered Expenditures (\$16,873) and fund balance available (\$17,187).
55. Cancel appropriations and related revenue of \$2,000,000 in the Assessor/Recorder County Clerk due to revenue shortfalls from AB2890 Recovered Costs (\$1,697,207) and Recording Document fees (\$302,793).
56. Establish appropriations of \$2,000,000 in the Assessor/Recorder County Clerk for salaries and benefits (\$1,697,207) and services and supplies (\$302,793) based on the Finance & General Government Group's Fiscal Year 2006-07 fund balance available. (4 VOTES)
57. Transfer appropriations of \$50,000 in Finance Other – General County Expense from Miscellaneous Expense to Operating Transfer Out for pre-calendar year 2000 workers' compensation costs for San Diego Superior Court employees.
58. Establish appropriations of \$11,227 in the Capital Outlay Fund for Capital Project 1000193, Cactus Park Sports Fields, based on fund balance available. (4 VOTES)
59. Cancel appropriations and related revenue up to \$557,128 in the Capital Outlay Fund for projects completed in Fiscal Year 2007-08.
60. Cancel appropriations and related revenue up to \$1,680 in the Library Capital Outlay Fund for projects completed in Fiscal Year 2007-08.

Fiscal Impact

The funds for a portion of these requests are not budgeted. If approved, these actions

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will cancel budgeted appropriations and the related sources of funding in the amount of \$16,969,474 and will establish additional appropriations of \$21,063,048, resulting in a net increase in appropriations of \$4,093,574. Funding sources include General Fund Fiscal Year 2006-07 fund balance, Probation Asset Forfeiture Fund fund balance, unanticipated revenue from the Federal Aviation Administration, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

FY 2007-08 Fund Balance Projections

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$164.6 million. The projected balance is a combination of expecting to end the year with General Purpose Revenues above budget by \$17.0 million, \$120.7 million in net savings from departmental operations, and \$26.9 million in unspent contingency and management reserves. The projected balance for all other funds combined is \$52.7 million. Schedule A summarizes the fund balance projections by Group and department. 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 2008 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 \$164.6 million is based on the estimate that expenditures will be a net \$267.4 million less than budgeted in the Fiscal Year 2007-08 Amended Budget, and revenues will be a net \$102.8 million less than budgeted in the 2007-08 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 lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

- \$43.9 million in appropriation savings from lower than budgeted salaries and employee benefit costs due to turnover and ongoing recruitment challenges in select classifications.
- \$140.3 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 savings in un-awarded Mental Health Services Act (MHSA) Community Support & Services contracts and delays in the start-up of these contracts, savings in Integrated Services for Homeless Adults with Mental Illness,

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savings in Early Periodic Screening, Diagnosis and Treatment (EPSDT) services), delays in contract implementation for SB 1448 (the Coverage Initiative), in emergency appropriations for bioterrorism, and in Information Technology related transition savings. In the Community Services Group, appropriation savings are anticipated due to a decrease in Sample Ballot printing and to savings in minor equipment costs. Savings in the Land Use and Environment Group Department of Environmental Health is due to controlled spending in the Land and Water Quality Division to offset a revenue shortfall from a decrease in plan check projects, and savings in the Department of Planning and Land Use is due to projected savings in consultant services related to the General Plan Update, the Fire Safety and Fuels Reduction Program, the Multiple Species Conservation Program and overflow contracts for discretionary permit processing. Finally, appropriations in Finance Other set aside for economic uncertainty are anticipated to be unspent through the end of the fiscal year.

- \$50.3 million in appropriation savings in other charges primarily reflects lower than budgeted caseloads and aid payments (e.g., for Child Care payments, CalWORKS, Welfare to Work, and General Relief payments and in County Child Welfare Services for savings in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents, and KinGap based on revised estimates of caseload levels, growth trends, and unit cost per case). In addition, savings occur from lower than budgeted TRANs borrowing costs.
- \$4.8 million in appropriation savings in capital assets equipment primarily reflects the decision not to purchase additional voting units for the 2008 Election cycle.
- \$2.2 million in appropriation savings primarily from reduced operating transfers out to the In Home Supportive Services (IHSS) Public Authority due to timely abatements received for health benefits, and in the General Fund Contribution to Purchasing ISF due to a reduction in the operating transfer out for the records management division.
- \$17.0 million in contingency reserves that are projected to be unspent at year-end.
- \$9.9 million in management reserves that are projected to be unspent across the groups at year-end.

The projected revenue under-realization to budget consists of both positive and negative variances. A negative revenue variance to budget of \$138.9 million is primarily in intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs mentioned above, but the negative variance is also due to Proposition 172 sales tax revenues that are below budget by \$21.9 million as well as a drop in AB2890 Recovered Costs in charges for current services. A positive revenue variance of \$22.7 million is expected in the following categories: taxes current property (\$5.3 million), taxes other than current secured (\$10.4 million), revenue from use of money and property (\$4.8 million), and in miscellaneous revenue (\$2.2 million).

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

Impact of the Economic Slowdown on the County's Budget

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On April 30, 2008, the Federal Open Market Committee decided to lower its target for the federal funds rate 25 basis points to 2 percent. In a press release, the Committee stated, "Recent information indicates that economic activity remains weak. Household and business spending have been subdued and labor markets have softened further. Financial markets remain under considerable stress, and tight credit conditions and the deepening housing contraction are likely to weigh on economic growth over the next few quarters." This statement is not good news for the nation, the State of California or the San Diego Region. From a budgetary standpoint, we have seen the State's revenue base as well as our own beginning to erode without a corresponding reduction in the demand for services; in fact, in some areas the demand for services is expected to increase. The County relies heavily on real estate activity for a large portion of the growth in its General Purpose Revenues and on retail sales growth for revenues to support core Public Safety and Health and Human Services programs, particularly Proposition 172 Public Safety Sales Tax and Health and Social Services Realignment revenues.

With respect to general purpose revenues for the current fiscal year, we are projecting to be above budget by a net of about \$17.0 million. This overall positive amount is, however, a combination of certain revenues being above and others being below budget. Notable accounts that are above budget are secured property tax revenues and property tax in lieu of vehicle license fees where we assumed a lower rate of growth in the budget than has actually occurred. Revenues in these accounts are tied to the assessed value (AV) of real property. For statutory reasons, the AV base for these two revenues sources is slightly different; we assumed an AV increase of 7.5% for secured property, but the actual increase was 9.96%. We assumed an AV increase of 7% for property tax in lieu of vehicle license fees, but the actual increase was 9.25%. It is important to note here that there is a lag between when the growth in AV occurs and the time period to which it applies in the County's budget. For the current fiscal year, FY 2007-08, property tax revenues are a function of the change in property values from January 1, 2006 through December 31, 2006. Calendar year 2006 produced a lower rate of growth than each of the three preceding years (peaking at over 13% in 2004), but we've seen significantly more slowing during calendar year 2007. We have assumed a 6% increase in AV over the prior roll in the development of the FY 2008-10 Proposed Operational Plan. The actual increase will be known once the Assessor completes the assessment roll in June, 2008.

General Purpose Revenues that are projected to be below budget this fiscal year include Current Supplemental Property Taxes and Real Property Transfer Taxes. These revenue sources reflect more current levels of real estate related activity. In both cases, budgeted revenue for this year was below FY 2006-07 actuals (approximately \$2.0 million in each case) in anticipation of a further slowdown. Data to this point in time suggest that we will end the year about \$7.0 million under budget for Current Supplemental Property Taxes and about \$4.7 million under for Real Property Transfer Taxes. This data also reinforces our expectation of lower overall property tax growth for Fiscal Year 2008-09 and probably FY 2009-10 as well.

Proposition 172 Public Safety Sales Tax revenues are dependent on a combination of statewide retail sales activity and on San Diego County's share of that activity. The State had estimated a growth in retail sales of about 5%, but instead sales have been down 1.6%. The County's Proposition 172 revenue was budgeted for the current fiscal year to be about 4.8% above the FY

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2006-07 budgeted (and estimated actual) level. Towards the end of FY 2006-07, however, sales tax revenues stagnated and they have remained generally below prior year levels through April 2008. Consequently we are now projecting Proposition 172 revenues to be below the budget of \$249.9 million by \$21.9 million, which is worse than the \$13.0 million to \$18 million shortfall projected in the Second Quarter Operational Plan Status Report. Recommendations 2 through 8 propose mitigating the shortfall through a combination of management reserves and fund balance. Please see the discussion of these recommendations below for more information. Looking ahead to the next two fiscal years, we do not expect a rapid recovery in retail sales activity and have made allowances for that fact in the CAO's Proposed Operational Plan for Fiscal Years 2008-09 & 2009-10.

Realignment revenues, budgeted at \$323.4 million, are used to fund certain public health, social, and mental health services. They are derived from sales tax and vehicle license fees, so like Proposition 172 revenues, they too have been negatively impacted by the economic downturn. The current estimate is that we will finish the year with realignment revenues being below budget by about \$11.7 million or at about \$1.3 million lower than FY 2006-07 actual revenues. The shortfall projected in the Second Quarter Operational Plan Status Report was \$10.0 million. The shortfall in these revenues is being mitigated with expenditure savings.

With expectations for a decreased rate of growth in general purpose revenues, flattening special purpose revenues, and the high probability that the State will be cutting funding to counties for various services, we are likely to face a more difficult priority setting process for the County than has been the case in the recent past.

Impact of the State Budget on the County

As of this writing, the impact of the State's economic and budgetary problems on the County are unknown. The Governor released a proposed budget for FY 2008-09 in January that would have significant repercussions on County programs in order to correct a \$14.5 billion out-of-balance condition. The Legislative Analyst's Office later pegged the imbalance at \$16 billion and proposed an alternate solution, which would have different impacts. The Governor's May Revise is scheduled to be released on May 14, 2008 and is expected to provide more information on the various proposals and priorities. This topic is addressed more fully in the CAO's Proposed Operational Plan for Fiscal Years 2008-09 & 2009-10.

FY 2007-08 Budget Adjustments

The budget adjustment recommendations in this letter are explained below.

Recommendations 2 - 8

Revenues associated with Proposition 172, the one half cent sales tax for public safety, have been impacted by the general economic slowdown in the national, state and local economy and the reduction in consumer spending and retail activity. This sales tax based revenue provides ongoing support for critical regional law enforcement and public safety services in the Sheriff's Department, the Office of the District Attorney and the Probation Department. On December 11, 2007 (18) and February 26, 2008 (11), the Board approved the First and Second Quarterly

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Operational Plan Status Reports which included information in the background section discussing that Proposition 172 revenues stagnated at the end of Fiscal Year 2006-07 and have remained at lower than prior year levels throughout Fiscal Year 2007-08. Current available information leads the Public Safety Group to project that Proposition 172 revenues will be below the budgeted level of \$249.9 million by \$21.9 million in Fiscal Year 2007-08. This shortfall can be absorbed in the current year through a combination of operating savings, the transfer of budgeted management reserves and the appropriation of \$7.8 million in available fund balance as included in these recommendations. The CAO's Proposed Operational Plan for Fiscal Year 2008-10 includes recommendations to sustain ongoing essential public safety services in the upcoming budget year through an allocation of general purpose revenues.

Recommendation 9

On October 21, 2007, the Chief Administrative Officer, serving as the County's Director of Emergency Services and as Coordinator of the Unified San Diego County Emergency Services Organization, issued a Proclamation of Local Emergency as a result of the San Diego County wildfires. The President declared a major disaster in San Diego County (FEMA-1731-DR) on October 24, 2007. Also on October 24, 2007 (25), the Board approved the transfer of appropriations in the amount of \$3.0 million from the General Fund Contingency Reserve to the Office of Emergency Services for the initial costs related to the response and recovery efforts associated with Firestorm 2007. The total costs of response and certain recovery activities including the establishment of four local assistance centers was \$4.5 million. This is a request to appropriate \$1.5 million from Public Safety Group fund balance for the balance of Firestorm 2007 response and recovery costs.

Recommendations 10 & 11

These requests will appropriate \$1.0 million of Public Safety Group's fund balance in the Office of Emergency Services to correct year-end revenue accrual errors. These errors occurred when a payment notification from the State Office of Emergency Services was rescinded and from other accounting errors in posting projected and actual revenues. Procedures have been implemented to prevent future errors.

Recommendations 12 & 13

These requests will appropriate \$1.0 million of Public Safety Group's fund balance in Contribution for Trial Courts to mitigate the declining Recording Document Fees Revenues supporting statutory requirements. The decline in revenue is a result of the general economic slowdown in the national, state and local economy and the associated impacts on the housing market.

Recommendation 14

This request will establish appropriations of \$70,370 in the Probation Department's Asset Forfeiture Fund for law enforcement equipment based on fund balance available. These funds will be used to purchase equipment and ammunition for academies.

Recommendation 15

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This request will establish appropriations of \$138,479 in salaries and benefits for overtime worked by Probation Officers in the juvenile field services based on over realized Juvenile Probation Camps Funding revenue.

Recommendation 16

On February 28, 2007 (9), the Board authorized the Chief Administrative Officer, or his designee, to negotiate Deposit and Reimbursement Agreements with potential developers to allow for full cost recovery for district formation services that may not be in the County's current deposit/fee Ordinance. This request is a \$75,000 technical adjustment that will align the Department of Public Works Road Fund's budget with expenditures anticipated to be incurred by the end of Fiscal Year 2007-08 based on developer deposits.

Recommendation 17

This recommendation is a \$314,532 technical adjustment to align the DPW Equipment Operations ISF with expenditures anticipated to be incurred by the end of Fiscal Year 2007-08. There are unanticipated increases in vehicle operation and maintenance partially resulting from the 2007 disasters and the steadily increasing cost of fuel. Funding source for this request is fund balance available.

Recommendation 18

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$301,941 for expenditures anticipated to be incurred by the end of Fiscal Year 2007-08. On April 18, 2007 (9) the Board approved the application and acceptance of FAA grant funds and on April 25, 2007 (5) the advertisement and award of a construction contract. Work is currently underway on access road improvements to provide a terminal roadway interface with handicapped parking to meet current roadway design standards and comply with passenger access laws and regulations. In addition, the roadway will provide internal access to parking areas to reduce congestion in the terminal vicinity and offer a secondary route when security conditions preclude vehicle access to the terminal frontage. This budget adjustment is needed for unanticipated costs for this multiple year project that are occurring in Fiscal Year 2007-08 related to design, inspection fees, environmental reviews and labor. If approved the estimated total project cost will be \$4,357,940, of which \$2,166,000 is currently budgeted. The remaining balance will be budgeted in Fiscal Year 2008-09.

Recommendation 19

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$206,063 for expenditures anticipated to be incurred by the end of Fiscal Year 2007-08. On April 18, 2007 (9) the Board approved the application and acceptance of FAA grant funds and on April 25, 2007 (5) the advertisement and award of construction contract. The work is currently underway to install airport security systems to provide security for terminal vicinity and perimeters, and screening of passengers and baggage with state-of-the-art equipment, including video monitoring for secure gates and perimeters. This budget adjustment is needed for unanticipated costs for this multiple year project that are occurring in Fiscal Year 2007-08 related to design, inspection fees and labor. If approved the estimated total project cost will be \$1,556,062, of which \$1,050,000 is currently budgeted. The remaining balance will be budgeted in Fiscal Year 2008-09.

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Recommendation 20

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$600,026 for expenditures anticipated to be incurred by the end of Fiscal Year 2007-08 in the Palomar Airport Auto Parking Lots project. The Palomar airport is served by three County-owned parking lots with temporary surfaces and no improvements. On April 25, 2007 (5) the Board approved the advertisement and award of construction for this project and an amendment to the spending plan for the construction costs (\$2,155,000) and project formulation (\$125,001) for a total of \$2,280,001. Work is currently underway on this project that consists of grading modifications, drainage, paving, marking and landscaping. The estimated completion date is December 2008. These are unanticipated costs for this multiple year project that are occurring in Fiscal Year 2007-08 for administration, design, inspection, environmental, surveys and labor. If approved the estimated total project cost will be \$3,495,026. The remaining balance will be budgeted in Fiscal Year 2008-09.

Recommendation 21

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$106,030 for expenditures anticipated to be incurred by the end of Fiscal Year 2007-08 in the Palomar Airport Auto Parking Lots Control System project. On April 25, 2007 (5) the Board approved the advertisement and award of construction for this project and an amendment to the spending plan for a construction contract (\$374,999). The work commenced in October 2007 for the installation of paid parking control systems to allow for revenue generation and enhanced security for parked vehicles and airport users. The estimated completion date is December 2008. These are unanticipated costs for this multiple year project that are occurring in Fiscal Year 2007-08 for design, inspection, and labor. If approved the estimated total project cost will be \$561,029. The remaining balance will be budgeted in Fiscal Year 2008-09.

Recommendation 22

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$1,486.41 for expenditures anticipated to be incurred by the end of Fiscal Year 2007-08 for the Ramona Air Traffic Control Tower (ATCT) Access Road, Phase 2 project. On February 1, 2006 (14) the Board approved the application for and acceptance of grants for this project. This project consisted of design and construction of the ATCT access road, drainage improvements and overlay of approximately two inches of asphalt on the transient ramp. The work is already completed through a Job Order Contract (JOC). The requested amendment will cover the project management costs associated with the work. If approved the total project cost will be \$500,000.

Recommendation 23

This request is a technical adjustment to amend the Airport Enterprise Fund Spending Plan in the amount of \$2,305 for additional equipment depreciation expenditures anticipated to be incurred by the end of Fiscal Year 2007-08. Increased depreciation costs are related to the capitalization of light sets for Gillespie and Palomar airports.

Recommendation 24

SUBJECT: FISCAL YEAR 2007-08 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

This recommendation increases appropriations by \$50,000 in Campo Sewer Area Fund for unanticipated repairs required to comply with the Regional Water Quality Control Board permit based on fund balance available.

Recommendation 25

This request will establish additional appropriations of \$9,898 in the PRD 1015 Landavo Drive et al Fund. Two additional property owners within Permanent Road Division 1015 have indicated their desire to participate in the partial prepayment on the principal balance of their construction loan in order to shorten its term from ten years to approximately seven years and save on interest expense. By the end of April, both property owners will have remitted \$9,898 to the Department of Public Works. If approved, this request will increase the budget needed for a partial prepayment of the loan based on unanticipated revenue from service to property owners.

Recommendation 26

This recommendation will increase appropriations by \$250,000 in the Department of Public Works (DPW) for costs related to improving the Geographical Information System (GIS) based on Fiscal Year 2006-07 General Fund fund balance available. DPW has numerous asset management needs for managing facilities and programs across the County, and these items can best be managed through GIS. DPW has identified several GIS layers for flood control facilities, bikeway facilities, and loss mitigation accident tracking. Flood control asset management will indicate when improvements and upgrades will be required, and having GIS information available that tracks flood control facilities will help significantly with response times during very large rain events. Bikeway facilities need to be coordinated between jurisdictions and require enhanced asset tracking for striping and signage maintenance. For loss mitigation, tracking accident information can provide historical evidence during litigation. All of these uses for GIS will integrate with current GIS-based asset tracking systems, including the recently converted County maintained roads network.

Recommendations 27 - 29

In October 2004, the Department of Parks and Recreation was awarded a \$1,007,000 Proposition 40 Murray-Hayden grant for expansion of the Spring Valley Community Center. On March 1, 2005 (13) the Board approved funds for expanding the facility to house a licensed pre-school program, updating an existing room to accommodate a learning/technology center, installing a stage and a room divider in the main hall to accommodate simultaneous activities. The Flood Control District will purchase a right of way easement for \$35,000 for the Ruxton Avenue Channel Conversion Project on property owned by the Department of Parks and Recreation. The revenue of \$35,000 will supplement current funding needed for expansion of the Spring Valley Community Center. The additional requested funding of \$795,000 will cover significant increases in material (steel and concrete), equipment and labor costs since 2004, a design-build fire alarm system to meet fire regulations, a new playground and shade canopy needed for the daycare center as well as construction management costs.

Recommendations 30 - 32

The Tijuana River Trail Crossing project was awarded \$200,000 by the Non-Motorized Trails Program of the 2000 Parks Bond Act (Proposition 12) for construction of a trail crossing bridge in the Tijuana River Valley Regional Park along with various allocations from the District 1

SUBJECT: FISCAL YEAR 2007-08 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

Community Projects program. After further studies, it was determined that a trail crossing at this location would not be beneficial due to flooding, erosion and settling of sediment, and therefore, expenditures of \$90,920.93 that were incurred are ineligible for State reimbursement. This request will authorize the Auditor and Controller to discharge the Accounts Receivable based on Proposition 12 funding. The expenditures to date will be absorbed by the District 1 Community Projects Program funding and the remaining appropriations supported by this funding source of \$7,645 will be transferred to Capital Project 1011723, Tijuana River Valley Trails Construction project for unanticipated increases in construction costs.

Recommendations 33 & 34

The County received fire insurance proceeds for damage caused by the 2003 Wildfires. Insurance proceeds in the amount of \$275,982 were appropriated into the Department of Parks and Recreation's Fiscal Year 2007-08 Operational Plan to be used for capital improvements at the fire-damaged Oakoasis Preserve in Lakeside. It was determined that costs associated with the Oakoasis Preserve should be capitalized and appropriations will be established in the Capital Outlay Fund for Capital Project 1012152, Oakoasis Improvements, to provide funding for design/construction drawings (with projected costs & specifications) and contracted construction work for 2003 Fire Recovery improvements that include a potable water tank, park facility enhancements and bunk house upgrades.

Recommendation 35

On December 11, 2007 (18) the Board approved funds in the amount of \$100,000 to remove the liquid gasoline prover at the San Marcos Road Station. The additional funds of \$50,000 are required to cover hazmat fees that were not included in the original estimate. The prover is no longer being used because the Department has acquired mobile equipment so testing can be conducted at the customers' locations. Removal of the prover will allow the Department of Public Works to maximize the limited space at the road station and provide a safer environment for maneuvering large pieces of equipment.

Recommendation 36

If approved, this request will appropriate \$70,000 in the Department of Agriculture, Weights and Measures to allow the Department to continue managing data using the Restricted Materials Management System (RMMS). This application is provided by the State to track pesticide use, restricted material permits, and endangered species/groundwater protection related to pesticide use. The State is upgrading RMMS to a SQL based platform which will enable the Department to handle large amounts of data while allowing interactions with other internal applications. This system upgrade will result in improved reporting, performance, and functionality.

Recommendation 37

If approved, this request will appropriate \$450,000 in the Department of Agriculture, Weights and Measures to replace multiple databases and duplicative business processes with a versatile and supportable business case management system that leverages mature and proven web-based architecture. The Department has been in need of a cohesive system to manage permits, registrations, inspections, resources, and work flows. This integration effort will significantly reduce duplicative administrative and clerical effort across the entire department enabling staff to

SUBJECT: FISCAL YEAR 2007-08 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

focus on core responsibilities and provide more timely and accurate service to both external and internal customers.

Recommendation 38 & 39

On October 24, 2007 (Off-Docket #2), the Board adopted a resolution declaring the rebuilding of structures in the unincorporated area damaged in the Harris, Witch, and Rice Canyon fires to be eligible for permit fee waivers. The fee waivers apply only to legally built structures in the unincorporated area affected by the Harris, Witch, and Rice Canyon Fires. If approved, these requests will cancel appropriations and related permit fees revenue and reestablish appropriations of \$117,750 based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available that allows the department to continue providing the necessary services to the impacted victims of this latest incident at no cost to them.

Recommendation 40

This request will establish appropriations of \$31,220 in the Department of Environmental Health to pay for the rent and lease costs in the El Cajon facility. This facility was occupied by the Department of Planning and Land Use and the Department of Environmental Health. The Department of Planning and Land Use vacated this facility last fiscal year and the Department of Environmental Health has continued to make payments for both departments. This request will provide additional funds to cover the Department of Planning and Land Use's portion based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available.

Recommendation 41

This request will establish appropriations of \$11,000 in the Farm and Home Advisor Department for a web site design expert to begin the upgrade (\$6,000) and for a student worker to provide office support through June 30 (\$5,000), based on Land Use and Environment Group's Fiscal Year 2006-07 fund balance available.

Recommendations 42 - 44

On February 24, 2004 (23), the fund balance designation for the Department of Environmental Health (DEH) was established. This designation ensures that revenue from fees and permits over the cost paid by Environmental Health customers are used only to fund fee-related expenses in DEH. This request will establish additional appropriations of \$300,000 in the DEH to fund various services and supplies data imaging costs with Anacomp (\$100,000) and salaries and benefits costs to prepare files for imaging (\$200,000). The salaries and benefits costs were included in the Fiscal Year 2007-08 Operational Plan. There has been decline in revenue as a result of the general economic slowdown in the national, state and local economy and the associated impacts on the building industry. This is an opportunity to manage costs associated with the decline of Land Use projects by accelerating efforts on the multiyear imaging project which is funded through the designation. If approved the remaining balance in this fund balance designation will be \$6,191,309.

Recommendations 45 & 46

The Department of Planning and Land Use fund balance designation was established in 1984 to stabilize fluctuations in workload, revenue and cost for the processing of building permits. At the close of each fiscal year actual cost and actual revenue are used to calculate the amount to be

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placed into or withdrawn from the designation. In Fiscal Year 2006-2007 cost exceeded revenue collected by \$647,005. This proposal will reduce the fund balance designation balance by that amount and credit Management Reserves in the Land Use and Environment Group's Executive Office. If approved, the remaining balance in the Department of Planning and Land Use fund balance designation will be \$858,050.

Recommendation 47

The Department of Planning and Land Use Code Enforcement Division protects public health, safety, and welfare, and the quality of life for County residents by enforcement of codes and ordinances in the unincorporated areas of San Diego County. Currently, staff caseloads average 125 to 150 open cases per month. If approved, this request will establish appropriations of \$92,000 for additional temporary staff in order to reduce existing caseloads to a manageable level of 100 open cases per month and provide the highest quality of service to all customers.

Recommendation 48

In response to the 2007 Wildfires, the County of San Diego provided damage assessment as assistance to the California Department of Forestry (CDF). If approved, this request will establish appropriations of \$107,500 to offset the shortfall in overtime related costs and provide full cost recovery to the Department of Planning & Land Use. The costs are associated with salaries and benefits of the staff that conducted damage assessment. CDF reimbursed the Department of Planning & Land Use for salaries plus 10.6% overhead which did not allow for full cost recovery of salaries and benefits. This request supplements the benefits to provide full cost recovery.

Recommendations 49 & 50

These recommendations are technical adjustments to correct the Fiscal Year 2007-08 budgets for the CWSMD-Zone A (Rancho Del Campo) and Campo Sewer Area. The Department of Public Works is in the process of reviewing the reserve funding levels based on Board of Supervisors Policy, I-99, Expenditure and Use of Revenue and Replacement and Improvement of Sanitation District Facilities, which defines the financial planning and budgeting requirements to provide funding for replacement and improvement of sanitary sewerage systems and facilities within various County Dependent Sanitation Districts and Sewer Maintenance Districts. The Department of Public Works will be able to prepare a thorough analysis to determine the appropriate amounts to be included in their budgets for the Replacement and Expansion Reserves.

Recommendation 51

This request will establish appropriations of \$125,000 in the Department of Animal Services for major maintenance projects. These appropriations will provide funding to replace the windows and window frames for the kennels at the Carlsbad shelter. These windows and frames have rusted and warped, leaving some kennels unusable due to the safety hazards to the animals. Replacement frames will be made of material that will be rust-coated and water repellant to eliminate the need for replacement for several years.

Due to a decrease in outside clinics willing to perform spay/neuter surgeries, the Department of Animal Services is performing these surgeries in-house to meet the legal mandate of all adopted

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animals being spayed or neutered prior to leaving the facility and to accomplish the goals of the department. In order to perform these surgeries in a sterile and safe environment, the “patrol holding” area at the Central Shelter will be modified to become a surgical center. The modifications include enclosing the room, installing new plumbing, lighting and electrical fixtures and adding new cabinetry.

Recommendation 52

This recommendation amends the Fiscal Year 2007-08 Fleet Management ISF Fuel & Parts Spending Plan in the amount of \$809,000 to provide continued funding for vehicle fuel and parts/repair services whose costs have increased more than anticipated when the Fleet ISF Spending Plan was prepared.

Recommendation 53

This recommendation amends the Fiscal Year 2007-08 Fleet Management ISF Equipment Acquisition Spending Plan by \$793,000 to adjust the spending plan for increased depreciation of \$335,000 and to fund the purchase of \$459,000 in replacement vehicles and equipment based on fund balance available. The purchase of the vehicles and equipment were not anticipated when the Fleet ISF spending plans were prepared. The vehicles replace Sheriff's buses of an obsolete design and emissions technology. In addition, Fleet ISF purchases and installs computer equipment in Sheriff's patrol vehicles. A larger than anticipated number of units is being purchased.

Recommendation 54

This recommendation amends the Fiscal Year 2007-08 Fleet Management ISF Accident Repair Sheriff Spending Plan in the amount of \$100,000 to provide continued funding for vehicle repair services.

Recommendations 55 & 56

Assessor/Recorder/County Clerk revenues driven by activity in the housing market, recording fee revenues and supplemental property tax administration cost recovery (AB 2890 Recovered Costs), are projected to be impacted by the slowing housing market. On February 26, 2008 (11), the Board approved the Second Quarterly Operational Plan Status Reports which included information in the background section discussing the regional impact of the slowing housing market including a decline in deeds recorded and a decline in the number of homes sold. Current available information indicates that Recording revenues will be below the budgeted level of \$10.5 million by \$3.1 million in Fiscal Year 2007-08 and that supplemental property tax administration cost recovery will be below budget by \$1.6 million. These shortfalls can be partially absorbed in the current year through a combination of operating savings and the appropriation of \$2.0 million in available fund balance as included in these recommendations.

Recommendation 57

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

SUBJECT: FISCAL YEAR 2007-08 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS

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 58

This recommendation will establish appropriations of \$11,227 in the Capital Outlay Fund due to consultant contract overruns for the Cactus Park Sports Fields project. This request will appropriate funds based on the Capital Outlay Fund's fund balance available to align the budget with the associated expenditures.

Recommendations 59 & 60

At the end of Fiscal Year 2007-08 a total of 17 projects are anticipated to be completed and capitalized. These projects will have remaining appropriations and related revenue of up to \$557,128. 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 2007-08 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
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AUTHORIZED REPRESENTATIVE: _____

Donald F. Steuer, Chief Financial Officer

AGENDA ITEM INFORMATION SHEET

(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

7/31/07 (16) County of San Diego FY 2007-08 Final Budget for Family of Funds, Enterprise Funds, Internal Service Funds, Prior Year Encumbrances, Fleet Service Transfer and Penalty Assessment Resolution; December 11, 2007 (18) Fiscal Year 2007-08 First Quarter Operational Plan Status Report and Budget Adjustments; February 26, 2008 (11) Fiscal Year 2007-08 Second Quarter Operational Plan Status Report and Budget Adjustments.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

**FY 2007-2008 3rd Quarter
Projected Year-end Results**
(in thousands)

COUNTY SUMMARY

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

Public Safety	\$ 23,619	\$ (6,980)	\$ 16,639
Health & Human Services	114,790	(84,554)	30,237
Land Use & Environment	15,648	(7,388)	8,260
Community Services	21,168	(13,719)	7,448
Finance & General Government	15,589	(7,051)	8,538
Total Agency/Group	<u>190,813</u>	<u>(119,691)</u>	<u>71,122</u>
General Revenues	0	16,985	16,985
Finance Other	76,563	(116)	76,447
Total General Fund	<u>\$ 267,377</u>	<u>\$ (102,822)</u>	<u>\$ 164,555</u>

Special Revenue Funds

Public Safety	\$ 22,649	\$ (21,126)	\$ 1,523
Health & Human Services	3,300	0	3,300
Land Use & Environment	10,529	(8,249)	2,280
Community Services	27,427	(19,320)	8,107
Finance & General Government	262	(70)	193
Finance Other	0	97	97
Total Special Revenue Funds	<u>\$ 64,168</u>	<u>\$ (48,667)</u>	<u>\$ 15,501</u>

Internal Service Funds Departments

Public Safety Group	\$ 438	\$ 6	\$ 444
Health & Human Services	0	0	0
Land Use & Environment	(315)	0	(315)
Community Services	19,875	(20,365)	(490)
Finance & General Government	2,553	0	2,553
Finance Other	13,667	3,000	16,667
Total Internal Service Funds	<u>\$ 36,218</u>	<u>\$ (17,359)</u>	<u>\$ 18,860</u>

Enterprise Fund Departments

Land Use & Environment	\$ 7,823	\$ (4,560)	\$ 3,264
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Special District Funds Departments

Public Safety Group	\$ 0	\$ 44	\$ 44
Health & Human Services	35	(252)	(217)
Land Use & Environment	5,894	(906)	4,988
Total Special District Funds	<u>\$ 5,929</u>	<u>\$ (1,114)</u>	<u>\$ 4,815</u>

Other County Funds Departments

LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	3,724	(571)	3,153
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	<u>\$ 3,724</u>	<u>\$ (571)</u>	<u>\$ 3,153</u>

Debt Service - Pension Obligation Bonds	\$ 11,092	\$ (3,898)	\$ 7,194
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Total County Projected Operating Balance	<u>\$ 396,331</u>	<u>\$ (178,990)</u>	<u>\$ 217,341</u>
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**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Alternate Public Defender	\$ 145	\$ (81)	\$ 64
Child Support	2,136	254	2,390
Contributions for Trial Courts	2,358	(2,358)	0
Defense Attorney Contract Admin.	99	(99)	0
District Attorney	5,245	(418)	4,827
Emergency Services	(1,470)	1,470	0
Law Enforcement Review Board	74	0	74
Medical Examiner	192	28	220
Probation	(138)	548	409
Public Defender	382	(312)	71
Public Safety Executive Office	3,136	761	3,897
Sheriff	11,459	(6,773)	4,686
Total General Fund	\$ 23,619	\$ (6,980)	\$ 16,639

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	0	0	0
Probation - Asset Forfeiture	(70)	45	(25)
Probation - Inmate Welfare Program	(0)	0	(0)
Sheriff - Asset Forfeiture	0	985	985
Sheriff - Inmate Welfare Program	289	274	563
Public Safety - Proposition 172	22,431	(22,431)	0
Total Special Revenue Funds	22,649	(21,126)	1,523

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	438	6	444
Total Internal Service Funds	438	6	444

Special District Funds

Sheriff (Regional 800 MHz)	0	44	44
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Total Group Projected Fund Balance	\$ 46,706	\$ (28,055)	\$ 18,650
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**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 18,454	\$ (7,642)	\$ 10,812
Aging & Independence Services	2,160	(962)	1,197
Behavioral Health Services	37,814	(36,728)	1,087
Child Welfare Services	29,550	(27,092)	2,458
Public Administrator/Public Guardian	306	(218)	88
Public Health Services	3,982	(3,199)	782
Regional Operations	9,992	3,626	13,618
Strategic Planning & Operational Support	12,532	(12,339)	194
Total General Fund	\$ 114,790	\$ (84,554)	\$ 30,237

Special Revenue Funds

Tobacco Securitization Fund	3,300	0	3,300
Total Special Revenue Funds	3,300	0	3,300

Internal Service Funds

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

Ambulance Districts	35	(252)	(217)
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Other County Funds Departments

	0	0	0
Total Health & Human Services Agency	\$ 118,125	\$ (84,806)	\$ 33,319

**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 1,849	\$ (1,123)	\$ 727
Environmental Health	5,048	(4,043)	1,005
Farm Advisor	12	0	12
Land Use & Environment Group Exec Office	1,649	98	1,747
Parks & Recreation	340	506	846
Planning & Land Use	6,507	(2,785)	3,722
Public Works	241	(41)	200
Total General Fund	\$ 15,648	\$ (7,388)	\$ 8,260

Special Revenue Funds Departments

A,W & M (Grazing and Fish & Game Commission)	0	0	0
Parks & Recreation - PLDO	205	1,127	1,332
DPW - Aviation Funds	1,164	(1,164)	0
DPW - Road Funds	2,633	(1,703)	930
DPW - Inactive Waste	6,527	(6,509)	18
Total Special Revenue Funds	10,529	(8,249)	2,280

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	(315)	0	(315)
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Enterprise Funds Departments

Airport Enterprise Fund	7,376	(4,832)	2,544
Liquid Waste Enterprise Fund	447	273	719
Total Enterprise Funds:	7,823	(4,560)	3,264

Special District Funds Departments

Air Pollution Control District	1,890	(894)	996
Parks and Recreation	611	(205)	406
Planning and Land Use - CSAs	417	(124)	292
DPW - Sanitation Districts & Sewer Maintenance	2,363	931	3,294
DPW - CSAs	(0)	0	(0)
DPW - PRDs	0	0	0
DPW - Flood Control	614	(614)	1
DPW - Street Lighting Districts	0	0	0
Total Special Districts Funds:	5,894	(906)	4,988

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 39,581	\$ (21,103)	\$ 18,478
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**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 382	\$ (43)	\$ 339
Community Services Group Exec Office	3,556	200	3,756
General Services	0	0	0
Housing & Community Development	539	(539)	0
Purchasing & Contracting	551	0	551
Library Services	0	0	0
Registrar of Voters	16,140	(13,337)	2,802
Total General Fund	\$ 21,168	\$ (13,719)	\$ 7,448

Special Revenue Funds Departments

Library Services	7,384	723	8,107
Housing & Community Development	20,042	(20,042)	0
Total Special Revenue Funds	27,427	(19,320)	8,107

Internal Service Funds Departments

Facilities Management	20,401	(20,098)	303
Fleet Management	(1,247)	454	(793)
Purchasing & Contracting	721	(721)	0
Total Internal Service Funds	19,875	(20,365)	(490)

Other County Funds Departments

Redevelopment Agency	3,724	(571)	3,153
Total Community Services Group	\$ 72,193	\$ (53,974)	\$ 18,219

**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 6,120	\$ (6,120)	\$ 0
Auditor & Controller	1,990	(523)	1,467
Board of Supervisors	433	0	433
CAC-Major Maintenance	-	-	-
Chief Administrative Officer	331	53	384
Civil Service Commission	21	0	21
Clerk of the Board of Supervisors	540	30	570
County Counsel	1,649	(164)	1,485
County Technology Office	2,600	(196)	2,404
Finance & GG Exec Office	90	0	90
Grand Jury	195	0	195
Human Resources	1,000	11	1,011
Treasurer-Tax Collector	620	(142)	479
Total General Fund	\$ 15,589	\$ (7,051)	\$ 8,538

Special Revenue Funds Departments

Media & Public Relations	262	(70)	193
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Internal Service Funds Departments

CTO - Information Technology	2,553	0	2,553
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**Total Finance & General
Government Group**

\$ 18,404	\$ (7,121)	\$ 11,284
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**FY 2007-2008 3rd Quarter
Projected Year-end Results**

(in thousands)

**GENERAL REVENUES &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter FY07-08 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Revenues:

All Current Property Taxes	\$ 0	\$ 5,325	\$ 5,325
All Other Taxes-Local	0	10,377	\$ 10,377
Licenses, Permits & Franchises	0	232	\$ 232
Fines, Forfeitures & Penalties	0	(969)	\$ (969)
Revenue for Use of Money & Property	0	2,000	\$ 2,000
Intergovernmental Revenue	0	(154)	\$ (154)
Charges for Current Services	0	174	\$ 174
Miscellaneous Revenue	0	0	0
Total General Revenues	\$ 0	\$ 16,985	\$ 16,985

General County Expenses:

Cash Borrowing Program	\$ 7,000	\$ 0	\$ 7,000
Community Enhancement	0	0	0
Contingency Reserve	17,000	0	17,000
Contributions to the Capital Outlay Fund	334	(116)	217
Contributions to Library Fund	0	0	0
Community Projects & Services	0	0	0
Countywide Expenses	52,230	0	52,230
Total Finance Other Expenses	\$ 76,563	\$ (116)	\$ 76,447
Total General Fund	\$ 76,563	\$ 16,869	\$ 93,433

Special Revenue Funds Departments

Capital Program	\$ 0	\$ 97	\$ 97
Total Special Revenue Funds	\$ 0	\$ 97	\$ 97

Internal Service Funds Departments

Workers Compensation	\$ 11,884	\$ 3,000	\$ 14,884
Unemployment Insurance	0	0	0
Public Liability	1,783	0	1,783
Total ISF Funds	\$ 13,667	\$ 3,000	\$ 16,667

Other County Funds Departments

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

Pension Obligation Bonds	\$ 11,092	\$ (3,898)	\$ 7,194
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Total General Revenues & Finance Other	\$ 101,322	\$ 16,069	\$ 117,391
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**FY 2007-2008 3rd Quarter
Projected Year-end Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY07-08 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 16,639	\$ 16,639
Health and Human Services	5,000	25,237	30,237
Land Use and Environment	908	7,352	8,260
Community Services	2,731	4,717	7,448
Finance & General Government	1,258	7,280	8,538
Agency/Group Totals	\$ 9,897	\$ 61,225	\$ 71,122
General Revenues	0	16,985	16,985
General County Expenses	0	59,447	59,447
Contingency Reserve	17,000	0	17,000
Total Gen'l. Revs & Gen'l. County Exp.	\$ 17,000	\$ 76,433	\$ 93,433
Total General Fund	\$ 26,897	\$ 137,658	\$ 164,555

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
FY 2007 - 2008 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

Department of Child Support Services

A net positive variance of \$2.4 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$2.1 million is projected in salaries and benefits due to savings realized during the first two quarters when vacant positions were unfilled. Attrition also contributed to salary savings and continues in the third and fourth quarter. Vacated positions due to attrition will remain unfilled due to reductions in revenue in the proposed State budget for Fiscal Year 2008-09.

A net positive revenue variance of \$ 0.3 million is projected. A positive variance of \$0.2 million is projected for intergovernmental revenues due to a change in claiming federal incentives. A negative revenue variance of \$0.2 million is projected for 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 a contract reimbursement from the prior year.

Contribution for Trial Courts

No net variance is projected for Contribution for Trial Courts.

A net positive variance of \$2.4 million is projected for expenditures. This is comprised of a savings of \$0.5 million in services and supplies related to utilities costs and \$1.9 million in other charges to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court Funding.

A net negative variance of \$2.4 million is projected for revenues. This is comprised of a variance of \$0.5 million in fines, forfeitures & penalties, \$2.9 million in charges for current services to recognize the actual levels of revenues received and an increase in the projected use of fund balance of \$1.0 million. As a result of the general economic slowdown in the national, state and local economy and the associated impacts on the housing market, revenues from Recording Fees allocated to the County to support statutory Contributions to Trial Courts have declined. To mitigate a portion of that revenue shortfall a request for the appropriation of Public Safety Group fund balance in the amount of \$1.0 million is included in the Third Quarter Operational Plan Status Report.

District Attorney

A net positive variance of \$4.8 million is projected for the District Attorney's Office.

A net positive variance of \$5.2 million is projected for expenditures. This positive variance is primarily due to projected anticipated savings in salaries and benefits of \$6.6 million due to normal attrition and the use of modified positions. This is offset by a negative expenditure variance of \$1.4 million in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A net negative revenue variance of \$0.4 million is primarily attributable to a reduction of \$0.3 million in recovered expenditures due to the loss of revenue from the canceled Federal Office of Personnel Management background contract and a projected reduction of \$0.1 million from the State Office of Emergency Services local criminal justice grant programs. A negative variance of \$4.4 million is projected in operating transfer from the Proposition 172 Fund due to the general economic slowdown in the national, state and local economy and the reduction in consumer spending and retail

activity. This shortfall will be mitigated by a request for transfer of funds. A request for the appropriation of Public Safety Group fund balance in the amount of \$4.4 million is included in the Third Quarter Operational Plan Status Report.

Office of Emergency Services

No net variance is projected for the Office of Emergency Services.

A net negative variance of \$1.5 million is projected for expenditures. A negative \$0.8 million variance in service and supplies is projected due to contracted services and other costs related to Firestorm 2007. A negative variance of \$0.7 million is projected for capital assets also due to Firestorm 2007. The net negative expenditure variance of \$1.5 million will be offset by a request for the appropriation of Public Safety Group fund balance that is included in the Third Quarter Operational Plan Status Report, to address the balance of actual costs for response and recovery for Firestorm 2007 in the Office of Emergency Services.

A net positive revenue variance of \$1.5 million is projected. A \$1.0 million negative variance is projected for intergovernmental revenue, comprised of \$0.7 million in Other Federal Grants and \$0.3 million in Civil Defense revenue that are due to accrual adjustments from last fiscal year. This offset by a positive variance of \$2.5 million in the use of PSG fund balance. A request for the appropriation of Public Safety Group fund balance in the amount of \$2.5 million is included in the Third Quarter Operational Plan Status Report to address the revenue accrual adjustments mentioned above and the balance of the countywide response and recovery expenses incurred in the Office of Emergency Services for Firestorm 2007.

Probation

A positive net variance of \$0.4 million is projected for the Probation Department.

A net negative expenditure variance of \$0.1 million is projected. This is comprised of a \$2.1 million negative variance in salaries and benefits due to overtime costs as the result of increased detention facility populations and overtime related to Firestorm 2007. A \$0.9 million positive variance is projected in services and supplies due to savings in contracted services and minor equipment. A positive variance of \$1.1 million in other charges is primarily due to savings associated with juvenile justice realignment, under which the department can no longer send non 707(b) wards to State custody.

A net positive revenue variance of \$0.5 million is projected. Federal and State meal program revenues are expected to exceed budget by \$0.2 million. Work Projects, Airport Enterprise Funds, Road Funds, and Internal Service Fund accounts are projected to generate an additional \$0.6 million in revenue due to increased demand for Work Project crews. Title IV-E revenue will be \$1.7 million over budget due to increased activities eligible for reimbursement and rate adjustments. Juvenile programs and Camp funding will be \$0.7 million over budget due to unanticipated reimbursements

for prior year services. Institutional Care Federal revenue and reimbursements from individuals are projected to be \$0.2 million over budget. An additional \$0.8 million is projected from various sources including State Aid for Corrections, Standards and Training for Corrections, Offender Treatment Program Funds and Court Administration Fees due to adjusted training plans and a projected increase in collection of fees. Revenues projected to be under budget include Offender Reimbursements (\$0.7 million) due to the implementation of AB 3000 that changed the priority for the distribution of amounts collected, Other State and Federal grants including SB618 and SB933 (\$2.0 million) due to program revisions and modifications and Proposition 172 (\$2.2 million) due to the general economic slowdown in the national, state and local economy and the reduction in consumer spending and retail activity. This shortfall will be mitigated by the positive revenue variances noted above and through the appropriation of \$1.2 million in Public Safety Group fund balance. A request for the appropriation of Public Safety Group fund balance in the amount of \$1.2 million is included in the Third Quarter Operational Plan Status Report. Also, a request for \$0.1 million in additional appropriations based on over-realized Camp funding is included in this Status Report to mitigate the net negative expenditure variance noted above.

Public Defender

No variance is projected for the Public Defender.

A positive expenditure variance of \$0.3 million is projected for the Public Defender in salaries and benefits. This savings is due to turnover and unfilled vacant positions.

A negative revenue variance of \$0.3 million is primarily due to under-realized revenue from delinquency attorney fee collections and a reduction in recovered expenditures.

Public Safety Group Executive Office

A net positive variance of \$3.9 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$3.1 million is projected due primarily to unexpended reserves for emergency major maintenance projects, which will be included as reserve funds in the next fiscal year, and savings in contracted services, utilities and information technology ISF costs.

A positive revenue variance of \$0.8 million is due to anticipated over-realized revenues in rents and concessions and miscellaneous revenues.

Sheriff

The Sheriff's Department projects a net positive variance of \$4.7 million.

An overall positive expenditure variance of \$11.5 million is projected. Salaries and benefits are projected to be \$10.9 million under budget due to salary savings as a result

of 223 vacant positions (112 sworn and 111 professional staff). This projection includes "Expected New Hires" of 90 sworn staff from forthcoming detention and law enforcement academies, 26 professional staff, and 62 retirements/departures, for a net increase of 54 sworn and professional staff between now and the end of the fiscal year. A net positive expenditure variance of \$0.6 million is projected in services and supplies. A \$2.1 million positive variance is due to projected savings in utilities, information technology application services and minor equipment and software purchases. This is offset by a \$1.5 million negative variance that is due to additional expenditures for increased costs for food, fuel and digital x-rays associated with tuberculosis screening for inmates.

A net negative revenue variance of \$6.8 million is projected. A negative variance of \$0.5 million is projected in Booking Fees based on a new State formula for allocation of funding. A negative variance of \$0.4 million in Reimbursement from Trial Courts is due to deputies reassigned from Trial Court functions due to the October 2007 wildfires. A negative variance of \$0.3 million in Operating Transfers from Internal Service Funds is due to five vacant positions within Jail Stores ISF. A positive variance of \$1.3 million is projected in Rents & Concessions due to an annual incentive payment which allows Corrections Corporation of America (CCA) to retain use of 1,000 inmate beds for an extended period of time. A positive variance of \$1.2 million is projected in State Criminal Alien Assistance Program (SCAAP) due to increased efforts to identify and verify undocumented criminal aliens for which incarceration costs could be claimed. A positive variance of \$0.4 million is due to unanticipated revenue from member agencies for reimbursement of their share of costs for a data sharing investigative system (e-SUN). A positive variance of \$0.3 million is projected in Recovered Expenditures. A number of miscellaneous revenue sources are projected to provide an additional combined positive variance of \$0.3 million. A negative variance of \$11.3 million is projected in Operating Transfer from the Proposition 172 Fund due to the general economic slowdown in the national, state and local economy and the reduction in consumer spending and retail activity. This amount represents a total negative shortfall of \$15.3 million offset by \$4.0 million of management reserves from the Public Safety Group Executive Office that will be transferred to partially offset the Proposition 172 revenue shortfall. The shortfall will be mitigated by operating savings and requests for transfer of funds. Requests for the transfer of management reserves in the amount of \$4.0 million, as described above, and for the appropriation of Public Safety Group fund balance in the amount of \$2.2 million are included in the Third Quarter Operational Plan Status Report.

Special Revenue Funds

Probation Asset Forfeiture

A negative expenditure variance of \$0.1 million is projected in services and supplies for the Probation Asset Forfeiture fund. These funds will be used to purchase equipment and ammunition for academies. A request for the appropriation of fund balance is

included in the Third Quarter Operational Plan Status Report to address the negative variance.

Sheriff's Asset Forfeiture

A net positive variance of \$1.0 million is projected for the Sheriff Asset Forfeiture fund.

This consists of a positive revenue variance that includes \$0.9 million due to an increase in Asset Forfeiture revenue based on increased seizures and \$0.1 million due to interest received on deposits and investments.

Sheriff's Inmate Welfare Fund

A net positive variance of \$0.6 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$0.3 million is based on reduced expenditures due to an anticipated shortfall in revenue.

A net positive variance of \$0.3 million is projected in revenue. A positive variance includes \$0.4 million that is due to a reimbursement from the Grossmont Union High School District for overpayment of contracted educational services and a positive variance of \$0.3 million is due to interest received on deposits and investments. This is offset by a \$0.4 negative variance on the inmate telephone contract that is due to lower than anticipated call volume.

Proposition 172

No net variance is projected for the Proposition 172 Special Revenue Fund.

The Proposition 172 Special Revenue Fund finished Fiscal Year 2006-07 with a \$7.0 million fund balance. Actual realized revenues for Fiscal Year 2006-07 were \$3.7 million less than the projected Operational Plan amount.

In Fiscal Year 2007-2008, the turbulent current national, state and local economic conditions, including the continuing decline in the housing market, are impacting consumer spending and the sales tax revenues which are the basis for Proposition 172 receipts. In addition, the San Diego region is generating a proportionately smaller share of sales tax revenues compared to other areas of the State. As the result of these conditions, current year revenues are projected to be \$21.9 million under budget. Expenditures from the Special Revenue Fund will be capped to match anticipated revenues and are therefore projected to be \$22.4 million under budget for no net variance in the fund. The public safety departments that receive Proposition 172 funds, including the Sheriff, District Attorney and Probation Department have adjusted their current revenue projections to reflect this shortfall of \$21.9 million. There is an additional shortfall of \$0.5 million in budgeted fund balance due to the shortfall in anticipated receipts in Fiscal Year 2006-2007. As stated in the Second Quarter Operational Plan Status Report, appropriations of fund balance and transfers of appropriations within the General Fund are being requested in the Third Quarter

Operational Plan Status Report to sustain current service levels in the public safety departments that rely on Proposition 172 revenues. Revenues will continue to be closely monitored, projections will be updated, and if required, future requests for mitigation actions will be brought to your Board.

Internal Service Funds

Jail Stores ISF

A net positive variance of \$0.4 million projected for Jail Stores ISF.

A positive variance of \$0.1 million is projected in services and supplies and \$0.3 million is projected due to a decrease in Operating Transfers to the General Fund based on five vacant positions within Jail Stores.

HEALTH AND HUMAN SERVICES

General Fund

Administrative Support

The Administrative Support 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 \$10.8 million is projected for Administrative Support. This is the result of \$18.5 million net expenditure savings and \$7.7 million in under-realized revenues.

The \$18.5 million expenditure savings includes \$0.7 in salaries and benefits due to normal attrition, \$12.8 million in services and supplies and \$5.0 million in anticipated year-end management reserves. The \$12.8 million savings in services and supplies is comprised of \$5.5 million of Bio-terrorism emergency appropriation savings associated with unsecuritized tobacco settlement, \$5.5 million due to IT related transition savings with Northrop Grumman and \$1.8 million in various services and supplies. The \$7.7 million of under-realized revenues includes \$5.5 million of unsecuritized tobacco settlement revenue, and \$2.2 million in Administrative revenues (County Expense Claim) associated with expenditure savings.

Aging and Independence Services

A net positive variance of \$1.2 million is projected for Aging and Independence Services. This is the result of \$2.2 million net expenditure savings and \$1.0 million in under-realized revenues.

The \$2.2 million expenditure savings includes a negative variance of \$0.2 million in salaries and benefits due to Quality First payments (the Agency does not adjust

budgeted appropriations to pay Quality First, relying instead on Agency-wide appropriation savings from turnover to meet this requirement), offset by savings of \$0.5 million in services and supplies due to savings in IT application services for In Home Support Services (IHSS) and Adult Protective Services and miscellaneous contracted services, \$0.2 million in Capital Assets Equipment due to delay of the IHSS Public Authority Payroll Scanning project and \$1.7 million in operating transfers for the IHSS Public Authority due to timely abatements received for Health Benefits. The \$1.0 million of under-realized revenues is associated with the expenditure savings.

Behavioral Health Services

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services, and In-patient Health Services comprised of the San Diego County Psychiatric Hospital (SDCPH) and Edgemoor, a distinct part of SDCPH.

A net positive variance of \$1.1 million is projected for Behavioral Health Services. This is the result of \$37.8 million net expenditure savings and \$36.7 million in under-realized revenues.

The \$37.8 million expenditure savings includes \$2.0 million savings in salaries and benefits throughout Behavioral Health Services due to vacancies, \$35.7 million savings in services and supplies and \$0.1 million savings in other charges due to lower charges from State hospitals. The \$35.7 million savings in services and supplies is comprised of \$33.0 million in contracted services, \$2.5 million savings in institutional services due to downward trend in inpatient fee-for-service utilization, \$1.3 million savings in various services and supplies, offset by \$1.1 million overspending in Inpatient Health Services primarily in temporary contract help for the San Diego County Psychiatric Hospital. The \$33.0 million savings in contracted services includes \$22.9 million un-awarded Mental Health Services Act (MHSA) Community Support & Services contracts and delays in the start-up of these contracts; \$3.9 million savings in Integrated Services for Homeless Adults with Mental Illness; \$3.3 million savings in Early Periodic Screening, Diagnosis and Treatment services; \$2.2 million savings associated with prior year encumbrances and \$0.7 million savings in Alcohol and Drug Services due to slow start in Offender Treatment Program contracts. The \$36.7 million in under-realized revenues is associated with the expenditure savings.

County Child Welfare Services

A net positive variance of \$2.5 million is projected for County Child Welfare Services (CCWS). This is the result of \$29.6 million in net expenditure savings and \$27.1 million in under-realized revenues.

The \$29.6 million expenditure savings includes \$2.4 million in salaries and benefits due to normal attrition and hiring delays and \$29.8 million savings in aid payments for Severely Emotionally Disturbed (SED), Foster Care, Aid to Adoptive Parents (AAP) and KinGap based on revised estimates of caseload levels, growth trends, and unit cost per

case. The savings are offset by a \$2.6 million negative variance in services and supplies primarily due to Adoptions and Foster Home Licensing recruitment activities, hiring of temporary staff and facilities repair costs for Polinsky and the San Pasqual Academy. The \$27.1 million in under-realized revenues is associated with the expenditure savings primarily for assistance payments.

Public Administrator/Public Guardian

A net positive variance of \$0.1 million is for Public Administrator/Public Guardian (PA/PG). This is the result of \$0.3 million in net expenditure savings and \$0.2 million in under-realized revenues.

The \$0.3 million expenditure savings includes \$0.4 million in salaries and benefits due to vacancies offset by a negative variance of \$0.1 million in other charges due to increased number of indigent burials. The \$0.2 million in under-realized revenues is associated with Estate Fees.

Public Health Services

A net positive variance of \$0.8 million is projected for Public Health Services. This is the result of \$4.0 million in net expenditure savings and \$3.2 million in under-realized revenues.

The \$4.0 million in expenditures savings includes \$1.1 million in salaries and benefits and \$2.9 million in services and supplies. The \$1.1 million savings in salaries and benefits is the result of vacancies. The \$2.9 million savings in services and supplies is primarily due to savings in contracted services and non-contracted services and supplies related to the reduction of funding for the Outreach, Enrollment, Retention, and Utilization (OERU) program for Medi-Cal eligible children. The \$3.2 million in under-realized revenues is associated with the elimination of OERU funding and miscellaneous 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 \$13.6 million is projected for Regional Operations. This is the result of \$10.0 million in net expenditure savings and \$3.6 million in over-realized revenues.

The \$10.0 million in expenditure savings includes \$2.7 million in salaries and benefits due to vacant positions resulting from staff turnover, \$1.3 million in various services and supplies accounts and \$6.0 million in other charges based on caseloads for CalWORKS, Welfare to Work, Child Care and General Relief payments. The \$3.6 million in over-realized revenues is associated with external A-87 and internal overhead.

Strategic Planning and Operational Support

A net positive variance of \$0.2 million is projected for Strategic Planning and Operational Support. This is the result of \$12.5 million in net expenditure savings and \$12.3 million in under-realized revenues.

The \$12.5 million expenditure savings in services and supplies is due to contracted services and miscellaneous savings of \$12.2 million due to delayed implementation of the Coverage Initiative (SB1448) pilot project and \$0.3 million in various services and supplies. The \$12.3 million in under-realized revenues is associated with the expenditure savings.

Special Revenue Funds

Tobacco Securitization Fund

A net positive variance of \$3.3 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 \$27.5 million.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights & Measures

A net favorable variance of \$0.7 million is projected for the Department of Agriculture, Weights and Measures.

There is a positive expenditure variance of \$1.8 million. Projected savings of \$1.3 million in salaries and benefits is mainly due to freezing two positions and intentionally holding temporary staffing vacancies to reduce the impact from the loss of Unclaimed Gas Tax revenue. Projected net savings in services and supplies and cost applied is \$0.5 million due to an abatement of expenditures of \$0.4 million that had been budgeted as revenue and savings of \$0.1 million related to lower than anticipated spending for professional and specialized services and savings in vehicle costs due to delaying vehicle replacements and managing preventative maintenance.

Projected under-realization of revenue is \$1.1 million due to a loss of \$0.5 million in Unclaimed Gas Tax state subvention revenue due to increasingly restrictive guidelines for qualifying claimable expenses, \$0.5 million in state contract revenues due to decreased inspection service levels and \$0.4 million that is reflected above as an abatement of expenditures for services provided to other County departments. This shortfall will be offset by \$0.3 million in over-realized revenues from increased demand

for services and recovery of investigative costs and pesticide civil administrative penalties.

Environmental Health

A net positive variance of \$1.0 million is projected for the Department of Environmental Health.

There is a favorable expenditure variance of \$5.0 million. A projected savings of \$2.9 million in salaries and benefits is due to the delays in hiring, under-filling positions, and the freezing of three positions to offset projected under-realized revenue in land use plan check projects. The projected savings in services and supplies of \$2.1 million is primarily due to controlling spending in the Land and Water Quality Division to offset the shortfall in revenue due to the decrease in plan check projects, decreased spending in the Vector Control Program, and delays in Information Technology projects due to a lack of Northrop Grumman resources.

A net negative revenue variance of \$4.0 million is projected. This variance consists primarily of under-realized fee revenue of \$2.3 million and is broken down as follows: 1) \$1.3 million in land use development projects; 2) \$0.5 million in hazardous materials permits due to less than projected new businesses; 3) \$0.3 million in tank installations and closures due to businesses delaying implementation of installations, removals, and repair until next fiscal year in order to comply with a regulation year-end requirement; 4) \$0.3 million in Solid Waste tonnage and facility fees due to less tonnage entering landfills, and 5) an offset of \$0.1 million over-realized revenue spread over various accounts. The remaining variance of \$1.7 million consists of \$0.9 million in Vector Control and \$0.8 million due to not reaching forecasted level of reimbursable activity in certain service contracts (inspections, etc.). The revenue shortfalls are offset by the savings in salaries and benefits and services and supplies costs, noted above.

Land Use and Environment Executive Office

A net positive variance of \$1.7 million is projected by year end.

A positive expenditure variance of \$1.6 million includes \$0.7 million savings in salaries and benefits due to vacant positions and the less than anticipated use of student workers. The remaining \$0.9 million is due to a projected year-end balance in management reserves. These funds are being held in reserve to be budgeted as needed as the new Stormwater permitting program is implemented. A positive revenue variance of \$0.1 million is due to greater than anticipated revenues for LUEG Office support to non-general fund programs.

Parks and Recreation

A net favorable variance of \$0.8 million is projected by fiscal year-end.

A positive expenditure variance of \$0.3 million is projected in salaries and benefits due to frozen positions budgeted for 4S Ranch parks. A net positive revenue variance of \$0.5 million is due to the combination of over-realized revenue and revenue shortfalls in various revenue sources. There are projected increases of \$0.3 million in rents and concessions, \$0.3 million in park and camping fees, \$0.3 million in cost reimbursements from grant proceeds and \$0.1 million in various miscellaneous revenues. These are offset by a projected shortfall of \$0.5 million in charges to other funds primarily caused by project delays at 4S Ranch and Spring Valley Gym.

Planning and Land Use

A net positive variance of \$3.7 million is projected for Planning and Land Use by fiscal-year end.

A positive expenditure variance of \$6.5 million is projected. \$2.9 million in salaries and benefits savings includes \$0.8 million due to the General Plan Update resulting in the reallocation of staff and the freezing of eleven vacant positions (savings will be re-budgeted for consultant contracts). The remaining \$2.1 million is related to on-going vacancies throughout the department. Savings of \$3.6 million in services and supplies is the result of projected savings in consultant services related to the General Plan Update, the Fire Safety, Fuels Reduction Program, the Multiple Species Conservation Program and overflow contracts for discretionary permit processing. Funding and expenditures span several years for these projects and will not be fully expended in Fiscal Year 2007-08.

The net revenue shortfall of \$2.8 million is primarily in Service to Property Owners. Requests for Building Permits and discretionary permits are lower than anticipated as a result of a lower than normal volume of construction projects in San Diego County. This shortfall is offset by the savings in salaries and benefits costs and services and supplies contract costs, noted above.

Special Revenue Funds

Parks and Recreation

Park Land Dedication Fund

A net positive variance of \$1.3 million for P4500 – Park Land Dedication is projected by fiscal year-end due to additional revenue being realized from park land dedication fees of \$1.2 million and projected savings in services and supplies of \$0.1 million.

Department of Public Works

Aviation Fund

There is no net variance for the Aviation Fund. A net positive expenditure variance of \$1.2 million and corresponding net negative revenue variance is due to several projects being on hold as a result of a shift in the State's project funding priorities.

Road Fund

A net positive variance of \$0.9 million is projected for the Road Fund.

A positive expenditure variance of \$2.6 million includes \$1.1 million of savings in salaries and benefits due to retirements, under-filled positions, turnover and vacancies pending recruitment and \$1.5 million in services and supplies and minor savings in capital assets equipment and other charges due to savings from completed and delayed projects.

A negative revenue variance of \$1.7 million is projected and is in part related to the expenditure savings noted above. Revenue from taxes other than current secured is projected to be under-realized by \$2.5 million due to completion of Valley Center East and other projects funded by TransNet. Intergovernmental revenue is projected to be under-realized by \$0.2 million due to savings in Federal Highway Administration funded projects. Licenses, permits and franchise revenue is projected to be under-realized by \$0.2 million due to the decline in issuance of building construction permits. Charges for current services are projected to be under-realized by \$1.5 million due to reassignment of staff to Firestorm 2007 related projects and decrease in work for others. This is offset by \$0.6 million in revenue projected to be over-realized due to interest on deposits and investments and developer deposits, and rents and concessions and \$2.0 million in miscellaneous revenue due to reimbursements from the Valley Center Municipal Water District to offset costs for the Valley Center North project that in the past were recorded as expenditure abatements as opposed to revenue.

Inactive Waste

There is no net variance for Inactive Waste. A net positive variance of \$6.5 million in services and supplies is due to savings from delayed Groundwater, Stormwater, and Gas contract projects, including Capital Improvement Projects. This is offset by a negative variance of \$6.5 million in revenue due to decreased contributions from the Environmental Trust Fund (\$4.7 million) and grant revenue (\$1.1 million) for the reduced expenditures noted above, as well as decreased interest revenue (\$0.2 million), other sales revenue (\$0.4 million) due to loss of income from property destroyed by fire and cogeneration sales (\$0.1 million) due to inoperable microturbines at the beginning of the fiscal year.

Internal Service Funds

Department of Public Works Equipment ISF

A net negative variance of \$0.3 million in the DPW ISF Equipment Operations Fund is due to increased use of vehicles and resulting maintenance caused by Firestorm 2007, as well as steadily increasing fuel costs. There was also an unanticipated expense for printing of vehicle forms related to the increased vehicle usage during same events. This variance will be mitigated in the Third Quarter Operational Plan Status Report with a request to establish appropriations based on available fund balance in the Equipment Operations Fund.

Enterprise Funds

Airports

A net positive expenditure variance of \$2.5 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$7.3 million includes \$0.2 million savings in salaries and benefits due to turnover and vacancies and pending recruitment. The projected savings in services and supplies of \$0.5 million is due to lower than anticipated expenses for as-needed consultant contracts and special department expense. There is also a projected savings of \$6.6 million in Capital Assets/Land Acquisition due to postponed projects pending grant award for Gillespie Field Cajon Plaza Improvements; Ramona Slurry Seal Runway; Borrego Runway, Taxiway Slurry Seal; Agua Caliente Design and Reconstruction of Runway; Jacumba Fence Airfield Boundary and Ocotillo Erosion Control.

A net negative variance of \$4.8 million is projected in revenue. A \$7.3 million negative variance in intergovernmental revenues is due to unearned revenue from federal and state grants related to the capital projects above. This is offset by one time lease equity payments of \$2.2 million from Gillespie Field Partners (Board action 6/13/07, item #5) and Civic Helicopters (Board action 6/20/08, item# 6) and \$0.3 million in interest earnings in the Airport Enterprise AMT Private 2005 and Airport Enterprise Non-AMT Public 2005 funds.

Liquid Waste

A net positive variance of \$0.7 million is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$0.5 million is due to savings in salaries and benefits from turnover and vacancies pending recruitment. A positive variance of \$0.3 million in revenue is due to interest earnings and greater than anticipated service to property owners.

Special District Funds

Air Pollution Control District

A net positive variance of \$1.0 million is projected by year-end for the Air Pollution Control District (APCD). APCD has five funds: Air Pollution Control Operations Fund (Operations), and four incentive project funds. A net positive variance of \$0.4 million is projected in Operations and the four incentive funds are projected to have a \$0.6 million net positive variance.

A net positive expenditure variance of \$1.9 million results from \$2.0 million positive expenditure variance in Operations, and \$0.1 million negative variance in the four incentive funds. The positive variance in Operations includes savings in salaries and benefits of \$1.1 million resulting from vacancies and under-filled positions. A net savings of \$0.4 million in services and supplies and other charges is due to cost containment in the special departmental and professional and specialty accounts, an adjustment in inter-departmental costs offset by projected increases in the Application Services for the Business Case Management System (BCMS) expenses. Fixed assets reflect a savings of \$0.5 million due to a change in classifying the BCMS from Capital Asset IT Hardware to services and supplies expenses that is offset by an increase in transportation costs to meet the requirements of a federal grant. A \$0.1 million negative variance in the four incentive funds is due to excess costs for a mid-year grant appropriated for the Lower Emission School Bus Program.

A net negative revenue variance of \$0.9 million results from \$1.6 million net negative revenue variance in Operations and \$0.7 million positive revenue variance in the four incentive funds. Operations includes \$1.0 million in under-realized permit fees due to lower than anticipated new permit application levels and the statewide extension of permits and deadlines for compliance Phase II-Enhanced Vapor Recovery, \$0.2 million less of federal funding, \$0.3 million in reduced charges for current services due to a decrease in revenue from asbestos inspections, \$0.1 million less than budgeted in interest earnings, a decrease of \$0.4 million in miscellaneous revenues and fines and forfeitures as a result of outreach and information campaigns to businesses producing better compliance with regulations and lower than anticipated penalty revenues for two significant violations. Operations revenue shortfalls were offset by \$0.4 million from recovered expenditures. The four incentive funds are projected to have a \$0.6 million in over-realized revenue from interest earnings and unanticipated revenue \$0.1 million from Lower Emission School Bus Program.

Parks and Recreation Community Service Areas (CSA's)

A net positive variance of \$0.4 million is projected for the Parks and Recreation CSA's.

A net positive expenditure variance of \$0.6 million is projected. There is positive \$0.5 million in services and supplies in CSA83A due to reduced services provided from the General Fund, because the 4S Ranch development is not fully built out (see below for

corresponding revenue shortfall). The other five special district funds combined are projected to have a \$0.1 million savings in services and supplies, mostly due to the delay in opening the Spring Valley Gym in CSA128.

A negative revenue variance of \$0.2 million is projected. There is a \$0.5 million shortfall in property tax revenue in CSA83A related to the 4S Ranch development, as noted above. This is offset by a \$0.3 million positive variance in property tax revenue in the five remaining Parks and Recreation special district funds.

Planning and Land Use County Service Areas (CSA's)

A net positive variance of \$0.3 million is projected for the Planning & Land Use CSA's in the Fire Prevention Program. A positive variance of \$0.4 million in services and supplies is the result of savings in operating costs in CSA's which did not have an approved spending plan for the use of Fire Mitigation Fees. This is offset by a net revenue shortfall of \$0.1 million in Operating Transfers from Other/Special Districts.

Sanitation Districts

A net positive variance of \$3.3 million is projected in the Sanitation Districts.

A positive expenditure variance of \$2.4 million includes \$1.9 million in services and supplies due to late awarding of consultant contracts and reduced water transportation costs, \$0.2 million variance in capital assets/land acquisition due to lower than anticipated project costs and a \$0.2 million variance in reserve/designation increase is due to reduction of reserves included in the Third Quarter Operational Plan Status Report to correct the budget in Rancho Del Campo Water. A net positive variance of \$0.9 million in revenue is due to interest earned on deposits and investments.

Flood Control District

No net variance is projected for the Flood Control District.

A positive variance of \$0.6 million in services and supplies is due to less than anticipated work done by county staff for flood control projects.

A net negative variance of \$0.6 million is projected. A negative variance of \$1.0 million in miscellaneous revenue is due to decreased contribution from the Special Drainage Areas for flood control drainage projects. A positive variance of \$0.7 million in intergovernmental revenues is due to unanticipated grant funding for reimbursable projects. A positive variance of \$0.2 million in revenue from use of money and property is due to interest on deposits and investments. A negative variance in current secured property tax of \$0.5 million is due to a decrease in property taxes related to decreased property value and current market conditions.

COMMUNITY SERVICES GROUP

General Fund Departments

Animal Services

A net positive variance of \$0.3 million is projected for year-end.

A favorable expenditure variance of \$0.4 million is primarily due to savings in salaries and benefits of \$0.2 million related to staff vacancies. Additional savings of \$0.2 million are due to related reductions in services and supplies. A net negative revenue variance of \$0.1 million is projected because of a decrease in adoption revenue and a decrease in license and shelter revenue. The department has increased its low-cost or free adoption events to facilitate the adoption of older or long-term stay animals. To off-set this reduction in adoption revenue, the department is trying to increase license revenue by promoting the benefits of licensing animals in its contract cities.

Community Services Group Executive Office

A favorable variance of \$3.8 million is projected.

A favorable expenditure variance of \$3.6 million is primarily due to a projected year-end balance in management reserves of \$2.8 million, which are held in the Group Executive Office for departments' operating contingencies during the year. In addition, a favorable variance of \$0.8 million in services and supplies is due to delays in projects for enhancements to the Documentum records management application and other information technology efforts. These items have been rebudgeted in the Fiscal Year 2008-10 CAO Proposed Operational Plan. A favorable revenue balance of \$0.2 million is due to the receipt of a nonrefundable fee from a real estate development transaction. The Group Executive Office provided funding for staff and consultant development work on the transaction.

Housing and Community Development

No net variance is projected for Housing and Community Development (HCD).

A positive variance of \$0.5 million is projected for expenditures. This variance is the result of projected salaries and benefits savings of approximately \$0.3 million due to vacant and under-filled positions and \$0.2 million in related services and supplies savings.

Since HCD's direct expenditures are 100% offset by outside funding sources, a negative variance in revenues of \$0.5 million is projected as a result of the anticipated savings in expenditures.

General Fund Contribution to Purchasing ISF

A favorable variance of \$0.6 million is projected for the General Fund Contribution to Purchasing ISF due to savings in operating transfers out to support the Purchasing & Contracting Records Management division of the Internal Service Fund. Instead of this transfer, the Records Management division is projected to be partially funded by anticipated excess revenues collected in the ISF.

The Registrar of Voters

A net favorable variance of \$2.8 million is projected for the Registrar of Voters.

A positive variance of \$16.1 million is projected for expenditures. This is comprised of \$1.0 million in salaries and benefits savings for the cost of temporary election workers, \$9.7 million in services and supplies savings due to a decrease of \$2.0 million in Sample Ballot printing and a decrease of \$7.7 million in minor equipment costs for the voting system and a projected \$5.4 million savings in capital assets and equipment due to a decision not to purchase 2,000 additional voting units for the 2008 Election cycle.

The unfavorable revenue variance of \$13.3 million is due to under-realized State Aid revenue of \$7.7 million for HAVA Grant reimbursements due to Secretary of State requirements for voting process and systems, under-realized State Miscellaneous revenue of \$5.4 million due to the decision not to purchase 2,000 additional voting units for the 2008 Election cycle, a projected decrease of \$0.4 million in SB90 revenue due to the State delays in reimbursements to counties and under-realized HAVA 301 revenue of \$0.1 million. This is offset by \$0.3 million in unanticipated AB1799 revenue.

Special Revenue Funds

San Diego County Library

A favorable net variance of \$8.1 million is projected for the Library.

The expenditure variance is projected to be \$7.4 million. This includes \$0.5 million savings in salaries and benefits due to vacancies, services and supplies savings consisting of \$5.0 million due to delays in automation projects, \$0.2 million due to delays in maintenance projects, \$0.1 million in office supplies and a projected year-end balance of \$1.6 million in management reserves. The automation and maintenance projects are rebudgeted in the Fiscal Year 2008-10 CAO Proposed Operational Plan.

A positive revenue variance of \$0.7 million is projected, due to increased property tax revenues of \$1.4 million, offset by a \$0.7 million decrease in charges for current services - Library Services, primarily due to delays in implementation of an automated print and copy control system that is being procured under the Information Technology Contract.

Housing and Community Development Special Revenue Fund

No net variance is projected for the HCD Special Revenue Fund. A positive expenditure variance of \$20 million is offset by a negative revenue variance of the same amount. The Department budgets all funds that it is eligible to receive from the funding sources, to facilitate the multi-year project expenditure request process. The projected savings of \$20 million is based on 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

A favorable net variance of \$0.3 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$20.4 million is offset by a negative revenue variance of \$20.1 million. Facilities Management consists of two funds, the Major Maintenance ISF and the Facilities Management ISF.

The Major Maintenance ISF projects a positive expenditure variance of \$15.2 million offset by a negative revenue variance of \$15.5 million for a net unfavorable variance of \$0.3 million. The favorable expenditure variance of \$12.6 million in services and supplies is due to delays in new projects and to the favorable variance of \$2.6 million in operating transfers out (used to pay the Facilities Management ISF for project management services) that is due to an internal agreement that was carried forward that was also included in the adopted budget. The unfavorable revenue variance is also due to delays in new projects (\$12.6 million) and to the double-budgeted internal agreement (\$2.6 million). In addition, \$0.3 million of revenue for Fiscal Year 2007-08 project costs was realized in error in Fiscal year 2006-07.

The Facilities Management ISF projects a positive expenditure variance of \$5.2 million offset by a negative revenue variance of \$4.6 million for a net positive variance of \$0.6 million. The expenditure variance is the result of savings of \$4.6 million in services and supplies due to lower than anticipated costs for utilities, postage and facilities maintenance and \$0.6 million in salaries and benefits primarily associated with staff vacancies related to the pending transfer of responsibility for court maintenance to the State.

The net \$4.6 million revenue variance is the result of a negative variance of \$ 6.7 million projected in charges for services, offset by positive variances of \$2.1 million in several categories. The \$6.7 million negative variance in charges for services is comprised of a negative variance of \$8.6 million in Charges in the General Fund due to the less than budgeted costs for utilities, postage, General Fund Projects, and contracted services. The shortfall in revenue from the General Fund is offset by a total of \$1.9 million in favorable variances in Charges in Trial Court Funds and in the Library Fund associated with reimbursements for contract services.

The categories that comprise the favorable revenue variance of \$2.1 million are \$1.6 million in miscellaneous revenues associated with grant reimbursements for Proposition 40/porous pavement projects, \$0.3 million in intergovernmental revenues associated with reimbursement for Court mail services and \$0.2 million in rents and concessions and operating transfers.

Fleet Management

A net negative variance of \$0.8 million is forecast for the Fleet Internal Service Funds. A negative expense variance of \$1.2 million is offset by a positive revenue variance of \$0.4 million.

The negative expense variance of \$1.2 million is the result of the over-expenditure of \$0.7 million in services and supplies primarily due to greater than anticipated costs associated with fuel and parts purchases, \$0.3 million in other charges due to greater than anticipated booking of depreciation, and \$0.5 million in capital assets associated with the accelerated purchase of replacement equipment, i.e. (Sheriff busses and computers), offset by savings of \$0.2 million in salaries and benefits due to staff vacancies and \$0.1 million in unused contingency reserves.

The positive revenue variance of \$0.5 million is due to offsetting projections in several categories. Charges for services are projected to be \$0.6 million over budget, including \$1.1 million in General Fund Charges and \$0.2 million in various other departments due to greater than anticipated vehicle fuel requirements, offset by under-realized Charges in the Internal Service Funds and Other Services to Government of \$0.7 million due to less than anticipated vehicle fuel and repair/maintenance requirements for those customers. Interest on Deposits and Miscellaneous Revenues are projected to be over-realized by \$0.2 million. Finally, a negative variance of \$0.3 million in other financing sources is projected due to lower than anticipated proceeds from the sale of vehicles at auction.

The net unfavorable variance of \$0.8 million will be funded from available fund balance in the Fleet ISF. The negative expense variance will be mitigated by requests to amend the Fleet ISF spending plan included in the Third Quarter Operational Plan Status Report.

Purchasing and Contracting

No net variance is projected for the Purchasing and Contracting ISF.

A favorable expenditure variance of \$0.7 million is the result of a \$0.4 million projected salaries and benefits savings due to vacancies and \$0.3 million of savings in services and supplies due to the deferral of Buy Net upgrades. An unfavorable revenue variance of \$0.7 million is due to a \$0.6 million reduction in Operating Transfer In from the General Fund Contribution to Purchasing ISF for the Records Management Division

related to a portion of the expenditure savings noted above and a \$0.5 million projected shortfall in sales revenues from various funds. This is offset by a \$0.4 increase in additional interest revenues and bank rebates from the p-card program.

Other County Funds

San Diego County Redevelopment Agency

A total favorable variance of \$3.2 million is projected for the Redevelopment Agency.

A net positive variance of \$3.1 million is projected for the Upper San Diego River Improvement Project Redevelopment Agency (Redevelopment Agency). A positive expenditure variance of \$3.7 million is comprised of \$0.4 million in services and supplies as a result of less than anticipated consultant and other administrative costs and \$3.3 million in contribution to others. The Redevelopment Agency entered into a Cooperative Agreement with the Lakeside Fire District for the funding of a new fire station. It is now expected that the Fire District will submit the Project Plan and Budget to the County and initiate acquisition of a site towards the end of 2008. These funds have been rebudgeted in the Fiscal Year 2008-10 CAO Proposed Operational Plan. The shortfall in revenue of \$0.6 million is due to a loan from the General Fund, which will not be required.

No significant variance is projected for the Gillespie Field Redevelopment Agency. A positive net variance of \$0.1 million is projected due to over-realized interest.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

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

A net positive expenditure variance of \$6.1 million is primarily due to projected savings of \$3.3 million in salaries and benefits due to staff turnover and vacancies, \$2.5 million of savings in services and supplies due to delays in one time information technology projects and a projected year-end balance of \$0.3 million in management reserves.

A net negative revenue variance of \$6.1 million is projected primarily due to declines in housing and refinancing activity. This decline is projected to generate revenue shortfalls in recording and reimbursement of costs associated with administering the supplemental property tax roll. These revenue shortfalls are being mitigated through a combination of expenditure savings as described above and a request for the appropriation of Finance and General Government Group fund balance in the amount of \$2.0 million that is included in the Third Quarter Operational Plan Status Report.

Auditor and Controller

An overall net positive variance of \$1.5 million is projected for the Auditor and Controller.

A net positive expenditure variance of \$2.0 million is projected. Salaries and benefits savings of \$1.2 million are projected primarily due to staff turnover and normal delays in recruiting and hiring. The department experienced an average of 17 vacancies during the first 3 quarters of the fiscal year. Savings of \$0.8 million in services and supplies is projected due to information technology savings and the use of contra-accounts to record pass thru tax intercept expenditures in Revenue and Recovery.

A net negative revenue variance of \$0.5 million is projected due to \$0.3 million in miscellaneous revenue shortfalls associated with the tax intercept expenditure savings noted above, an anticipated shortfall of \$0.1 million in A-87 reimbursements and a projected shortfall of \$0.1 million in AB2890 Recovered Costs due to declines in housing and refinancing activity.

Chief Administrative Office

An overall net positive variance of \$0.4 million is projected for the Chief Administrative Office.

A net positive expenditure variance of \$0.3 million is projected due to \$0.3 million in anticipated savings in salaries and benefits due to staff turnover. A net positive revenue variance of \$0.1 million is projected due to increased A-87 reimbursements based on improved staff time reporting in the cost plan.

Clerk of the Board

An overall net positive variance of \$0.5 million is projected for the Clerk of the Board's Office.

A net positive expenditure variance of \$0.5 million is projected. Salaries and benefits savings of \$0.1 million are projected due to normal staff attrition. Services and supplies savings of \$0.4 million are projected due to lower than anticipated contract costs and utility usage.

County Counsel

An overall net positive variance of \$1.5 million is projected for the Office of County Counsel.

A net positive expenditure variance of \$1.6 million is primarily due to a savings of \$0.9 million in salaries and benefits due to staff retirements and normal delays in hiring and a projected year-end balance of \$0.7 million in management reserves due to delays in completing one time information technology initiatives. .

A net negative variance of \$0.1 million is primarily due to a decline in revenues generated by legal services for the administration of estates due to declining values of public administrator/public guardian estates.

County Technology Office

An overall net positive variance of \$2.4 million is projected for the County Technology Office.

A net positive expenditure variance of \$2.6 million is projected. A positive \$0.2 million in anticipated savings in salaries and benefits is due to staff turnover and a projected year-end balance of \$0.2 million in management reserves. A positive variance of \$2.2 million in services and supplies is due to savings associated with one time information technology initiatives which will be completed during Fiscal Year 2008-09. A net negative revenue variance of \$0.2 million is projected due to a projected shortfall in revenues from the Courts associated with a prior year true-up.

Human Resources

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

A positive expenditure variance of \$0.1 million in salaries and benefits is projected primarily due to staff turnover and normal delays in recruiting and hiring. Services and supplies savings of \$0.9 million is primarily due to anticipated contract savings (\$0.4 million), information technology savings (\$0.2 million) and insurance premium savings (\$0.3 million).

Treasurer-Tax Collector

An overall net positive variance of \$0.5 million is projected for the Treasurer-Tax Collector.

A net positive expenditure variance of \$0.6 million is projected due to \$0.5 million savings in salaries and benefits as a result of normal staff attrition and anticipated savings of \$0.1 million in services and supplies.

A net negative revenue variance of \$0.1 million is due to a projected shortfall in the reimbursement of costs associated with administering the supplemental property tax roll caused by declines in housing and refinancing activity (\$0.4 million) and under-realized revenue for Banking Services Pooled Money directly attributable to the expenditure savings described above (\$0.1 million). These shortfalls are offset by anticipated over-realized revenue of \$0.4 million due to unclaimed excess proceeds received from the sale of defaulted property and other miscellaneous tax collection fees.

Internal Service Funds

Information Technology Internal Service Fund

An overall net variance of \$2.6 million is projected for the Information Technology Internal Service Fund. The positive variance is due to savings associated with MASL's (Minimum Acceptable Service Levels) associated with the outsourcing supplier's performance including break/fix response times, Help Desk Services, Desktop Services and Application Services.

GENERAL PURPOSE REVENUES & COUNTYWIDE EXPENSES

General Purpose Revenues & General County Expenses

A net positive variance of \$93.4 million is projected for these two categories combined, comprised of an estimated additional \$17.0 million in General Purpose Revenues and a \$76.4 million net positive variance in General County activities.

General Purpose Revenues

- The San Diego economy, overall, is seeing the impact of broad state-wide and national trends in housing and construction, consumer and business to business sales, consumer confidence, interest rates changes, and financial market volatility. Economic growth has slowed considerably as evidenced by the indicators below:
- San Diego's monthly average unemployment rate for the 12 month period between April 2007 and March 2008 was 4.8%. This compares to a State of California unemployment rate of 5.6% for the same 12 month period. San Diego's unemployment rate continues to compare favorably to the State rate (6.2% projected for 2008) and it is expected to remain close to the US rate (5.3% projected for 2008).
- Unadjusted local sales tax transactions dropped by 2.8% for the unincorporated area and 1.6% for the County as a whole for October through December 2007 compared to the same time period for 2006, according to HdL Companies. Statewide sales tax transactions grew by 0.2%, with Los Angeles growing by 1.3%, Orange County dropping by 0.6%, San Bernardino dropping 2.8%, and Riverside dropping 2.7%. The consensus of economists is that retail sales will remain sluggish during 2008 with some recovery in 2009.
- The demand for housing in the County has slowed. This is evidenced by the following changes:

1. Slowing in deeds recorded (down 17.4% for January through March 2008 compared to the same time period for 2007);
2. Declining median housing prices (down 19% in the San Diego region for March 2008 compared to March 2007);
3. Drop in number of homes sold in March 2008 compared to March 2006 (San Diego region down 35%);
4. Continued increase in the notices of default (up 127% for January through March 2008 compared to the same time period for 2007);
5. Increase in foreclosure activity (foreclosures up 192% for January through March 2008 compared to the same time period for 2007).

Consequently, property tax growth is decelerating, but the Federal Reserve's recent interest rate reductions, the increase in the conforming loan limits, the area's population growth and commercial construction activity will likely mitigate the possibility of an overall decline in property taxes.

All Current Property Taxes

All Current Property taxes are estimated to show a net positive variance of \$5.3 million.

- *Property Taxes - Current Secured*

Current Secured Property Taxes are projected to be \$11.8 million higher than budget. This projection is based on actual assessed value (A.V) growth of 9.96% compared to the projected A.V growth of 7.5% that was used to calculate budgeted current secured General Fund revenue. (Note: The 9.96% growth figure above represents only the current secured property tax growth, which is different than the county-wide overall growth published by the Assessor/Recorder/County Clerk on June 28, 2007 of 9.36%, which includes all assessed value components (secured, unsecured, airplanes, and boats)). Moreover, based on adjusted countywide apportionment factor calculations, the estimated amount of year-end current secured revenues has been adjusted to reflect an additional \$3.0 above the Fiscal Year 2007-08 second quarter projection.

- *Property Taxes - Current Supplemental*

Current Supplemental Property Taxes are projected to be \$7.0 million lower than budget. This projection is based on revised A.V. growth, current billing through apportionment 9 and anticipated revenues, new construction and turnover through the remainder of Fiscal Year 2007-08.

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$0.5 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 was actually less than the roll for Fiscal Year 2006-07 by 4.33%. However, year-end projections have improved with an adjustment to the amount of anticipated refunds and tax roll corrections and based on adjusted countywide apportionment factor calculations.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$10.4 million above budget.

- *Property Taxes Prior Secured Supplemental*
Property Taxes Prior Secured Supplemental is estimated to be \$3.3 million below budget. This projection is based on a combination of a lower than anticipated 2006-07 year-end Current Secured Supplemental uncollected amount of open charges and the projected rate of collections of prior secured supplemental property taxes in 2007-08.
- *Property Taxes - Prior Secured*
Property Taxes Prior Secured is estimated to be \$0.6 million above budget. Prior secured property taxes are received based on escaped assessments where property belonging on the local roll has escaped assessment.
- *Sales and Use Tax*
A negative revenue variance of \$0.5 million is projected for Sales and Use Tax revenue based on current year receipts through February 2008, advances through April 2008 and anticipated lower than budgeted actuals for the remainder of Fiscal Year 2007-08. Unadjusted sales tax activity in the unincorporated area was down 2.8% for the fourth quarter of calendar year 2007 compared to the fourth quarter of calendar year 2006. Sales tax receipts generally lag sales activity by about one quarter year.
- *Transient Occupancy Tax*
A positive revenue variance of \$0.2 million is estimated for Transient Occupancy Tax revenue based on current year collections and trends over the past two years.
- *Real Property Transfer Taxes*
A negative variance of \$4.7 million in revenue is estimated for Real Property Transfer Taxes based on realized revenues for the first 9 months of Fiscal Year 2007-08. The third quarter projection also factors in projected assessed value growth including the anticipated level of new construction and turnover, and the cumulative impact this has on estimated revenue.

- *Teeter Tax Reserve Excess*
 The Teeter Tax Reserve Excess is estimated to be approximately \$4.5 million above 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 2007-08, the reserve requirement is \$23.7 million, a \$7.0 million increase from the Fiscal Year 2006-07 requirement of \$16.7 million. Further, the reserve has been met and the excess is being transferred to the General Fund.
- *Other Tax Aircraft Unsecured*
 A positive revenue variance of \$0.7 million is estimated for Other Tax Aircraft Unsecured based on current activity through apportionment 9 for Fiscal Year 2007-08 and projected adjustments and corrections through the end of the year.
- *Redevelopment Agency Tax Increment*
 A positive revenue variance of \$6.2 million is estimated for Redevelopment Agency Tax Increment based on year-to-date collections and higher pass through revenues than anticipated.
- *In Lieu Local Sales and Use Taxes*
 A positive revenue variance of \$0.3 million is estimated for In Lieu Local Sales and Use Taxes based on a slightly higher growth rate calculated by the California Department of Finance (DOF) as identified by their August 31, 2007 letter to the County of San Diego, combined with a positive true-up for Fiscal Year 2006-07.
- *Property Tax in Lieu of VLF*
 Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$6.3 million over the budgeted amount of \$297.1 million. The actual assessed value growth factor of 9.25% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for 2007-08 is 2.25% higher than the growth rate used to calculate the budgeted revenue.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.2 million higher than budget. The 2008 payment from San Diego Gas and Electric was processed at the end of March.

Fines, Forfeitures and Penalties

Penalties and Cost Delinquency Taxes are projected to be approximately \$0.6 million below budget. The second installment penalty posting data was not available at the

time of this projection. Based on current available information, revenues appear to be coming in lower than budget. Staff will be monitoring the second installment data closely and will be tracking collections through the end of the fiscal year. Revenues in this account reflect the 10% penalty that is assessed on late current year property tax payments.

A negative variance of \$0.4 million is projected from fines and forfeitures collected through various code violations due to changes in the distribution of general court fines.

Revenue from Use of Money and Property

A net positive variance of \$2.0 million is projected for interest on deposits. This positive variance is based on two factors: one, higher cash balances during the year than estimated for the budget, and two, higher overall interest rates than projected in the budget. With the actions by the Federal Reserve to lower the federal funds rate a combined 125 basis points on January 22 and January 30, and an additional 75 basis points on March 18, interest earnings from the use of money and property are expected to slow during the third and fourth quarter.

General County Expenses

Cash Borrowing Program

A positive \$7.0 million expenditure variance is projected. The savings is due to reduced TRANs borrowing costs in 2007. At the time the budget was prepared, the size of the TRANs borrowing had not been finalized. The reduced borrowing amount has led to expenditure savings for Fiscal Year 2007-08.

Contingency Reserve

On October 24, 2007, the Board of Supervisor's approved the transfer of \$3.0 million for Firestorm 2007 support activities. This leaves \$17.0 million budgeted in the Contingency Reserve in FY 2007-08. These remaining appropriations are anticipated to be unspent at year-end.

Lease Purchase Payments – Capital Projects

A net positive variance of \$0.2 million is projected. A variance of \$0.1 million is the result of under-realized revenue in "Rents and Concessions" offset by \$0.3 million in expenditure savings on the lease payments.

Lease Purchase Payments - ERP

A savings of \$0.5 million in the Enterprise Resource Planning (ERP) lease purchase payment is projected. \$6.7 million was budgeted for the ERP system lease-purchase payment, but only \$6.2 million was required this year, net of various credits.

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

Appropriations of \$49.8 million set-aside for economic uncertainty are expected to be unspent at year-end.

Countywide Shared Major Maintenance

Savings of \$2.0 million is projected due to unexpended shared major maintenance appropriations in Fiscal Year 2007-08.

Internal Service Funds

Employee Benefits ISF - Workers Compensation

A net positive variance of \$14.9 million is projected for the fund. The \$4.0 million contingency reserve appropriations are not anticipated to be spent in Fiscal Year 2007-08. In addition, \$3.0 million in interest earnings are projected. To conform to actuarial review methodology, the Auditor and Controller began directing interest earnings on cash balances in this fund to it instead of applying it to the General Fund. Interest earnings were not included in the initial budget for Fiscal Year 2007-08. The positive fund balance will improve the fund's year-end cash balance and therefore the fund's reserve. In addition, estimated liabilities have been decreased \$7.9 million based on an actuarial review as of June 30, 2008.

Public Liability ISF

An overall net positive variance of \$1.8 million is projected.

A positive variance of \$0.8 million is projected in services and supplies primarily due to measures implemented to decrease litigation expenses and to mitigate outside legal fees. A positive variance of \$1.0 million in other charges is projected primarily due to a projected savings of \$3.9 million in judgments and settlements partially offset by an increase of \$2.9 million over prior year actuarially estimated liabilities.

Debt Service Funds

Pension Obligation Bonds (POBs)

A net positive variance of \$7.2 million is projected for the fund. Expenditure savings are estimated at \$11.1 million and are projected to be offset by a decrease in revenue of \$3.9 million.

Expenditure savings of \$7.7 million is due to the actual variable interest rate on the POBs being less than the budgeted variable interest rate and an additional \$3.4 million in savings is due to administrative cost and miscellaneous expense savings related to the POBs. The positive variance in interest on bonds expenditures is a result of the variable interest rate expense being lower than budgeted. In order to ensure that sufficient funds are available to make interest payments to the bondholders in the face of possible interest rate volatility, the bond documents require that these interest

payments be budgeted at 200 basis points higher than the past year's annual average variable interest rate. A portion of the interest expense on the 2002 POBs is typically offset by a swap receipt from our swap counterparties per the County's floating-to-fixed rate swap agreement that governs a portion of the 2002 POBs.

It is projected there will be a decrease in swap revenues of \$7.9 million as a result of lower receipts from our counterparties due to lower than projected interest rates and basis risk. This \$7.9 million in revenue reduction is off-set by \$1.0 million in over-realized revenue from higher than expected interest earnings. In addition, a positive revenue variance of \$3.0 million is based on over-realized revenues from county departments. 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 POBs 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 **						
1008750		ILDICA STREET ACQUISITION	54055	241,000	240,999	1
1010185		CLEMMENS LANE PARK ACQUISITION	54058	368,859	312,797	56,062
1000256	KA3420	BONSALL PARK RIVER SITE ACQUISITION	54122	136,930	16,930	120,000
1000031	KK1662	ARCC/LUEG BUILDINGS SAN MARCOS	54203	9,205,464	9,167,365	38,099
1000193	KN2968	CACTUS PARK SPORTS FIELDS	54232	501,377	501,301	76
1000072	KK1709	NORTH COUNTY ANIMAL SHELTER	54392	6,685,375	6,685,374	1
1000191	KK2993	SAN PASQUAL ACADEMY SOUTH DORMITORY	54627	985,000	829,523	155,477
1005176	KN2996	TIJUANA RIVER VALLEY REGIONAL PARK TRAIL CROSSING	54630	300,000	0	109,079
1000000	KN3408	LOS PENASQUITOS TRAIL RESTORATION	54667	75,000	73,198	1,802
1005260	KN3416	NANCY JANE PARK SWINGS	54676	256,666	208,907	47,759
1000124	KK3422	POLINSKY CHILDREN'S CENTER NURSERY	54681	2,420,334	2,412,714	7,620
1000275	KN4450	LAKESIDE TEEN CENTER PHASE II	54695	335,000	323,289	11,711
1005334	KN4484	LAKESIDE SPORTS PARK	54715	1	0	1
1005992	KN5492	LINCOLN ACRES PARK PLAYGROUND IMPROVEMENTS	54723	114,000	113,151	849
1010183		ESTRELLA PARK IMPROVEMENTS	54768	50,000	49,802	198
1007066	KN6323	JESS MARTIN PARK PHASE II				
		BALLFIELD/SPORTSFIELD IMPRV	54740	73,000	64,608	8,392
TOTAL						\$ 557,128
** LIBRARY CONSTRUCTION FUND **						
1000183	KL1600	CAMPO-MORENA VILLAGE LIBRARY	54254	\$ 989,783	\$ 988,103	\$ 1,680
TOTAL				\$ 989,783	\$ 988,103	\$ 1,680
TOTAL FOR CAPITAL PROJECTS				\$ 989,783	\$ 988,103	\$ 558,808

This attachment represents a listing of the 17 capital projects that are anticipated to be completed and capitalized at the end of Fiscal Year 2007-08. See recommendations 58 & 59 of the Fiscal Year 2007-08 3rd Quarter Status Report.

* Tijuana River Valley Regional Park Trail Crossing received total funding of \$300,000 from the State Proposition 12, Non-Motorized Trails Grant (\$200,000) and District 1 Community Project's program (\$100,000). It was determined that this project will not be completed due to flood damage. The cancellation of appropriations in the amount of \$109,079 (\$200,000 - \$90,921) represents the remaining funding from the State Proposition 12, Non-Motorized Trails Grant. The cancellation of appropriations in the amount of \$7,645 (\$100,000 - \$1,434, expenditures related to District 1 funding - \$90,921, nonreimbursable Proposition 12 expenditures) represents the remaining District 1 Community Projects funds. Please refer to recommendations 30-32 in the Board letter for more information.