



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 24, 2011

23

TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

SUMMARY:

Overview

This report summarizes the status of the County's Fiscal Year 2010-11 Operational Plan, as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$231.7 million, and for all budgetary funds combined is \$273.2 million. In the General Fund, positive balances are projected for all five groups. In addition, the projected fund balance reflects the conservation of management and contingency reserves and projects that general purpose revenue will do better than estimated in the adopted budget.

This letter also recommends budget adjustments to make resource reallocations or to fund various one-time projects. In the Public Safety Group, an adjustment is proposed to transfer appropriations within the Sheriff's Asset Forfeiture Fund to fund planned overtime costs associated the Sheriff's Department SWAT academy.

In the Land Use and Environment Group, adjustments include the following: transfer of appropriations within the Department of Public Works for costs related to the Rancho del Campo Wastewater Treatment Plant Improvement Project; the transfer of appropriations from the Capital Outlay Fund to the Department of Parks and Recreation for planned expenditures that cannot be capitalized for the Spring Valley Community Center project; the transfer of appropriations from the Department of Parks and Recreation to the General Fund Contributions to Fleet Services Internal Service Fund to purchase a park vehicle for trail maintenance; increase appropriations in various capital projects and to fund capital project costs not eligible for grant reimbursement; and the transfer of funding from the Sweetwater Regional Park Equestrian Center Capital Project to the Tijuana River Valley Capital Project to fund a hydrology study.

In the Community Services Group, recommendations include a request to establish additional appropriations in the Department of Housing and Community Development

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

to complete the acquisition of Primrose Apartments, a 22-unit affordable housing complex in the unincorporated Vista and a request to authorize the Auditor and Controller to take necessary actions to dissolve the Housing and Community Development Special Revenue Fund.

The Finance and General Government Group an adjustment is requested to establish appropriations for one-time funding of Information Technology upgrades.

In the Capital Program, it is recommended that savings from lower than anticipated construction and development costs for the County Operations Center and Annex Redevelopment Project 1A be redirected to the Phase 1B portion of the County Operations Center. Other recommendations include adjustments to cancel the remaining appropriations for 13 projects that are anticipated to be completed and capitalized at the end of the fiscal year.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2010-11 third quarter report on projected year-end results.
2. Transfer appropriations of \$75,000 within the Sheriff's Asset Forfeiture Fund, from services and supplies to Operating Transfer Out, to fund planned overtime in the Sheriff's Department associated with the Special Weapon and Tactics (SWAT) academy.
3. Establish appropriations of \$17,000 in County Service Area 128 San Miguel Park (CSA 128), services and supplies, to provide funds for fence repairs at Lamar Park based on fund balance available. (4 VOTES)
4. Transfer appropriations of \$750,000 in the Department of Public Works General Fund, services and supplies, to an Operating Transfer Out to provide funds for the Rancho del Campo Wastewater Treatment Plant Improvements project.
5. Establish appropriations of \$750,000 in Campo Sewer Area, capital assets and equipment, for the Rancho del Campo Wastewater Treatment improvement project based on an operating transfer from the Department of Public Works General Fund. (4 VOTES)
6. Cancel appropriations of \$14,815.36 in the Capital Outlay Fund and related revenue from American Recovery and Reinvestment Act (ARRA) for Capital Project 1015178, Lakeside Community Center Photovoltaic System Improvements to provide funds for energy efficiency improvements at the Fallbrook Community Center.
7. Establish appropriations of \$14,815.36 in the Capital Outlay Fund for Capital Project 1014353, Fallbrook Community Center Photovoltaic Improvements to fund

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

energy efficiency improvements at the Fallbrook Community Center based on unanticipated revenue from an ARRA grant. (4 VOTES)

8. Cancel appropriations of \$56,000 in the Capital Outlay Fund and related Operating Transfer from the General Fund for Capital Project 1006572, Spring Valley Community Center Expansion to provide funds for computer lab equipment at the Spring Valley Community Center.
9. Transfer appropriations of \$56,000 from the Contributions to the Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, to fund the purchase of computer lab equipment for the Spring Valley Community Center computer lab.
10. Cancel appropriations of \$34,730 in the Capital Outlay Fund and related Operating Transfer from the General Fund for Capital Project 1005256, Lindo Lake Well, to provide funding for major maintenance projects at Lindo Lake Park.
11. Transfer appropriations of \$34,730 from the Contributions to the Capital Outlay Fund, Operating Transfer Out, to the Department of Parks and Recreation, services and supplies, to fund major maintenance costs at the Lindo Lake Park.
12. Cancel appropriations of \$35,000 in the County Service Area 128 - San Miguel Park and related revenue from property taxes and lease revenue from the Spring Valley Community Center, due to lower than anticipated receipts from these revenue sources.
13. Establish appropriations of \$35,000 in the County Service Area 128 – San Miguel Park (CSA 128) to provide funds for costs related to operations and maintenance services at parks within the CSA boundaries based on fund balance available. (4 VOTES)
14. Transfer appropriations of \$120,000 from the Department of Parks and Recreation, services and supplies, to the Contributions to Capital Outlay Fund, Operating Transfer Out, to provide funding for Capital Project 1014254 Bancroft Park (\$40,000), Capital Project 1014256, Oak Country II/Ramona Grasslands (\$40,000), and Capital Project 1014257, El Monte Park Trail (\$40,000).
15. Establish appropriations of \$120,000 in the Capital Outlay Fund for Capital Project 1014254 Bancroft Park (\$40,000), Capital Project 1014256, Oak Country II/Ramona Grasslands (\$40,000), and Capital Project 1014257, El Monte Park Trail (\$40,000) based on an Operating Transfer from the General Fund. (4 VOTES)
16. Transfer appropriations of \$130,000 from the Department of Parks and Recreation, services and supplies, to the General Fund Contributions to Fleet Services Internal Service Fund to provide funding the purchase of equipment to perform trail

**SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)**

maintenance. (4 VOTES)

17. Establish appropriations of \$36,500 in the Multiple Species Conservation Program Fund, based on unanticipated revenue from the sale of mitigation credits. (4 VOTES)
18. Cancel appropriations of \$6,536.17 in the Capital Outlay Fund and related revenue from the Firestorm 2003 Trust Fund for Capital Project 1007477, Goodan Ranch Preserve to provide funding for park improvements.
19. Establish appropriations of \$6,536.17 in the Department of Parks and Recreation, services and supplies, based on unanticipated revenue from the Firestorm 2003 Trust Fund. (4 VOTES)
20. Cancel appropriations of \$117,000 in the Capital Outlay Fund and related Operating Transfer from the General Fund for Capital Project 1000035, Sweetwater Regional Park Equestrian Center to fund a hydrology study in the Tijuana River Valley.
21. Establish appropriations of \$117,000 in the Capital Outlay Fund for Capital Project 1014147, Tijuana River Valley Equestrian Center based on an Operating Transfer from the General Fund to fund a hydrology study. (4 VOTES)
22. Establish appropriations of \$700,000 in the Department of Housing and Community Development HOME Affordable Housing program, services and supplies, for the acquisition and rehabilitation of the Primrose Apartments located in the unincorporated area of the City of Vista based on prior years' HOME Investment Partnership Program allocation. (4 VOTES)
23. Authorize the Auditor & Controller to take all action necessary to dissolve the Housing and Community Development Special Revenue Fund and transfer all activities and balances to the General Fund.
24. Establish appropriations of \$97,160 in the Clerk of the Board of Supervisors, services and supplies, for the workspace redesign and build of County Administration Center (CAC) Room 402 Public Services area based on overrealized revenue from Passport Application Fee services. (4 VOTES)
25. Establish appropriations of \$1,518,346 in the Finance & General Government Group Executive Office, services and supplies, for the one-time funding of PeopleSoft Applications Upgrade Version 9.0, based on Finance & General Government Group's Fiscal Year 2009-10 fund balance available. (4 VOTES)
26. Cancel appropriations of \$9,000,000 in the Capital Outlay Fund and related revenue from Reimbursement from SDRBA for Capital Project 1011214, County Operations Center and Annex Phase 1A to reflect cost savings resulting from lower

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

than anticipated construction and development costs.

27. Cancel appropriations of \$9,000,000 in the Capital Outlay Fund and related Operating Transfer from the General Fund for Capital Project 1014125, County Operations Center and Annex Phase 1B.
28. Establish appropriations of \$9,000,000 in the Capital Outlay Fund for Capital Project 1014125, County Operations Center and Annex Phase 1B based on Reimbursement from SDRBA. (4 VOTES)
29. Establish appropriations of \$9,000,000 in the Capital Outlay Fund for Capital Project 1011214, County Operations Center and Annex Phase 1A based on an Operating Transfer from the General Fund. (4 VOTES)
30. Cancel appropriations and related revenue of up to \$170,150.75 in the Capital Outlay Fund for 13 projects completed in Fiscal Year 2010-11.

Fiscal Impact

The funds for this request are not budgeted. If approved, in the General Fund, this action will establish additional appropriations of \$2,322,042. The funding sources include General Fund Fiscal Year 2009-10 fund balance, HOME Investment Partnership Program revenue, over-realized revenue from Passport Application Fee services, and revenue from the 2003 Firestorm trust fund.

In all other funds combined, these actions will cancel budgeted appropriations and the related funding sources in the amount of \$18,434,232 and will establish additional appropriations of \$19,090,315 resulting in a net increase in appropriations of \$656,083. Funding sources include unanticipated revenue from Reimbursement from SDRBA COC 1A – General Fund, fund balance available from County Service Area 128, ARRA grant funding, proceeds from the sale of mitigation credits, and miscellaneous other sources.

Business Impact Statement

N/A

Advisory Board Statement

N/A

BACKGROUND:

For the General Fund, the third quarter projection of year-end fund balance from current year operations is \$231.7 million. This projected one-time resource is a combination of expecting to end the year with General Purpose Revenue (GPR) above budget by \$7.8 million, along with a net positive variance of \$179.0 million from operations and a positive variance of \$44.9 million in unspent contingency and management reserves. The \$179.0 million positive variance from operations includes resources proposed to be rebudgeted next fiscal year, pension stabilization

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

reserves, and measures being taken by departments to conserve resources or transition to reduced resource levels in the future. Although GPR is expected to be \$7.8 million above budget, this estimate remains lower than the first quarter GPR estimate of \$16.0 million above budget. As reported in the second quarter, the GPR projections continue to be impacted by unanticipated large roll corrections and refunds which are now estimated at \$21.1 million. These roll corrections and refunds are due to several large multi-year commercial property reassessments.

The projected balance for all other funds combined is \$41.5 million. Schedule A summarizes the fund balance projections by Group and department. The Notes to Schedules A and B 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 2011 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 \$231.7 million is based on the estimate that expenditures will be a net \$354.8 million less than the Fiscal Year 2010-11 Amended Budget and revenues will be a net \$123.1 million less than the Fiscal Year 2010-11 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:

- \$58.1 million in net positive salary and benefit appropriation variance, predominantly in the Public Safety Group (PSG) and Health and Human Services Agency (HHS), but also in Land Use and Environment Group (LUEG), Community Services Group (CSG), and Finance and General Government Group (FGG), from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of vacancies. Additional expenditures in PSG in the Department of Public Defender are associated with the expiration of a contract for Dependency Representation and staff remaining on the payroll for a period of time following the expiration of the contract to perform services.
- \$198.1 million in net positive appropriation variance in services and supplies across the County, primarily in HHS and FGG but also in PSG, LUEG and CSG.
 - In HHS, projected positive variance of \$70.9 million are primarily in contracted services (e.g., in Behavioral Health Services related to un-awarded Mental Health Services Act and Alcohol and Drug Services contracts; lower than anticipated service levels in Early Periodic Screening, Diagnosis and Treatment and Medi-Cal; lower than estimated growth trends in In Home Supportive Services (IHSS) Individual Provider costs; State funding reductions in contracts for Immunization services; and emergency appropriations for bio-terrorism and appropriations to mitigate unanticipated State reductions. Offsetting these projected positive variances are negative variances anticipated due to information technology activity; increased costs associated with County Medical Services, the Coverage

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

Initiative, and additional costs at Polinsky Children's Center and the San Pasqual Academy.

- In FGG, a positive variance of \$41.3 million reflects resources that have been rebudgeted due to delays in the procurement process related to the Integrated Property Tax System. A positive variance in the County Technology Office reflects one time savings associated with the server virtualization project. These resources have been allocated to fund new one time enterprise information technology initiatives next year. Savings in the Auditor and Controller Department are due to a hold placed on information technology work during major system upgrades.
- In PSG, a positive variance is anticipated in the Public Defender's Office due to a year-end expenditure accrual and reversal and cost avoidance from the consolidation of the indigent defense program. Amounts have been rebudgeted due to a spending delay for the tree removal grant while an Environmental Impact Report is prepared. Additional savings include funds not required to match grants and consultant contract costs in the PSG Executive Office, savings in Probation as a result of efforts to reduce overall expenditures and savings in the Department of Child Support Services due to contract and lease/utility cost savings.
- In LUEG, a positive variance in the Department of Planning and Land Use is anticipated due to delays in the Zoning Ordinance Update pending General Plan Update approval and savings from the multi-year implementation of the Business Case Management System (BCMS), both of which have been rebudgeted, and a Cal Trans grant that was not awarded. A positive variance in Environmental Health are due to delays in awarding projects associated with the Vector Remediation Program, the delayed purchase of mobile inspection equipment, multiyear contract savings, BCMS resources which have been rebudgeted, and overall efforts to reduce expenditures. Public Works resources have been rebudgeted for projects including the Woodside Avenue Drainage project, one-time appropriation associated with the 2007 Firestorm, and one time information technology projects. A negative variance is projected in Agriculture, Weights and Measures due to costs required to implement a mobile wireless upgrade and to develop management reports for the BCMS.
- In CSG, a positive variance is primarily due to lower than anticipated election-related costs for the November 2, 2010 Gubernatorial General Election in the Registrar of Voters. A positive variance in Housing and Community Development is anticipated due to the postponement of digitizing loan and grant documents, reduced fuel and vehicle maintenance costs.
- A net positive appropriation variance of \$51.6 million in other charges reflects net variances from budgeted caseload and aid payments. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care costs in the California Children's Services program and in Behavioral Health Services associated with an increase in State support and care hospital rates. These negative variances are offset by a positive variance in Regional Operations, mainly the result of revised caseload levels in Child Care Stage 1, and savings in Child Welfare Services

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

based on revised estimates of caseload levels, growth trends, and unit cost per case for Foster Care and KinGap programs. In PSG, a positive variance is projected in the Sheriff's Department for lower than anticipated expenditures to support inmate health care, in the Office of Emergency Services due to delays in grant supported expenditures that will carry forward into next fiscal year, and in Contributions for Trial Courts to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court funding. These positive variances are partially offset by additional expenditure requirements projected for Foster Care in the Probation Department. In CSG, a positive variance is projected in Housing and Community Development due to lower than anticipated expenditures on multi-year projects. In addition, a positive variance due to lower than budgeted tax and revenue anticipation note borrowing costs in Finance Other and various lease payments.

- \$2.2 million in appropriation savings for operating transfers out in HHSa for the IHSS Public Authority related to health benefit costs for providers being less than budgeted, and delays in the Documentum 6.5 upgrade in the Purchasing ISF.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$24.9 million in management reserves in HHSa (\$20.0 million), PSG (\$2.4 million), and in CSG (\$2.5 million) that are projected to be unspent at year-end.

The projected revenue under-realization to budget of \$123.1 million includes negative variances totaling \$147.3 million in various funding sources, with partially offsetting positive variances of \$24.2 million. Of the \$147.3 million in negative variances, \$125.3 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs and contracted services mentioned above. An additional contributing factor to the negative revenue variance is a projected shortfall of \$4.3 million in current property taxes. The projection reflects \$21.1 million in roll corrections and refund adjustments resulting from several large multi-year commercial reassessments, compared to \$6.7 million projected for these adjustments in the first quarter and \$17.7 million projected for these adjustments in the second quarter. The remaining negative variances reflect the combination of unrealized revenue due to operational savings and various revenue shortfalls in charges for current services and fines, forfeitures and penalties.

A positive revenue variance of \$24.2 million is expected in the following categories: taxes other than current secured (\$15.1 million); licenses permits and franchises (\$2.2 million); revenue from use of money and property (\$2.5 million); and miscellaneous revenue (\$4.4 million).

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

Recommendation 2

This request will transfer appropriations of \$75,000 within the Sheriff's Asset Forfeiture Fund, from services and supplies to Operating Transfer Out. The Operating Transfer In, in the Sheriff's Department was included in the Fiscal Year 2010-11 Operational Plan, however the Operating Transfer Out was inadvertently not included in the Asset Forfeiture Fund. This adjustment will support planned overtime costs associated with the Sheriff Department's SWAT academy held

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

March 28, 2011 through April 8, 2011. The Asset Forfeiture Fund will provide funding for the overtime costs associated with the academy. This is a technical adjustment to align the Operating Transfer Out in the Asset Forfeiture Fund.

Recommendation 3

The requested action will establish appropriations of \$17,000 in the County Service Area 128 San Miguel (CSA 128) based on fund balance available. This adjustment is necessary to provide funding for fence repairs at Lamar Park due to vandalism. The fence that adjoins neighboring, privately owned properties has been damaged and no longer provides security to the park.

Recommendation 4 & 5

On March 16, 2011 (#7), your Board approved the advertisement and award of the Rancho del Campo Wastewater Treatment Plant Improvement project. The project consists of remedial improvements and rehabilitation to the existing Rancho del Campo Wastewater Treatment Plant located in the unincorporated community of Campo to meet Regional Water Quality Control Board permit requirements. Funds of \$750,000 are included in the Fiscal Year 2010-11 Operational Plan in the Department of Public Works (DPW) General Fund. If approved, this request will transfer from services and supplies appropriations of \$750,000 in the DPW General Fund to an operating transfer out to fund the project in the Campo Sewer Area where the improvement project will be capitalized.

Recommendations 6 & 7

The Operational Plan included appropriations to fund the design and construction of a photovoltaic system at the Lakeside Community Center (\$250,000) and at the Fallbrook Community Center (\$250,000), to be funded by an Energy Efficiency and Conservation Block Grant provided by the American Revenue and Recovery Act of 2009 (ARRA). The photovoltaic system project at the Lakeside Community Center has been completed. These recommendations will transfer remaining ARRA grant funding of \$14,815.36 from Capital Project 1013103 Lakeside Community Center to Capital Project 1014353 Fallbrook Community Center to complete the energy efficiency lighting project at the Fallbrook Community Center. The United States Department of Energy (DOE) approved funding of \$500,000 for the photovoltaic project at County parks. County policy requires capital projects be accounted for separately, therefore the redistribution of funding does not require approval by the DOE.

Recommendations 8 & 9

The Spring Valley Community Center offers a variety of recreation, education, and enrichment services. The facility's computer lab is outdated and inadequate and no longer meets the needs of the community. The construction plans for expanding the Community Center included an upgraded computer learning center, however these expenditures do not qualify as capital expenditures so the appropriations for this component of the project needs to be transferred to the Department of Parks and Recreation to complete the purchase and installation of new computers, related desks, chairs and equipment. This action will cancel appropriations of \$56,000 in Capital Project 1006572 to the Departments of Parks and Recreation. Remaining appropriations in Capital Project 1006572 Spring Valley Community Center are sufficient to complete the project.

**SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)**

Recommendations 10 & 11

This request will transfer the remaining appropriations of \$34,730 from completed Capital Project 1005256, Lindo Lake Well to the Department of Parks and Recreation, to provide funding needed for major maintenance costs related to water pipe installation and additional repairs at Lindo Lake Park. The Lindo Lake project involves a two part strategy to decrease energy consumption and promote water conservation. Servicing pumps and filters on two water wells dedicated to supplying water to Lindo Lake will increase pumping efficiency requiring less electric demand to operate pumps.

Recommendations 12 & 13

Due to the recent decline in the national and local economies there has been a reduction in property tax revenue. This has impacted the annual CSA 128 budget which is partly funded by property tax revenue. In addition, the reduction in revenue generated from lease agreements, daycare and other services at the Spring Valley Community Center has also impacted the CSA budget. The requested action to appropriate \$35,000 in the CSA 128 Fund fund balance available will offset these budget impacts and will allow the Department of Parks and Recreation to provide operations and maintenance services at parks within the CSA boundaries.

Recommendations 14 & 15

The State of California awarded grant funding to the Department of Parks and Recreation for three capital projects. The three projects funded by the State of California are Capital Project 1014254, Bancroft Park (\$473,000), Capital Project 1014256, Oak Country II/ Ramona Grasslands (\$426,138) and Capital Project 1014257, El Monte Park Trail (\$375,000). Under the updated grant guidelines reimbursement for indirect costs are not allowed. Due to the nature of the grants, the department was able to make slight revisions to the scope of work and cost estimates. This revision would allow the department to maximize the full grant award and replace indirect costs with direct costs. The department is now responsible to cover the indirect costs. The requested actions will transfer appropriations of \$120,000 from the Department of Parks and Recreation to the Capital Outlay Fund for Capital Project 1014254, Bancroft Park (\$40,000), Capital Project 1014256, Oak Country II/Ramona Grasslands (\$40,000), and Capital Project 1014257, El Monte Park Trail (\$40,000) to cover the indirect costs that will not be reimbursed by the State of California. The Department of Parks and Recreation will provide funding for these costs through an Operating Transfer from the General Fund.

Recommendation 16

On December 7, 2010 (30), appropriations of \$130,000 were established in the Department of Parks and Recreation (DPR) to provide funding for the purchase of equipment to perform trail maintenance based on the Land Use and Environment Group's Fiscal Year 2009-10 fund balance available. Transferring the appropriations to the Department of General Services ISF (DGS-ISF) will allow DPR and DGS-ISF to comply with Board Policy H-1, Fleet Service Internal Service Fund, related to the purchase of vehicles.

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

Recommendation 17

On January 13, 2010 (6), the Board of Supervisors adopted a new policy for mitigation on County-owned land. Pursuant to the conservation agreement, revenue obtained through sale of mitigation credits will be used to purchase additional lands within the county that meet the criteria set forth in the Mitigation Policy. The Department of Public Works (DPW) purchased 3.7 acres of arroyo toad habitat mitigation credits from the Department of Parks and Recreation as mitigation for the Lake Rancho Viejo Restoration Project pursuant to a Purchase Agreement. The land is for mitigation purposes in connection with the DPW's Lake Rancho Viejo Restoration Project to protect sensitive biological resources. The requested action will establish appropriations of \$36,500 in Capital Project 1000014, Multiple Species Conservation Program based on unanticipated revenue from the sale of mitigation credits.

Recommendations 18 & 19

On July 27, 2005 (7), the Board established appropriations of \$1,700,000 for Capital Project 1007477, Goodan Ranch Preserve for a new community/staff building, volunteer vehicle pad, storage building and to fence and preserve the ranch house building. The project is complete. Today's recommendation will transfer remaining project funds of \$6,536.17 to the Department of Parks and Recreation, services and supplies. On August 5, 2009 (8), the Board approved the cancellation of appropriations of \$118,242 and related Firestorm 2003 Trust Fund revenue in this project to be transferred to the Department Parks and Recreation. The total of \$124,778.17 will be used for the purchase and installation of two water tanks at William Heise Park. The park's existing two 54,000 gallon water storage tanks are approximately 30 years old and need to be replaced to ensure a reliable source of potable water for park patrons and a water supply for fire protection.

Recommendations 20 & 21

On May 14, 2002 (9), the District 1 established appropriations of \$120,000 for Capital Project 1000035, Sweetwater Regional Park Equestrian Center based on Community Projects funding. This request will transfer project funds of \$117,000 from Capital Project 1000035, Sweetwater Regional Park Equestrian Center to Capital Project 1014147, Tijuana River Valley Equestrian Center for a hydrology study. The Tijuana River Valley Equestrian Center project is located in a floodplain. A hydrology study will provide the technical analysis necessary to determine existing conditions, site opportunities and constraints, and potential project design considerations related to the floodplain issue.

Recommendation 22

On March 15, 2011 (6), the Board approved the issuance of a loan to North County Solutions for Change of up to \$3,421,452 in U.S. Department of Housing and Urban Development HOME Investment Partnerships Program and Community Development Block Grant Program (CDBG) funds for partial financing of the acquisition and rehabilitation of the Primrose Apartments. The Primrose Apartments are located in the unincorporated area, adjacent to the City of Vista. The Primrose Apartments is a 22-unit complex that will be used to provide affordable housing for special-needs populations as identified in the County of San Diego Consortium 2010–2015

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

Consolidated Plan. The primary population to be served is families, including veterans and their minor children, who have graduated from the North County Solutions for Change Solutions University, a transitional housing program. Occupancy will be limited to individuals earning up to 60% of the area median income. The current area median income for a family of four is \$75,500. These units will have occupancy restrictions for a period of 55 years.

The funding sources for the loan are HOME grant of \$2,948,896 and CDBG grant of \$472,556. However, current year appropriations in the HOME Affordable Housing project are not sufficient to cover the entire HOME portion of the contract amount. Prior year HOME Affordable entitlement of \$700,000 will be utilized to supplement the current year allocation.

Recommendation 23

The County of San Diego receives grant funding from the Federal and State governments through a variety of housing and community development programs that are managed by the Department of Housing and Community Development. These include the Community Development Block Grant (CDBG), Housing Opportunities for Persons with AIDS (HOPWA), and HOME Investment Partnership Programs. Funding from these provides affordable housing and improvements to community facilities such as parks, athletic fields, and accessibility. Currently these grants and loans were accounted for in the Housing and Community Development Special Revenue Fund (HCDSRF). In the Fiscal Year 2010-11 Adopted Budget, your board approved the transfer of program activities from the HCDSRF to the Department of Housing and Community Development. If approved, today's recommendation will allow for final actions necessary to dissolve the HCDSRF and transfer balances to the Department of Housing and Community Development. No change will occur in the management of the programs.

Recommendation 24

This request will establish appropriations of \$97,160 in the Clerk of the Board of Supervisors based on over realized revenue from Passport Application Fee services. As a designated agent of the U.S. Department of State, the Clerk of the Board of Supervisors offers passport acceptance services at the CAC, which is the only County facility that provides walk-in passport acceptance services. Walk-in customer traffic has increased substantially due primarily to new federal passport requirements established in 2009, revealing a need for better workflow and security in the Public Services area. Improvements will include installation of permanent seating, redesigned barriers to provide greater security for cash handling and to isolate passport service-related activities from other services, and a safer, more customer-friendly environment. All improvements are anticipated to be completed within Fiscal Year 2010-11.

Recommendation 25

This request will establish appropriations of \$1,518,346 in the Finance & General Government Group Executive Office based on Finance & General Government Group's Fiscal Year 2009-10 fund balance available. These appropriations are required to complete an upgrade to PeopleSoft Applications, the County's enterprise human resources software application. Costs include provisions for proper technical documentation of an upgrade performed under the prior IT

**SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)**

contract, unanticipated complexity of development, extended system integration and user acceptance testing, and more extensive modification of interfaces between systems. The upgraded system went live on April 18, 2011; all post-implementation activity is expected to be completed within Fiscal Year 2010-11.

Recommendations 26, 27, 28 & 29

These recommendations will redirect savings due to lower than anticipated construction and development costs of County Operations Center and Annex Phase 1A (COC 1A), Capital Project 1011214 to offset costs of the County Operations Center and Annex Phase 1B (COC 1B) Capital Project 1014125.

Recommendation 30

At the end of the Fiscal Year 2010-11, a total of 13 capital projects are anticipated to be completed and capitalized. Eleven of the 13 projects will have remaining appropriations and related revenue of up to \$170,150.75 in the Capital Outlay Fund. The remaining two capital projects have no remaining appropriations. They are Capital Project 1000036 East Mesa Detention Facility and Capital Project 1011679 San Pasqual Academy Technology & Career Information Center. At the end of the fiscal year, remaining appropriations will be canceled and the related funding will be returned to the respective funding sources, which include the General Fund, Park Land Dedication, federal grants, and miscellaneous revenue, 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 2010-11 Operational Plan and outlined by our three Strategic Initiatives – Kids, the Environment, and Safe and Livable Communities.

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

Schedule A
Schedule B
Schedule C
Notes to Schedules A and B

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICT: All)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

August 3, 2010 (27) County of San Diego Fiscal Year 2010-11 Adopted Budget Resolution for Family of Funds, Enterprise Funds and Internal Services Funds, Prior Year Encumbrances and Penalty Assessment Resolution; December 7, 2010 (30) Fiscal Year 2010-11 First Quarter Operational Plan Status Report and Budget Adjustments; and March 1, 2011 (10) Fiscal Year 2010-11 Second Quarter Operational Plan Status Report and Budget Adjustments.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

OTHER CONCURRENCE(S): N/A

CONTACT PERSON(S):

Donald F. Steuer, Chief Financial Officer

Ebony N. Shelton, Director, Office of Financial Planning

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**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 50,101	\$ (9,497)	\$ 40,605
Health & Human Services Agency	142,443	(104,227)	38,216
Land Use & Environment	28,212	(8,908)	19,304
Community Services	20,192	(8,983)	11,209
Finance & General Government	50,174	(614)	49,560
Total Agency/Group	291,121	(132,229)	158,893
General Purpose Revenue	0	7,751	7,751
Finance Other	63,662	1,388	65,050
Total General Fund	\$ 354,784	\$ (123,090)	\$ 231,694
Special Revenue Funds			
Public Safety	\$ 423	\$ 13,291	\$ 13,714
Health & Human Services Agency	3,259	0	3,259
Land Use & Environment	13,827	(3,783)	10,043
Community Services	3,309	(1,644)	1,665
Total Special Revenue Funds	\$ 20,817	\$ 7,863	\$ 28,681
Capital Program			
Finance Other	\$ 326	\$ (326)	\$ 0
Internal Service Funds Departments			
Public Safety Group	\$ 2	\$ 0	\$ 3
Health & Human Services Agency	0	0	0
Land Use & Environment	686	(363)	322
Community Services	39,453	(39,208)	245
Finance & General Government	0	0	0
Finance Other	(96)	0	(96)
Total Internal Service Funds	\$ 40,045	\$ (39,571)	\$ 474
Enterprise Fund Departments			
Land Use & Environment	\$ 1,526	\$ (50)	\$ 1,476
Special District Funds Departments			
Public Safety Group	\$ 56	\$ 5	\$ 61
Health & Human Services Agency	0	302	302
Land Use & Environment	13,223	(4,368)	8,854
Total Special District Funds	\$ 13,278	\$ (4,061)	\$ 9,217
Other County Funds Departments			
LUEG - Debt. Svc. Local Boards	\$ 0	\$ 0	\$ 0
Community Svcs. - Redevelopment Agencies	1,343	(393)	950
Finance Other - Majestic Pines	0	0	0
Total Other County Funds	\$ 1,343	\$ (393)	\$ 950
Debt Service - Pension Obligation Bonds	\$ 7	\$ 727	\$ 734
Total County Projected Operating Balance	\$ 432,126	\$ (158,900)	\$ 273,226

Prepared: 04/27/11

Numbers may not total due to rounding.

**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 2,370	\$ 1,409	\$ 3,779
Contributions for Trial Courts	1,500	(1,497)	3
Defense Attorney Contract Admin.	0	0	0
District Attorney	9,914	790	10,704
Emergency Services	4,959	(4,418)	542
Law Enforcement Review Board	44	0	44
Medical Examiner	192	11	203
Probation	2,745	(2,555)	189
Public Defender	4,592	868	5,460
Public Safety Executive Office	644	1,916	2,560
San Diego County Fire Authority	6,269	(4,903)	1,365
Sheriff	16,873	(1,117)	15,756
Total General Fund	\$ 50,101	\$ (9,497)	\$ 40,605

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	9	68	76
Probation - Asset Forfeiture	13	22	35
Probation - Inmate Welfare Program	0	15	15
Sheriff - Asset Forfeiture	0	1	1
Sheriff - Inmate Welfare Program	401	606	1,007
Public Safety - Proposition 172	0	12,580	12,580
Total Special Revenue Funds	423	13,291	13,714

Internal Service Funds Departments

Probation	0	0	0
Sheriff(Jail Stores)	2	0	3
Total Internal Service Funds	2	0	3

Special District Funds

Sheriff (Regional 800 MHz)	0	3	3
County Service Area	56	3	58
Total Group Projected Fund Balance	\$ 50,582	\$ 3,800	\$ 54,382

**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Programs

Administrative Support	\$ 31,123	\$ (2,993)	\$ 28,130
Aging & Independence Services	30,358	(26,949)	3,410
Behavioral Health Services	32,037	(32,037)	0
Child Welfare Services	32,317	(27,347)	4,970
Public Administrator/Public Guardian	14	(432)	(418)
Public Health Services	5,227	(3,760)	1,467
Regional Operations	15,865	(15,208)	657
Strategic Planning & Operational Support	(4,498)	4,498	0
Total General Fund	\$ 142,443	\$ (104,227)	\$ 38,216

Special Revenue Funds

Tobacco Securitization Fund	3,259	0	3,259
Total Special Revenue Funds	3,259	0	3,259

Internal Service Funds

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

Ambulance Districts	0	302	302
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Total Health & Human Services Agency	\$ 145,702	\$ (103,925)	\$ 41,777
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**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 241	\$ 598	\$ 838
Environmental Health	11,179	(5,551)	5,628
Land Use & Environment Group Exec Office	1,407	(149)	1,258
Parks & Recreation	316	(80)	235
Planning & Land Use	7,692	(2,750)	4,942
Public Works	\$ 7,378	\$ (976)	\$ 6,402
Total General Fund	\$ 28,212	\$ (8,908)	\$ 19,304

Special Revenue Funds Departments

A,W & M (Grazing and Fish & Game Commission)			0
Parks & Recreation - PLDO	70	522	592
DPW - Aviation Funds			0
DPW - Road Funds	13,114	(4,279)	8,835
DPW - Inactive Waste	642	(27)	616
Total Special Revenue Funds	13,827	(3,783)	10,043

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	686	(363)	322
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Enterprise Funds Departments

Airport Enterprise Fund	876	388	1,264
Liquid Waste Enterprise Fund	649	(438)	212
Total Enterprise Funds:	1,526	(50)	1,476

Special District Funds Departments

Air Pollution Control District	11,964	(4,096)	7,868
Parks and Recreation	193	(96)	97
Planning and Land Use - CSAs	0	0	0
DPW - Sanitation Districts & Sewer Maintenance	1,016	(146)	870
DPW - CSAs	0	0	0
DPW - PRDs	0	0	0
DPW - Flood Control	0	19	19
DPW - Street Lighting Districts	49	(49)	0
Total Special Districts Funds:	13,223	(4,368)	8,854

Other County Funds Departments

Debt Service-Local Boards	0	0	0
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Total Land Use & Environment Group	\$ 57,472	\$ (17,473)	\$ 40,000
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**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 393	\$ 38	\$ 430
Community Services Group Exec Office	2,666	0	2,666
General Services	0	0	0
Housing & Community Development	13,812	(13,221)	592
Purchasing & Contracting	500	0	500
Library Services	0	0	0
Registrar of Voters	2,821	4,200	7,021
Total General Fund	\$ 20,192	\$ (8,983)	\$ 11,209

Special Revenue Funds Departments

Library Services	3,309	(1,644)	1,665
Housing & Community Development	0	0	0
Total Special Revenue Funds	3,309	(1,644)	1,665

Internal Service Funds Departments

Facilities Management	9,241	(9,420)	(180)
Major Maintenance ISF	24,069	(24,430)	(362)
Fleet Management	4,770	(3,257)	1,514
Purchasing & Contracting	1,374	(2,100)	(727)
Total Internal Service Funds	39,453	(39,208)	245

Other County Funds Departments

Redevelopment Agency	1,343	(393)	950
Total Community Services Group	\$ 64,297	\$ (50,228)	\$ 14,068

**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 1,117	\$ 294	\$ 1,411
Auditor & Controller	3,549	(545)	3,004
Board of Supervisors	280	2	282
CAC-Major Maintenance	0	0	0
Chief Administrative Officer	248	0	248
Civil Service Commission	10	0	10
Clerk of the Board of Supervisors	111	403	514
County Communications Office	1	4	5
County Counsel	765	(722)	42
County Technology Office	1,337	1	1,338
Finance & GG Exec Office	41,302	0	41,302
Grand Jury	86	0	86
Human Resources	1,266	(432)	833
Treasurer-Tax Collector	102	383	486
Total General Fund	\$ 50,174	\$ (614)	\$ 49,560

Internal Service Funds Departments

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

\$ 50,174	\$ (614)	\$ 49,560
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**FY 2010-2011 3rd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter FY10-11 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:			
All Current Property Taxes	\$ 0	\$ (4,305)	\$ (4,305)
All Other Taxes-Local	0	15,074	\$ 15,074
Licenses, Permits & Franchises	0	379	\$ 379
Fines, Forfeitures & Penalties	0	(2,744)	\$ (2,744)
Revenue for Use of Money & Property	0	(248)	\$ (248)
Intergovernmental Revenue	0	(405)	\$ (405)
Charges for Current Services	0	0	\$ 0
Miscellaneous Revenue	0	(0)	\$ (0)
Total General Purpose Revenue	\$ 0	\$ 7,751	\$ 7,751

General County Expenses:			
Cash Borrowing Program	\$ 4,400	\$ 0	\$ 4,400
Community Enhancement	0	0	0
Contingency Reserve	20,000	0	20,000
Lease Payments - Capital Projects	263	(6)	257
Contributions to the Capital Outlay Fund	170	0	170
Contributions to Library Fund	0	0	0
Local Agency Formation Comm Admin	0	0	0
Neighborhood Reinvestment Program	0	0	0
Countywide Expenses	38,829	1,395	40,223
Total Finance Other Expenses	\$ 63,662	\$ 1,388	\$ 65,050
Total General Fund	\$ 63,662	\$ 9,139	\$ 72,801

Capital Program Funds

Capital Program	\$ 326	\$ (326)	\$ 0
Total Capital Program Funds	\$ 326	\$ (326)	\$ 0

Internal Service Funds Departments

Workers Compensation	\$ 351	\$ 0	\$ 351
Unemployment Insurance	1,500	0	1,500
Public Liability	(1,947)	0	(1,947)
Total ISF Funds	(96)	0	(96)

Other County Funds Departments

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

Pension Obligation Bonds	\$ 7	\$ 727	\$ 734
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**Total General Purpose Revenue & Finance
Other**

	\$ 63,899	\$ 9,540	\$ 73,439
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**FY 2010-2011 3rd Quarter
Projected Year-End Results**
(in thousands)

Schedule B

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY10-11 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 2,350	\$ 38,255	\$ 40,605
Health and Human Services Agency	20,000	18,216	38,216
Land Use and Environment		19,304	19,304
Community Services	2,550	8,659	11,209
Finance & General Government	0	49,560	49,560
Agency/Group Totals	\$ 24,900	\$ 133,993	\$ 158,893
General Purpose Revenue	0	7,751	7,751
General County Expenses	0	45,050	45,050
Contingency Reserve	20,000	0	20,000
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 20,000	\$ 52,801	\$ 72,801
Total General Fund	\$ 44,900	\$ 186,794	\$ 231,694

COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2010 -11 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 established at the Group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by Group/Agency that distinguishes between projected 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 variances (greater than \$300,000) in total expenditure, total revenue, or net variances from plan are discussed below and categorized by fund.

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 (PSG)

General Fund

Child Support Services

A positive variance of \$3.7 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$2.3 million includes projected savings of \$1.0 million in salaries and benefits due to modified and vacant positions and \$1.3 million in services and supplies primarily due to savings in a renegotiated contract and reduced energy and mileage costs.

A positive revenue variance of \$1.4 million is projected due to over-realized revenue associated with claiming for allowable A-87 costs.

Contributions for Trial Courts

No net variance is projected for the Contributions for Trial Courts.

A positive expenditure variance of \$1.5 million is projected. A positive variance of \$0.2 million is projected due to savings in utilities and facilities maintenance costs. A positive variance of \$1.3 million is projected 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 negative revenue variance related to the expenditure variance noted above of \$1.5 million is projected. This is comprised of a negative variance of \$0.7 million in projected in fines, forfeitures & penalties to recognize the anticipated levels of revenues to be received and a negative variance of \$0.8 million due to a decrease in Traffic School Fines. Overall economic conditions continue to impact the revenues received by the County to support the statutory Contribution to Trial Courts.

District Attorney

A net positive variance of \$10.7 million is projected for the District Attorney's Office.

A net positive expenditure variance of \$9.9 million is projected primarily due to anticipated savings of \$8.3 million in salaries and benefits due to modified positions and holding positions vacant. A positive variance of \$2.4 million is projected in management reserves which are held for operating contingencies during the year. This is offset by a negative expenditure variance of \$0.8 million in expenditure transfers and reimbursements due to normal attrition and delays in filling vacant positions in the Public Assistance Fraud Unit.

A net positive revenue variance of \$0.8 million is projected. Positive variances of \$0.7 million in the Organized Automobile Insurance Fraud Program, \$0.5 million in the Urban Auto Insurance Program, and \$0.3 million in the Worker's Compensation Insurance Fraud Program are due to increased awards from the California Department of Insurance. A positive variance of \$0.2 million is projected due to unanticipated revenue from the Federal Combating Criminal Narcotic Activity grant. This is offset by negative variances in grant awards from the California Emergency Management Agency (CalEMA), supported by Vehicle License Fee receipts to the Local Safety Protection Account, for the High Technology Prosecution Program of \$0.5 million and the Vertical Prosecution Block Grant of \$0.2 million. A negative variance of \$0.1 million in the Victim/Witness Program is projected due to the reduction in the Criminal Restitution Compact from the State Victim Compensation and Government Claims Board and a negative variance of \$0.1 million in the Grant to Encourage Arrest Policies and

Enforcement of Protection Orders Program is projected due to the reduced expenditures in contracts.

Office of Emergency Services

A net positive variance of \$0.5 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$5.0 million is projected. A positive variance of \$0.2 million is projected in salaries and benefits due to staff turnover and savings from a vacant position. A positive variance of \$0.3 million is projected in services and supplies due to the Call When Needed contract which will be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13 and a positive variance of \$4.5 million is projected in other charges which represents grant supported expenditures that will carry forward to next fiscal year.

A net negative revenue variance of \$4.4 million is projected. These projected shortfalls are mitigated by the expenditure variances shown above. The Homeland Security Grant program is projected to be \$3.6 million under budget, the Buffer Zone Protection program is projected to be \$0.6 million under budget, and the Aid from Joint Powers is projected to be \$0.3 million under budget. There is a positive variance of \$0.1 million projected for the Emergency Management Performance Grant program revenue due to additional grant funds that have been received for emergency preparedness programs.

Probation

A net positive variance of \$0.2 million is projected for the Probation Department.

A net positive expenditure variance of \$2.7 million is projected. This is comprised of a \$2.6 million positive variance in salaries and benefits due to staff vacancies. A \$1.2 million positive variance in services and supplies is projected as a result of efforts made to reduce overall expenditures. A net \$0.1 million positive variance in capital assets and equipment and expenditure transfers & reimbursements is primarily due to increased reimbursement of services to other departments. A negative variance of \$1.2 million is anticipated in other charges due to increased group home facility costs for the Foster Care program.

A net negative revenue variance of \$2.5 million is projected. A projected increase in Vehicle License Fee receipts to the Local Safety Protection Account. A positive variance of \$0.3 million is projected in the Juvenile Probation Programs and Camps Funding due to an increase in Vehicle License Fee receipts to the Local Safety Protection Account. A positive variance of \$2.3 million is projected for the Youthful Offender Block Grant due to revised state allocations supporting these services. Title IV-E and Federal Foster Care revenue is projected to be \$1.0 million under budget due to less staff time being claimed to this activity and reductions in federal reimbursement. Funds for SB618, the Prisoner Reentry Program, are projected to be \$1.5 million under budget due to revised state allocations and salary and benefit savings described above. Additionally, funds

related to various ARRA programs are projected to be \$0.8 million under budget due to program performance periods that extend over multiple years. The department will request to rebudget these funds in the CAO Proposed Operational Plan Fiscal Year 2011-13. The cost of supervision account for collections is projected to be under-realized by \$0.9 million and work crew fees are projected to be under-realized by \$0.5 million, primarily due to the economic situation. Revenue for the Offender Treatment Program is projected to be under-realized by \$0.4 million due to the elimination of State funding for this program.

Public Defender

A net positive variance of \$5.5 million is projected for the Public Defender.

A net positive expenditure variance of \$4.6 million is projected. A negative variance of \$2.3 million is projected in salaries and benefits primarily due to Dependency Representation contract staff remaining on the payroll for a period of time following the expiration of the contract with the State to perform this service, the unforeseen need to utilize additional temporary help, and the hiring of staff in advance of anticipated vacancies and positions. A positive variance of \$6.9 million in services and supplies includes \$3.2 million savings due to cost avoidance from the consolidation of the indigent defense program and the establishment of controls to eliminate unnecessary costs. The variance also includes savings for death penalty costs of \$1.0 million that will be included as a requested rebudget of funds in the CAO Proposed Operational Plan Fiscal Year 2011-13 and a positive variance of \$2.7 million related to an adjustment for a year-end expenditure accrual made in error and later reversed in the current fiscal year. The expenditure variance in salaries and benefits will be mitigated by planned transfers of appropriations from services and supplies.

A net positive revenue variance of \$0.9 million is projected due to over-realized revenue for the Fiscal Year 2008-09 Sexually Violent Predators state mandate reimbursement claim, a prior year Dependency Representation contract payment that was received in the current year, and over-realized revenue due to a projected increase in court collections.

Public Safety Group Executive Office

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

A net positive expenditure variance of \$6.9 million is projected in services and supplies primarily due to a \$4.8 million spending delay for the tree removal grant while an Environmental Impact Report (EIR) is prepared (these appropriations are proposed to be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13). The positive variance is also due to \$0.8 million in one-time funds not required to match grants, \$1.0 million projected savings in consultant contracts, and \$0.6 million projected savings in Major Maintenance due to fewer resources needed for emergency

Enforcement of Protection Orders Program is projected due to the reduced expenditures in contracts.

Office of Emergency Services

A net positive variance of \$0.5 million is projected for the Office of Emergency Services.

A positive expenditure variance of \$5.0 million is projected. A positive variance of \$0.2 million is projected in salaries and benefits due to staff turnover and savings from a vacant position. A positive variance of \$0.3 million is projected in services and supplies due to the Call When Needed contract which will be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13 and a positive variance of \$4.5 million is projected in other charges which represents grant supported expenditures that will carry forward to next fiscal year.

A net negative revenue variance of \$4.4 million is projected. These projected shortfalls are mitigated by the expenditure variances shown above. The Homeland Security Grant program is projected to be \$3.6 million under budget, the Buffer Zone Protection program is projected to be \$0.6 million under budget, and the Aid from Joint Powers is projected to be \$0.3 million under budget. There is a positive variance of \$0.1 million projected for the Emergency Management Performance Grant program revenue due to additional grant funds that have been received for emergency preparedness programs.

Probation

A net positive variance of \$0.2 million is projected for the Probation Department.

A net positive expenditure variance of \$2.7 million is projected. This is comprised of a \$2.6 million positive variance in salaries and benefits due to staff vacancies. A \$1.2 million positive variance in services and supplies is projected as a result of efforts made to reduce overall expenditures. A net \$0.1 million positive variance in capital assets and equipment and expenditure transfers & reimbursements is primarily due to increased reimbursement of services to other departments. A negative variance of \$1.2 million is anticipated in other charges due to increased group home facility costs for the Foster Care program.

A net negative revenue variance of \$2.5 million is projected. A projected increase in Vehicle License Fee receipts to the Local Safety Protection Account. A positive variance of \$0.3 million is projected in the Juvenile Probation Programs and Camps Funding due to an increase in Vehicle License Fee receipts to the Local Safety Protection Account. A positive variance of \$2.3 million is projected for the Youthful Offender Block Grant due to revised state allocations supporting these services. Title IV-E and Federal Foster Care revenue is projected to be \$1.0 million under budget due to less staff time being claimed to this activity and reductions in federal reimbursement. Funds for SB618, the Prisoner Reentry Program, are projected to be \$1.5 million under budget due to revised state allocations and salary and benefit savings described above. Additionally, funds

maintenance projects. An additional \$0.6 million variance represents funds to prepare a vegetation management EIR which is also proposed to be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13. These positive variances are partially offset by negative variances of \$0.6 million for minor equipment, \$0.1 million for rents and leases, \$0.1 million for 800 Mhz radios, and \$0.1 million for software purchases and licenses.

A negative revenue variance of \$3.0 million is projected. A negative revenue variance of \$4.8 million is projected due to the delayed expenditures related to the tree removal grant noted above and will be included as a request to rebudget funds next fiscal year. A negative revenue variance of \$0.1 million is projected due to costs which were not eligible to be reimbursed as planned from Homeland Security grant revenue. This is offset by a positive revenue variance of \$1.9 million for additional revenues in rents and concessions. These funds were not included in the budget as part of a multi-year plan to reduce budgeted revenues which will no longer be received when these properties transfer to the State.

Sheriff

The Sheriff's Department projects a net positive variance of \$15.8 million.

A positive expenditure variance of \$16.9 million is projected. Salaries and benefits are projected to be \$15.9 million under budget due to salary savings as a result of 126 vacant positions (57 sworn and 69 vacant professional staff). This projection includes expected new hires of 60 sworn staff from forthcoming academies, 30 professional staff, and 52 retirements/ departures, for a net increase of 38 staff by the end of the fiscal year. A positive expenditure variance of \$0.8 million is projected in services and supplies primarily due to savings for medicines, drugs and pharmaceuticals as a result of the department's shift to generic drugs and projected savings in minor equipment. A positive expenditure variance of \$0.2 million is projected in other charges that are used to support inmate medical care.

A net negative revenue variance of \$1.1 million is projected. Positive variances of \$0.2 million in Local Detention Facility revenue (Booking Fees) and \$0.2 million in COPS Program AB 3229 revenue (Brulte) are due to a projected increase in Vehicle License Fee Receipts in the Local Safety Protection Account. A positive variance of \$0.8 million is projected in Recovered Expenditures due to reimbursements from CAL FIRE for firefighting helicopter response on State land and an increase in pharmaceutical rebates for inmates in the jails. A positive variance of \$2.1 million in Reimbursement for Trial Courts due to an increased level of contracted security services requested by the Superior Court. This is offset by a projected negative variance of \$0.3 million in the State Criminal Alien Assistance Program (SCAAP) due to a decrease in Federal funding available for this program. A negative variance of \$1.1 million is projected in Jail Bed Leasing due to decreased misdemeanor jail bookings by the City of San Diego. A negative variance of \$2.0 million is projected in Contract City Revenue due to

expenditure reductions made in previous years reducing the pooled costs that are reimbursed by the contract cities. A negative variance of \$0.6 million is projected in the Institutional Care State account due to a decrease in the number of State parolees being housed in the detention facilities. An additional negative variance of \$0.4 million is due to projected budget shortfalls in a number of other miscellaneous revenue categories.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A net positive variance of \$1.0 million is projected for the Inmate Welfare Fund. A positive expenditure variance of \$0.4 million is projected in fixed assets due to the determination that the replacement of certain equipment can be delayed. This is augmented by a positive revenue variance of \$0.6 million in recovered expenditures from a reimbursement from the Grossmont Union High School District for contracted educational services.

Proposition 172

A positive variance of \$12.6 million is projected for the Proposition 172 Special Revenue Fund. In Fiscal Year 2010-11, actual receipts to date show that these revenues, which are closely tied to economic activity, have stabilized. Current year revenues are projected to be \$12.6 million greater than budget due to a combination of factors. These include revenues in Fiscal Year 2010-11 being budgeted below Fiscal Year 2009-10 actual amounts, a current year increase in the county's prorata share of statewide sales tax receipts and a projected increase in statewide receipts due in part to a one time correction related to the implementation of the swap of the state's 6% sales and use tax on gasoline and jet fuel with an equivalent amount of excise tax.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

HHSA is projecting an overall positive fund balance of \$38.2 million. The economy remains sluggish while there are continuing caseload and service pressures. The Agency is projecting a Realignment revenue increase of \$4.4 million over the Fiscal Year 2010-11 budgeted amount. Agency continues to manage these financial and caseload challenges through its multi-phase "Economic Reality Plan" which holds positions vacant, and brings spending into alignment with available funding for Fiscal Year 2010-11 and to prepare for the Fiscal Year 2011-12 Operational Plan.

Administrative Support

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial and Support Services Division, Human Resources, Management Support, Office of Health Systems Innovation and First Five Commission.

A net positive variance of \$28.1 million is projected for Administrative Support. The variance is the result of \$31.1 million in expenditure savings and \$3.0 million in projected under-realized revenues.

The positive expenditure variance of \$31.1 million includes \$0.6 million in salaries and benefits due to vacant positions, \$10.5 million in services and supplies, and a projected year-end balance of \$20.0 million in management reserves which are held for operating contingencies during the year. The \$10.5 million savings in services and supplies is comprised of \$7.5 million budgeted for bio-terrorism emergencies and \$5.0 million budgeted as glide slope reserves that are not expected to be required, offset by \$2.0 million in additional requirements in various services and supplies categories, primarily related to greater than anticipated information technology activity.

The negative revenue variance of \$3.0 million includes \$7.5 million of unsecuritized tobacco settlement revenue that is projected to not be recognized because the bio-terrorism appropriations are expected to be unspent, offset by \$3.8 million of additional Realignment revenue, \$0.5 million of miscellaneous revenues for Firestorm 2007 insurance reimbursement and a \$0.2 million gain on sale of fixed assets.

Aging and Independence Services

A net positive variance of \$3.4 million is projected for Aging & Independence Services. The variance is the result of \$30.4 million in expenditure savings offset with \$27.0 million in projected under-realized revenues.

The positive expenditure variance of \$30.4 million includes savings of \$1.6 million in salaries and benefits due to vacant positions, \$27.2 million in savings in services and supplies, and \$1.6 million in operating transfers out. The \$27.2 million savings in services and supplies is mainly the result of lower estimated growth trends in In-Home Supportive Services (IHSS) Individual Provider (IP) costs. The \$1.6 million savings in operating transfers out for In Home Support Services-Public Authority is related to health benefit costs being less than anticipated.

The negative revenue variance of \$27.0 million is mainly due to lower projected expenditures in IHSS as discussed above.

Behavioral Health Services

Behavioral Health Services consists of the following: Mental Health Services, Alcohol and Drug Services, and Inpatient Health Services comprised of the San Diego County Psychiatric Hospital and Edgemoor Skilled Nursing Facility.

A zero net variance is projected for Behavioral Health Services.

The positive expenditure variance of \$32.0 million includes savings of \$2.7 million in salaries and benefits throughout Behavioral Health Services due to vacant positions and \$30.0 million in services and supplies, offset by a \$0.7 million negative variance in other charges, primarily associated with an increase in State support and care hospital rates. The \$30.0 million of savings in services and supplies includes \$19.7 million in un-awarded Mental Health Services Act (MHSA) contracts, \$6.3 million in Alcohol and Drug Services due to un-awarded contracts in Drug Medi-Cal services and to lower costs that are anticipated to occur in the next fiscal year, and \$5.5 million in Early Periodic Screening Diagnosis and Treatment (EPSDT)/Medi-Cal services due to lower service levels than budgeted, offset by a \$1.5 million negative variance for Psychiatric Hospital expenses for temporary contract help and fee-for-service inpatient hospital costs.

The negative revenue variance of \$32.0 million is primarily associated with expenditure savings in MHSA and EPSDT/Medi-Cal and Drug Medi-Cal services.

County Child Welfare Services

A net positive variance of \$5.0 million is projected for County Child Welfare Services (CCWS). The variance is a result of \$32.3 million in expenditure savings offset by \$27.3 million in under-realized revenues.

The positive expenditure variance of \$32.3 million includes \$5.4 million in salaries and benefits due to vacant positions and \$28.0 million in other charges due to revised estimates of caseload levels, growth trends, and unit cost per case in aid payments for Foster Care and KinGap. The savings are offset by a \$1.1 million negative variance in services and supplies, primarily associated with prior year encumbrances that are not needed in Polinsky Children's Center and unanticipated cost for trailers at the San Pasqual Academy that were leased to accommodate displaced staff as a result of the 2007 Firestorm.

The negative revenue variance of \$27.3 million is directly associated with the expenditure savings primarily for assistance payments.

Public Administrator/Public Guardian

A negative variance of \$0.4 million is projected for Public Administrator/Public Guardian. This is the result of \$0.4 million in projected under-realized revenues due to continued declining estate fees.

Public Health Services

A net positive variance of \$1.4 is projected for Public Health Services. The variance is the result of \$5.2 million in expenditure savings offset by \$3.8 million in under-realized revenues.

The positive expenditure variance of \$5.2 million includes savings of \$0.6 million in salaries and benefits due to vacant positions, \$5.2 million in services and supplies

savings and \$0.2 million in deferred fixed asset purchase for the Metropolitan Medical Response System offset by a negative variance of \$0.8 million in other charges due to a requirement for additional support and care costs in California Children's Services (CCS). The \$5.2 million in services and supplies is due to savings of \$4.7 million in various contracts associated with Immunization services (\$0.8 million) associated with State cuts and Bioterrorism contract services (\$0.4 million), delayed Communities Putting Prevention to Work (CPPW) contracts (\$2.4 million), HIV contract (\$0.4 million) and unneeded encumbrances (\$0.7 million). The remaining savings of \$0.5 million in various service and supply accounts is based on current spending trends.

The negative revenue variance of \$3.8 million in intergovernmental revenues is due to \$2.2 million increased Ryan White Care Act and HIV Prevention funding and unanticipated Public Health Emergency Response (PHER) funding. This is offset with \$6.0 million of under realized grant revenue, primarily for Immunization services, Bioterrorism, Homeland Security grants and delayed claiming of the Centers for Disease Control grant supporting the CPPW program due to state cuts, to align with allocations and related to the above expenditure savings.

Regional Operations

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

A net positive variance of \$0.7 million is projected for Regional Operations. The variance is the result of \$15.9 million in expenditure savings offset with \$15.2 million in under-realized revenue.

The positive expenditure variance of \$15.9 million includes savings of \$7.5 million in salaries and benefits due to vacant positions and \$3.8 million in services and supplies, which includes \$2.3 million in Community Action Partnership due to prior year contracts that are no longer needed and another \$1.5 million throughout Regional Operations in an effort to reduce spending to align with available revenue. An additional savings of \$4.6 million is in other charges, mainly the result of revised caseload levels in Child Care Stage 1 including administrative revenue for Child Welfare Services Medi-Cal, CalWORKs, funding for Welfare to Work and Child Care services and administration as well as funding in Community Action Partnership.

The negative revenue variance of \$15.2 million is associated with the decrease of expenditures, of which a significant amount is for Child Care Stage 1.

Strategic Planning and Operational Support

A zero net variance is projected for Strategic Planning and Operational Support.

The negative expenditure variance of \$4.5 million includes savings of \$0.2 million in salaries and benefits offset by \$4.7 million increase in services and supplies. The \$4.7 million additional expenditure requirement in services and supplies is primarily due to increased costs associated with the County Medical Services and the Coverage Initiative. No additional appropriations are necessary since savings are available in other program areas in the department to meet these expenditures.

The positive revenue variance of \$4.5 million is related to an increase in rents and concessions (\$1.0 million) in the CalWORKs and increased expenditure for County Medical Services and the Coverage Initiative (\$4.2 million) as discussed above. This is offset by a shortfall \$0.4 million in miscellaneous revenue due to less than anticipated interest earnings and \$0.3 million in other various revenue accounts.

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.

Special District Funds

Ambulance Districts

A positive revenue variance of \$0.3 million is projected for the ambulance special district. This is comprised of a negative revenue variance of \$0.4 million due to lower than anticipated property tax revenue offset by a positive variance of \$0.6 million due to higher than anticipated ambulance transport fees from residents, resulting from new fee rates implemented in July, 2010 and \$0.1 million in charges for current services.

LAND USE AND ENVIRONMENT GROUP (LUEG)

General Fund

Agriculture, Weights & Measures (AWM)

A positive variance of \$0.8 million is projected for the Department of Agriculture, Weights and Measures.

A net positive expenditure variance of \$0.2 million is projected. Savings of \$0.8 million in salaries and benefits is mainly due to vacancies. This is offset by a \$0.6 million negative variance in services and supplies due to additional costs related to the implementation of the mobile wireless upgrade for the Business Case Management System (BCMS), and essential management reports for the new system.

A positive revenue variance of \$0.6 million is projected. This is primarily due to over-realized revenue of \$0.3 million in Unclaimed Gas Tax subvention, \$0.2 million in the Light Brown Apple Moth State contract for the Plant Health and Pest Prevention program, \$0.2 million for phytosanitary certificates, \$0.1 million fines and penalties \$0.1 million Mill Tax, and \$0.1 nursery services. These positive variances are partially offset by a negative variance of \$0.4 million in state revenue contracts projected to be lower than budgeted.

Environmental Health

A net positive variance of \$5.6 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$11.2 million is projected. A savings of \$2.9 million in salaries and benefits is due to on-going vacancies, delays in hiring, under-filling positions, and freezing positions. Savings of \$8.3 million in services and supplies consists of \$1.7 million due to the multi-year implementation of the Business Case Management System (BCMS), which will be rebudgeted; \$4.1 million due to delays in awarding projects associated with the Vector Remediation Program; \$1.0 million due to delays in purchasing mobile inspection equipment associated with the Government Without Walls initiative; \$0.5 million in consultant contracts for multi-year projects; \$0.2 million in media outreach costs resulting from fewer than anticipated West Nile Virus cases; and \$0.2 million in equipment purchases not required for the Vector Disease and Diagnostic Laboratory. The remaining \$0.6 million is due to closely monitoring spending activities to ensure costs do not exceed revenue, of which \$0.3 million will be rebudgeted for various IT projects.

A net negative revenue variance of \$5.6 million is projected. This variance consists of over-realized revenue of \$0.5 million in Hazardous Materials Permit fees and \$0.9 million in Food Establishment Permit fees as a result of fee adjustments that include the cost of external overheads that are not part of budgeted revenue. This is offset by a shortfall of \$5.2 million from the Vector Control Trust Fund primarily associated with salaries and benefits and services and supplies savings in the Vector Control program described above because revenue is only drawn from the Vector Trust Fund for actual costs incurred. A shortfall of \$1.2 million in recovered expenditures is associated with one-time projects not completed this fiscal year and fewer than anticipated land use projects related to the continued economic downturn; and \$0.6 million in State funding due to projects that span several fiscal years that will be re-budgeted in the next fiscal year.

Land Use Environment Group Executive Office

A positive variance of \$1.3 million is projected for the Land Use Environment Group Executive Office. Savings of \$0.9 million in salaries and benefits is a result of vacancies and temporary help. Savings of \$0.4 million in services and supplies is due to delays in several projects, causing a decrease in use of consultants and contract services for

business process reengineering, delays in final close outs of federal claiming programs and several IT related projects. Projected savings of \$1.3 million will be re-budgeted in the CAO Proposed Operational Plan Fiscal Year 2011-12 (Business Intelligence, \$175,000; Parcel Genealogy, \$175,000; Asset Management, \$250,000; UAT Phase III for Accela, \$500,000; and Consultants \$200,000).

Parks and Recreation

A net positive variance of \$0.2 million is projected for the Department of Parks and Recreation.

A positive expenditure variance of \$0.3 million in salary and benefits is due to vacant positions. Of the projected savings, \$0.1 million will be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13 for professional & specialized services for Smuggler's Gulch dredging project.

A net negative revenue variance of \$0.1 million is projected. This variance consists of \$0.3 million of under-realized revenue in charges for current services due to lower recreation, park and camping fees resulting from the delayed completion of Sweetwater Regional Park upgrades. This is offset by projected over-realized revenue of \$0.2 million for aid from other government entities.

Planning and Land Use

A net positive variance of \$4.9 million is projected for the Department of Planning and Land Use.

A positive expenditure variance of \$7.7 million is projected. Savings of \$2.7 million in salaries and benefits is mainly due to positions in Project Planning that are being held vacant due to a decreased workload during this economic downturn. Savings of \$4.8 million in services and supplies is mainly due to appropriations that will not be spent as a result of a Cal Trans grant that was budgeted but not awarded; contracted services savings related to the Zoning Ordinance update which has been delayed pending approval of the General Plan Update; application services for the implementation of the Business Case Management System (BCMS); forced abatements which will not be needed this fiscal year due to increased homeowner compliance. Savings of \$0.2 million in expenditure transfer & reimbursements due to reduced Geographic Information Services to general fund departments. Of the total savings, \$4.8 million will be rebudgeted: One-time only funding of \$2.0 million for the implementation of BCMS software, \$1.5 million for the Zoning Ordinance Consultant, \$0.8 million related to the Building Fire Re-Build Fee Waivers; and the balance for various multi-year projects.

A net negative revenue variance of \$2.8 million is projected. A negative variance of \$2.0 million in charges for current services is due to a decreased workload in Project Planning. The negative variance of \$1.1 million in intergovernmental revenue is comprised of \$0.5 million grant from Cal Trans that was not awarded, and \$0.6 million

less than anticipated revenue from the MSCP and ARRA Energy grants. This is offset by \$0.3 million projected over-realized revenue in building construction permits due to a slight increase in construction activity.

Public Works

A net positive variance of \$6.4 million is projected for the Department of Public Works.

A positive expenditure variance of \$7.4 million is projected in services and supplies mainly due to delays in projects that will be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13. This includes \$5.15 million for the Woodside Avenue Drainage required FEMA Match, \$0.1 million for the Sweetwater-Jamul Drainage Master Plans, \$0.1 million for the Residential Integrated Pest Management, \$0.05 million for Proctor Valley road vacation, \$0.7 million for the Business Case Management System, and \$0.4 million for the Document Digitization project. There is a savings of \$1.0 million for the Firestorm 2007 project which will continue in Fiscal Year 2011-12.

A negative revenue variance of \$1.0 million in third party recoveries is directly related to the Firestorm 2007 expenditures savings discussed above.

Special Revenue Funds

Parks and Recreation - Park Land Dedication Ordinance

A positive variance of \$0.6 million is projected for the Park Land Dedication Ordinance due to greater than anticipated revenue for park land dedication fees.

Public Works – Road Fund

A net positive variance of \$8.8 million is projected for the Road Fund.

A positive expenditure variance of \$13.1 million is projected. Savings of \$3.2 million in salaries and benefits is due to vacant, under-filled and frozen positions, the elimination or reduced use of temporary help and the reduction in cash overtime in Road Fund programs. Savings in service and supplies of \$7.7 million is due to cancelled encumbrances for completed projects in the Detailed Work Program (\$7.2 million) as well as cancelled encumbrances for trash collection in Roads (\$0.5 million). Savings of \$2.2 million is projected in other charges due to the rebudget of right-of-way (ROW) acquisition for several Detailed Work Program projects funded by Prop 42.

A net negative revenue variance of \$4.3 million is projected. Under-realized revenue is projected for TransNet by \$4.5 million due to projects being completed under budget (\$2.3 million) and the rebudget of right-of-way for projects in the Detailed Work Program (\$2.2 million). Under-realized revenue from use of money and property of \$0.1 million is due to vacant rental properties and a decrease in interest on developer deposits. Intergovernmental revenue is under-realized by \$1.6 million mainly due to a projected

decrease in Highway Users Tax and federal funding for completed projects in the Detailed Work Program. Charges for current services is under-realized by \$0.5 million due to decrease in work for other departments and agencies and completed projects in the Detailed Work Program. These decreases are offset by over-realized revenue of \$0.3 million from licenses, permits and franchises due to accelerated projects in Land Development, and \$2.1 million in other financing sources due to the sale of the Poway Road Station.

Public Works - Inactive Waste Site Management

A positive variance of \$0.6 million is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.6 million is projected due to savings of \$0.2 million in salaries and benefits from the reclassification of the LUEG Program Manager position, reduced hours of work for Recycling staff, and vacancies. Projected savings of \$0.4 million in services and supplies is due to the cancellation of carry-forward encumbrances for groundwater, stormwater and gas contracts.

No revenue variance is projected.

Internal Service Funds

Public Works – Equipment Acquisition Internal Service Fund

A net positive variance of \$0.3 million is projected in the Public Works Equipment Acquisition Internal Service Fund.

A positive expenditure variance of \$0.7 million is projected. Projected savings of \$0.6 million in other charges is due to mandated emissions equipment for retrofitted vehicles not being fully depreciated at the time of purchase. Projected savings of \$0.1 million in capital assets equipment is due to reduced equipment acquisition costs.

A negative revenue variance of \$0.4 million is projected. Under-realized revenue of \$0.8 million corresponds to the \$0.6 million in savings related to emissions equipment noted above and \$0.2 million is due to the loss on the sale of fixed assets. This is offset by \$0.4 million of over-realized revenue due to increased usage rates.

Enterprise Funds

Public Works - Airports

A positive variance of \$1.3 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$0.9 million is projected. Savings are due to capital projects that will not receive full grant funding this fiscal year (Fallbrook Airpark RSA, \$0.4 million; Gillespie Field Transient Ramp Bridge, \$0.2 million), and projects that have

been completed under budget (Gillespie Field Taxiway Charlie/Delta \$0.2 million; Palomar Airport Rehabilitation of Runway 6/24, \$0.1 million).

A net positive revenue variance of \$0.4 million is projected. A projected increase of \$1.0 million in use of money and property is due to higher than anticipated revenue from rents and leases as the result of new leases and a one-time equity lease payment. Intergovernmental revenue is projected to be under-realized by \$0.6 million due to a decrease in anticipated Federal Aviation Administration grants for capital projects.

Public Works - Liquid Waste

A net positive variance of \$0.2 million is projected in the Wastewater Enterprise Fund. A positive expenditure variance of \$0.6 million is projected. Projected savings of \$0.3 million in salaries and benefits is due to vacancies and under-filled positions. Projected savings of \$0.3 million in services and supplies is due to decreased personnel related costs (safety clothing and devices, use of vehicles, small tools and equipment) and decreased interfund rental and laboratory services costs.

A negative revenue variance of \$0.4 million is projected in charges for services due to reduced staff charges in sanitation projects.

Special District Funds

Air Pollution Control District

A net positive variance of \$7.9 million is projected for the Air Pollution Control District (APCD). APCD has nine funds: Air Pollution Control Operations Fund (Operations) and eight incentive program funds. A net positive variance of \$0.3 million is projected in Operations and a \$7.6 million positive variance is projected in the incentive program funds.

A positive expenditure variance of \$12.0 million is projected. Projected savings of \$1.5 million in salaries and benefits is due to staff retirements, turnover and vacancies. Savings of \$10.5 million in other charges and operating transfers includes: \$1.6 million in the Air Quality Power General Mitigation Fund and the Air Quality School Bus Program related to funds encumbered at the end of Fiscal Year 2009-10 which are no longer needed; \$4.9 million in the Air Quality State Moyer Program, Air Quality State Lower Emission School Bus Program and Air Quality Goods Movement Emissions Reduction Match Fund due to the inability to find eligible projects that can be completed on time, savings will be rebudgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13; \$3.2 million in the Air Quality Improvement Trust Fund due to a decrease in the amount of required matching funds for mobile source incentive projects and \$0.8 million in operating transfers out related to administrative support costs for mobile source incentive programs which will also be rebudgeted next fiscal year.

A net negative revenue variance of \$4.1 million is projected. A negative variance of \$1.2 million in licenses, permits and fees is projected due to a higher than anticipated decline in operating permits related to the economic downturn. The negative variance of \$2.7 million in intergovernmental revenue is comprised of \$2.1 million in the Air Quality State Moyer Program due to the inability to find eligible projects that can be completed by the end of this fiscal year, and \$0.6 million in the Air Quality School Bus Program as these incentive funds will not be received due to the cancellation of encumbrances as discussed above. A negative variance of \$0.4 million in other financing sources is due to a decrease in administrative support costs for mobile source incentive programs. This negative revenue variance is partially offset by a positive variance of \$0.2 million due to the increased services provided to other governmental agencies.

Public Works - Sanitation Districts

A net positive variance of \$0.9 million is projected in the Sanitation Districts.

A projected positive expenditure variance of \$1.0 million in services and supplies is due to decreased labor for sanitation projects funded through internal agreements.

A projected net negative revenue variance of \$0.1 million is due to decreased interest on deposits and investments of \$0.3 million offset by an increase of \$0.2 million in sanitation service connection fees for new customers.

COMMUNITY SERVICES GROUP (CSG)

General Fund

Animal Services

A positive variance of \$0.4 million is projected for Animal Services.

This is due to anticipated savings of \$0.3 million in salaries and benefits as a result of staff turnover and vacant positions. Savings of \$0.1 million in services and supplies is based on current expenditure trends.

Community Services Group Executive Office

A positive variance of \$2.7 million is projected for the Community Services Group Executive Office. This includes a favorable variance of \$0.1 million in salary and benefits due to a vacant position and a projected year-end balance of \$2.6 million in management reserves, which are held in the Group Executive Office for departments' operating contingencies during the year.

Housing and Community Development

A net positive variance of \$0.6 million is projected for the Housing and Community Development (HCD) Department. The department is composed of two major activities, Housing and Community Development, which contains staff and operations, and

Housing and Community Development Multi-Year Projects, which are funded through inter-governmental (mainly federal) loans and grants for community development and affordable housing projects.

Housing and Community Development

A net positive variance of \$0.6 million is projected for Housing and Community Development.

A positive expenditure variance of \$1.1 million includes anticipated savings of \$0.5 million in salaries and benefits and \$0.7 million in services and supplies offset by a \$0.1 million negative variance in cost reimbursement from other agencies. The variance in salaries and benefits is due to savings from vacancies from employee turnover and normal delays in recruiting and hiring. The positive variance in services and supplies is due to the postponement of a special project to digitize loan and grant documents (\$0.3 million) which will be re-budgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13 and savings in various accounts such as fuel usage and vehicle maintenance costs. The negative expenditure variance in cost reimbursement from other agencies is due to less than anticipated Mental Health & Substance Abuse Program case referrals from HHS.

A negative revenue variance of \$0.5 million is projected and is directly tied to the operating expenditure savings noted above.

Housing and Community Development Multi-Year Projects

No net variance is projected for HCD Multi-Year Projects. The net positive expenditure variance of \$12.7 million is offset by a projected negative revenue variance of \$12.7 million. Community Development projects eligible to receive funding are budgeted to facilitate the multi-year project cost expenditure request process. Revenues are projected to equal expenses as project costs are 100% revenue offset.

Registrar of Voters

A positive variance of \$7.0 million is projected for the Registrar of Voters.

A positive expenditure variance of \$2.8 million is projected. A \$0.3 million savings in salaries and benefits is projected due to staff retirements and turnover. A \$0.3 million savings in capital assets is projected due to reduced grant-related expenditures for the purchase of mail ballot processing equipment. A \$2.2 million savings in services and supplies is projected due to the result of reduced election-related expenditures for the November 2, 2010 Gubernatorial General Election.

A net positive variance of \$4.2 million in revenue is projected. This variance consists of over-realized revenue of \$5.1 million received in the current fiscal year from the State for the May 19, 2009 Statewide Special Election. This is offset by under-realized revenue of \$0.3 million in Help America Vote Act (HAVA) grant revenue that is directly

tied to the expenditure savings stated above for the purchase of mail ballot processing equipment and \$0.6 million in charges for current services due to lower than anticipated billing for the November 2, 2010 Gubernatorial General Election as the result of fewer participating jurisdictions and reduced election- related expenditures.

General Fund Contribution to Purchasing ISF

A positive variance of \$0.5 million in expenditures is projected for the General Fund Contribution to Purchasing ISF due to the Documentum 6.5 upgrade delay.

Special Revenue Funds

San Diego County Library

A net positive variance of \$1.7 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.3 million is projected. A \$0.7 million savings in salaries and benefits is projected based on holding vacancies to reduce costs, along with a \$2.1 million savings in various services and supplies accounts; of this variance, \$1.3 million is directly related to the shortfall in donations revenue below. The balance of \$0.8 million consists of \$0.3 million in interdepartmental expense based on past history, \$0.2 million in Major Maintenance due to delays in current maintenance projects, and \$0.3 million in Desktop Computing due to reduced workstations. In addition, there is a projected year-end balance \$0.5 million in management reserves, which are held for operating contingencies during the year.

A net negative variance of \$1.6 million in revenues is projected. This reduction in revenue is due to shortfalls of \$1.3 million in donations and \$0.6 million for public printing and other library services. This is offset by a positive variance of \$0.1 million in unanticipated increases in current unsecured property taxes and \$0.2 million in aid from other governmental agencies.

Internal Service Funds (ISFs)

Facilities Management

A net negative variance of \$0.2 million is projected for the Facilities Management ISF. Staff plans to mitigate the unfavorable variance by managing expenses to the anticipated revenue levels through the remainder of the fiscal year.

A positive expenditure variance of \$9.2 million is projected. Savings of \$0.7 million in salaries and benefits is due to staff vacancies. Projected savings in services and supplies of \$8.4 million is due to number of categories: lower contract costs of \$2.6 million (\$2.4 million as a result of the erroneous carry forward of encumbrances at year end), postage savings associated with less than anticipated mail services requirements and a shifting workload associated with Court tickets/statements being printed and mailed out from Sacramento (\$0.7 million), less than anticipated utilities services (\$4.5

million), real estate services and project management specialty/appraisal consultant contracts (\$0.5 million) and vehicle maintenance services in maintenance operations (\$0.1 million). As part of cost control and mitigation noted above, \$0.1 million budgeted for capital assets will not be expended.

A net negative revenue variance of \$9.4 million is projected. A projected negative variance of \$8.7 million in charges for current services is due to less than anticipated maintenance, utilities, contract, and mail services requirements (\$12.9 million) from the General Fund, Library Fund, Road Fund, and Internal Service Funds, offset by anticipated over-realized revenue from Trial Courts, capital projects, and third party reimbursements (\$4.2 million). A net positive variance of \$0.8 million in intergovernmental revenues is projected for intergovernmental revenues due to higher than budgeted reimbursements for ARRA and other grant projects (\$1.1 million) and less than anticipated reimbursement for maintenance services from the State AOC (\$0.3 million). A negative variance in other financing sources of \$1.6 million is due to anticipated lower reimbursement of labor costs related to Major Maintenance projects, and a positive variance of \$0.1 million in miscellaneous revenues is associated with real estate and project management services and interest earnings.

Major Maintenance

A net negative variance of \$0.4 million is projected for the Major Maintenance ISF. Staff will work closely with the State granting agency to expedite the County's reimbursement.

A positive expenditure variance of \$24.0 million is based on projected savings of \$22.5 million in services and supplies and \$1.6 million in operating transfers out (amounts that would have been paid for project management services) due to a lower than budgeted volume of new projects.

A negative revenue variance of \$24.4 million in charges for current services is due to the decreased volume of new projects, as noted above, and reimbursement for a State grant which may not be received this fiscal year however staff will work diligently with the State on this matter.

Fleet Management

A net positive variance of \$1.5 million is projected for the Fleet Management ISF.

A net positive variance of \$4.7 million in expenses is projected. Positive variances in salaries and benefits of \$0.2 million is due to staff vacancies, \$4.7 million in capital assets is associated with less than anticipated acquisition of replacement vehicle purchases, and \$0.1 million in unspent reserves which are held in the department for operating contingencies during the year. This is offset by a negative variance of \$0.3 million in services and supplies primarily due to greater than anticipated costs for vehicle fuel.

A net negative revenue variance of \$3.2 million is projected. Charges for current services are projected to be \$3.0 million under budget due to less than anticipated maintenance requirements and equipment acquisitions by clients in the General Fund (\$1.8 million) and Internal Service Funds (\$1.0 million). Also, interest earnings are projected to under-realized by \$0.5 million based on current balances and interest rates. Finally, positive variances of \$0.3 million are anticipated from other financing sources due to the sale of salvaged vehicles and from third part recoveries in accidents.

Purchasing and Contracting

A net negative variance of \$0.7 million is projected for the Purchasing and Contracting ISF. Purchasing and Contracting is maintaining two vacant positions and delaying the hiring for other vacancies to help mitigate the projected revenue shortfall. The operating shortfall will be offset by Purchasing & Contracting ISF available fund balance.

A positive variance of \$1.4 million in expenses is projected. This variance is due to savings of \$0.4 million in salaries and benefits from turnover and managed vacancies, and \$1.0 million in services and supplies due mainly to unanticipated delays in the start of projects to publish County contracts on the intranet and the Documentum 6.5 upgrade.

A negative revenue variance of \$2.1 million is projected, of which \$1.6 million is due to the continuing trend of reduced countywide overall spending, and \$0.5 million is due to the Documentum 6.5 upgrade delay.

Other County Funds

San Diego County Redevelopment Agency

A net positive variance of \$0.9 million is projected for the County Redevelopment Agency.

A positive expenditure variance of \$1.3 million is projected. This variance includes \$0.4 million in expenditure reductions to mitigate the revenue shortfall discussed below. The remaining \$0.9 million savings in unspent housing set aside funds will be rebudgeted to fund affordable housing programs and projects in future years.

A negative revenue variance of \$0.4 million is projected, of which \$0.3 million is due to lower than anticipated property tax revenue and \$0.1 million in other financing sources.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A net positive variance of \$1.4 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$1.1 million is projected in salaries and benefits due to departmental vacancies. A positive revenue variance of \$0.3 million is projected in SB 2557 Property Tax System Administration revenue due to greater than anticipated cost recovery associated with administering the property tax program.

Auditor and Controller

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

A positive expenditure variance of \$3.5 million is projected. Salaries and benefits savings of \$1.8 million are projected due to staff vacancies and under-filled positions. Savings of \$1.7 million in services and supplies are primarily due to a hold placed on discretionary information technology (IT) work during various enterprise system upgrades (\$1.4 million), and in miscellaneous expenditures related to the pass through accounting for outside collection activity in Revenue and Recovery (\$0.3 million).

A net negative revenue variance of \$0.5 million is projected due in part to a negative variance of \$0.3 million in miscellaneous revenue associated with Revenue and Recovery pass through accounting for outside collection activity, which is directly attributable to the expenditure savings described above. A negative variance of \$0.3 million is projected in Revenue and Recovery collections due to poor economic conditions, partially offset by a positive variance of \$0.1 million in SB 2557 Property Tax System Administration revenue due to greater than anticipated cost recovery associated with administering the property tax program.

County Technology Office

A positive variance of \$1.3 million is projected for the County Technology Office primarily due to savings in services and supplies related to the server virtualization project. A conservative budgetary estimate had been used for this multi-phase project; projected actual expenditures for application service labor hours and data server charges will fall below budgeted levels. These savings have been allocated to fund new one time enterprise information technology initiatives next year.

Clerk of the Board of Supervisors

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

A positive expenditure variance of \$0.1 million is projected in salaries and benefits due to departmental vacancies. A positive revenue variance of \$0.4 million is due to over-realized passport application fee revenue.

County Counsel

No net variance is projected for County Counsel.

A positive expenditure variance of \$0.8 million is projected for County Counsel due to unanticipated retirements and unfilled vacancies. This is offset by a negative revenue variance of \$0.7 million in charges for current services due to a projected decrease in advisory workload associated with land use projects, Road Fund and Inactive Waste projects and a negative revenue variance of \$0.1 million in various miscellaneous revenue accounts.

Finance & General Government Group Executive Office

A positive expenditure variance of \$41.3 million is projected due to delays in the procurement process related to the Integrated Property Tax System (IPTS). The competitive selection process has begun, however, it is not anticipated that a contract will be awarded within the current fiscal year. As such, these project appropriations and related one-time funding have been re-budgeted in the CAO Proposed Operational Plan Fiscal Year 2011-13.

Human Resources

A net positive variance of \$0.8 million is projected for the Department of Human Resources.

A positive expenditure variance of \$1.2 million is projected due to savings in salaries and benefits of \$0.2 million from unfilled vacancies and savings of \$1.0 million in services and supplies due to positive claims experience associated with the County insurance policies, contracts and lower than anticipated expenses from the Workers' Compensation Internal Service Fund.

A negative revenue variance of \$0.4 million is projected due to lower than anticipated reimbursement from the Workers' Compensation Internal Service Fund.

Treasurer/Tax Collector

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

A positive expenditure variance of \$0.1 million is projected in various expenditures accounts. In addition, a positive revenue variance of \$0.4 million is primarily due to greater than anticipated cost recovery associated with administering the property tax program.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A net positive variance of \$72.8 million is projected for these two categories combined, comprised of an estimated additional \$7.8 million in General Purpose Revenue (GPR) compared to budget (\$962.2 million projected vs. \$954.4 million budgeted) and a \$65.0 million net positive variance in General County Expense activities. The discussion below provides more detail on the change between the first and second quarter. Moreover, it is important to note that the projected amount of \$962.2 million is still \$21.1 million below the actual GPR received in Fiscal Year 2009-10 (\$983.3 million), \$58.3 million below the actual GPR received in Fiscal Year 2008-09 (\$1.02 billion), and \$27.7 million below the actual for Fiscal Year 2007-08 (\$989.9 million).

General Purpose Revenue

The U.S. economy suffered through a very deep recession beginning in December 2007 and ending in June 2009. The national recession, 2008 credit crises, and negative trends in the financial markets, housing and construction, and consumer and business to business sales continued to impact San Diego and the rest of Southern California in 2009 and 2010. The County's GPR, particularly revenue related to property transactions, has been impacted by these conditions. Property tax revenues, including current secured, current supplemental and prior year supplemental, have felt the impact of declining assessed values and weak construction activity over the past two years. Sales and Use Tax revenue, although a smaller percentage of the County's GPR, have been impacted substantially by the year over year decline in retail sales activity. In 2010, sales and use tax revenue are in the early stages of recovery with year-over-year quarterly increases in all four quarters. Further, the county's diverse economic base and the area's population growth are seen as positive influences that will help stabilize locally generated general purpose revenue funding sources. For Fiscal Year 2010-11, the economic news continues to improve slowly. The economic trends are summarized below followed by a discussion by revenue account of significant variances from budget:

- San Diego's monthly average unemployment rate for the 12 month period between January 2010 and December 2010 was 10.6%, with a December 2010 rate of 10.1%. This compares to a State of California average unemployment rate of 12.4% for the same 12 month period, with a December 2010 rate of 12.3%. March 2011 unemployment rates of 10.2% remain below the March 2011 State of California unemployment rate of 12.3%.
- Unadjusted local point of sales tax revenues improved by 7.8% for the January through December 2010 period in the unincorporated area compared to the same time period in 2009. For that same time period, sales tax revenues improved at the statewide level by an estimated 4.6%, southern California region by 4.1% and San Diego regional level by 5.4%. This increase is attributed to the early stages of the overall recovery, which supports various economists' projections of a moderate recovery beginning in 2010 and improving in 2011.

- There are mixed signals in the housing market in the County:
 1. Improvement in deeds recorded (up 7.1% for January through March 2011 compared to the same time period for 2010);
 2. Slight decline in median housing prices (down 1.5% in the San Diego region for March 2011 compared to March 2010);
 3. Decline in the number of homes sold for January through March 2011 compared to January through March 2010 (San Diego region down 4.6%);
 4. Improvement in notices of default (12.7% fewer for January through March 2011 compared to the same time period for 2010);
 5. Improvement in foreclosure activity (the number of foreclosures has decreased 11.2% for January through March 2011 compared to the same time period for 2010).
 6. Significant weakness in vacancies, sales activity and prices in the commercial market. Office and retail properties are expected to continue to be impacted by the current economy.

Current Property Taxes – All Categories

The three categories of Current Property Taxes combined are estimated to show a net negative variance to budget of \$4.3 million.

- *Property Taxes - Current Secured*

Current Secured Property Taxes are projected to be \$3.4 million lower than budget. The budgeted current secured property taxes assumed a local secured assessed value decline of 2.35%, but the actual assessed value (AV) declined by only 1.66%. In addition, delinquency rates are anticipated to be better than budget based on Fiscal Year 2009-10 year-end experience and year-to-date trends. Further, the adjusted AB8 factor for property tax apportionment for all taxing entities in the county shows a marginal improvement in the share of property taxes for the County's general fund compared to the budgeted factor. The first quarter assumption for roll corrections and refunds used the budgeted level of roll corrections and refunds and factored in activity through apportionment three. The second quarter assumption reflected roll correction and refund activity through apportionment six and factored in a sizeable adjustment compared to budget. Based on roll corrections and refunds through apportionment nine (including large commercial property value adjustments for the San Diego Expressway LP, Camp Pendelton, and Quantico Housing LLP Properties and other multi-year commercial property value adjustments) the projection for roll corrections and refunds has been increased further knowing that they are going to exceed the amounts projected in the budget substantially. (Note: The 1.66% decline stated above represents the change in the AV for only the secured roll, which is different than the countywide overall decline published by the Assessor/Recorder/County Clerk on June 28, 2010 of 1.56%, which includes all assessed value components - secured and unsecured).

- *Property Taxes - Current Supplemental*
Current Supplemental Property Taxes are projected to be \$0.4 million lower than the \$3.0 million that was budgeted, but a slight improvement from the second quarter. This projection is based on collections through apportionment nine and estimates related to new construction and anticipated low turnover rates through Fiscal Year 2010-11. In Fiscal Year 2009-10, these revenues totaled \$1.9 million. The highest amount recorded in this account was \$31.0 million in Fiscal Year 2004-05.
- *Property Taxes - Current Unsecured*
Current Unsecured Property Taxes are projected to be \$0.5 million below 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. However, the current unsecured roll actually declined by 3.68%. Unlike the secured roll, the unsecured roll does not build on a prior year base.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$15.1 million above budget.

- *Property Taxes Prior Secured Supplemental*
Property Taxes Prior Secured Supplemental is estimated to be \$2.4 million above the budgeted amount of \$2.0 million. This projection is based on the projected rate of collections of supplemental property taxes related to prior year activity that is due and payable in Fiscal Year 2010-11 along with corrections in Fiscal Year 2010-11 involving prior year activity. In Fiscal Year 2009-10, these revenues totaled \$4.4 million. The highest amount recorded in this account was \$17.1 million in Fiscal Year 2005-06.
- *Property Taxes Prior Unsecured Supplemental*
Property Taxes Prior Unsecured Supplemental is estimated to be \$0.15 million above budget. This projection is based on the projected rate of collections of unsecured supplemental property taxes related to prior year activity that are due and payable in Fiscal Year 2010-11.
- *Sales and Use Tax*
A positive revenue variance of \$1.8 million is projected for Sales and Use Tax revenue based on payments from the State through April 2011 and cautious estimates for anticipated revenue through the remainder of Fiscal Year 2010-11.

- *Other Tax Aircraft Unsecured*
 A positive revenue variance of \$0.4 million is estimated for Other Tax Aircraft Unsecured based on outstanding open charges, year-to-date collections, and recent trends.
- *Real Property Transfer Taxes*
 A positive revenue variance of \$1.3 million is estimated for Real Property Transfer Taxes based on realized revenues for the first nine months of Fiscal Year 2010-11 as well as data regarding current year change in ownership and the anticipated level of new construction. This estimate is an increase from the conservatively budgeted figure; however, it represents only a \$0.4 million increase from Fiscal Year 2009-10 actuals.
- *Teeter Tax Reserve Excess*
 The Teeter Tax Reserve Excess is estimated to be approximately \$10.5 million above budget, based on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year. This estimate is also 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). The 2010 Teeter buy-out of \$88.8 million was lower than the 2009 Teeter buy-out of \$122.8 million. For Fiscal Year 2010-11, the reserve requirement is \$22.2 million, an \$8.5 million decrease from the Fiscal Year 2009-10 requirement of \$30.7 million. All penalty and interest collections in Fiscal Year 2010-11 will be in excess of the reserve requirement resulting in a one-time revenue surplus. The \$10.5 million positive projection is made as of apportionment nine and is cautious given collection fluctuations that can occur during the rest of the year.
- *In Lieu Local Sales and Use Taxes*
 A positive revenue variance of \$0.6 million is estimated for In Lieu Local Sales and Use Taxes based on a higher growth rate calculated by the California Department of Finance (DOF) for Fiscal Year 2010-11 as identified in their August 31, 2010 letter to the County of San Diego.
- *Property Tax in Lieu of VLF*
 Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$1.8 million above the budgeted amount of \$301.8 million. The actual assessed value adjustment factor of negative 1.69% (which includes unsecured, local secured, current State non-unitary, and aircraft property tax components) for Fiscal Year 2010-11 is 0.58% better than the adjustment rate used to calculate the budgeted revenue (negative 2.27%).

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

A negative revenue variance of \$3.9 million is projected for collections from taxes receivable from the prior fiscal years because the delinquency rate in Fiscal Year 2009-10 was less than anticipated at the time that the Fiscal Year 2010-11 budget was developed. Moreover, collections through apportionment nine are lower than what was estimated in the budget. Taxes paid after the fiscal year in which they are due are subject to both penalty and interest charges.

Licenses, Permits, and Franchises

Franchise payments are projected to be approximately \$0.4 million higher than budget. Beginning in Fiscal Year 2009-10, the restructured cable and video licenses have been budgeted in General Purpose Revenue rather than in the Cable TV Media and Public Relations Special Revenue Fund, which was dissolved. Based on a review of current revenues and projected revenues through year-end, cable and video licenses are expected to exceed the budgeted figure by \$0.4 million.

Fines, Forfeitures and Penalties

A net negative variance of \$2.7 million is projected. Penalties and Cost Delinquency Taxes are projected to be approximately \$2.5 million below budget. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments. A significant reason for the lower than budgeted revenues is the lower than expected delinquency rate as noted above in the paragraph regarding current secured property taxes. In addition, other fees and fines are anticipated to be approximately \$0.2 million below budget based on current receipts and anticipated collections through year-end.

Revenue from Use of Money and Property

A net negative variance of \$0.3 million is projected for interest on deposits. The second quarter interest rate was lower than projected and the projected interest rate outlook for the balance of the fiscal year is anticipated to remain lower than what was budgeted.

Intergovernmental Revenues

A net negative variance of \$0.4 million is projected for intergovernmental revenues.

A negative variance of \$0.4 million is in the Aid from Redevelopment Agencies category. This is due to lower tax sharing revenue payments from participating redevelopment agencies with contractual agreements (California Health and Safety Code 33401), lower revenue from redevelopment agencies that fall under AB1290 Community Redevelopment Law Reform Act of 1993 (California Health and Safety Code 33607.5) and SB211 Redevelopment Indebtedness legislation (California Health and Safety Code 33607.7). This projection assumes a reduction in redevelopment agency payments to the County resulting from the State's redirection of redevelopment funds to the 2010-11 Supplemental Educational Revenue Augmentation Fund (SERAF).

General County Expenses

Cash Borrowing Program

A positive expenditure variance of \$4.4 million is projected. The one-time savings are due to a lower tax and revenue anticipation note (TRAN) borrowing cost compared to budget for Fiscal Year 2010-11. At the time the budget was prepared, the size and terms of the TRAN borrowing had not been finalized. The current low interest rate environment and the County's strong credit rating have reduced the borrowing cost and led to projected expenditure savings for Fiscal Year 2010-11.

Contingency Reserve

The entire \$20.0 million budgeted in the Contingency Reserve in Fiscal Year 2010-11 is expected to be unspent at year-end.

Lease Payments

A positive variance of \$0.3 million is projected from savings in lease payments made for the following financings; 1993 Master Refunding, 2001 MTS Tower, 2005 Edgemoor and 1996 Regional Communication System and the 2009 Justice Facility Refunding. Total lease payments were lower than budgeted for these financings due to interest credits being higher than anticipated, thereby reducing the net expense.

Capital Program

No net variance is anticipated for the Capital Program.

A positive expenditure variance of \$0.3 million is projected. These savings in capital assets/land acquisition consists of \$0.2 million in the Capital Outlay Fund due to lower than anticipated project costs for 12 completed capital projects and \$0.1 million in the Edgemoor Development Fund.

A negative revenue variance of \$0.3 million is projected based on the cancellation of related revenues associated with the 12 completed capital projects (\$ 0.2 million) and \$0.1 million in the Edgemoor Development Fund.

Countywide Exp. – General Misc. Expense

A positive variance of \$40.2 million is projected. Appropriations of \$38.8 million are expected to be unspent at year-end. In Fiscal Year 2010-11 funds were appropriated for "Pension Stabilization" in anticipation of significantly higher County payments to the retirement fund in future years as a result of the market losses experienced by the fund in Fiscal Year 2008-09. Approximately \$1.4 million is projected in over-realized revenues due to an additional \$1.4 million related to the escheatment of money in County Trust Funds and from an unanticipated court settlement.

Internal Service Fund

Public Liability Internal Service Fund

An overall net negative variance of \$1.9 million is projected for the Public Liability Internal Service Fund.

A net negative expenditure variance of \$1.9 million is projected due to \$2.2 million in unanticipated settlement expenses. This is partially offset by a positive expenditure variance of \$0.3 million in services and supplies due to legal services charged to funding sources outside of the Public Liability Internal Service Fund. The Office of County Counsel plans to mitigate the projected negative expenditure variance by continuing its diligence with respect to the settlement values of cases and pursuing all potential legal remedies. Sufficient fund balance exists to address the projected negative expenditure variance.

Employee Benefits ISF – Workers’ Compensation & Unemployment Insurance

A net positive variance of \$1.9 million is projected for the fund, which consists of Workers’ Compensation and Unemployment Insurance activities.

A positive expenditure variance of \$1.9 million is projected due to expenditure savings of \$0.5 million in claims costs and \$1.0 million in Contingency Reserve that is expected to be unspent at year-end in the Unemployment Insurance program. The additional \$0.4 million savings is attributable to a reduction in Workers’ Compensation interdepartmental expenses.

Debt Service Funds

Pension Obligation Bonds (POBs)

A positive revenue variance of \$0.7 million is projected for the fund due to greater than anticipated revenue resulting from charges to departments for the annual taxable pension obligation bond payment.

**Fiscal Year 2010-11 3rd Quarter
Completed Capital Projects**

Oracle Project Number	Account	Project Name	Budget	Amount Capitalized	Amount Canceled
** Capital Outlay Fund (Fund 26000) **					
1000030	54272	KN2630 Tijuana River Valley Regional Park Fencing	150,000.00	149,786.45	213.55
1010406	54776	1010406 Hilton Head Park Phase II Improvements	1,514,360.00	1,441,478.83	72,881.17
1010432	54779	1010432 Otay Valley Regional Park Active Recreation Area	419,999.00	418,834.88	1,164.12
1011448/1015190	54801	1011448 Los Penasquitos Adobe/Barn ADA	100,000.00	99,540.17	459.83
1012343/1015142	54840	1012343-Hilton Head Park Irrigation	100,000.00	97,652.08	2,347.92
1012953/1015171	54845	1012953 Lindo Lake Tennis Courts Renovation	216,000.00	212,130.28	3,869.72
1013145/1015184	54865	1013145 Rio Canyon Park	100,000.00	92,270.55	7,729.45
1013224/1015179	54864	1013224 Valle De Oro Park Improvements	83,000.00	80,847.04	2,152.96
1012325/1015186	54066	1012325 Lindo Lake ADA Fitness Area	200,000.00	183,330.80	16,669.20
1012950/1015169	54843	1012950 Fallbrook Community Center Local Assistance Center (LAC)	100,000.00	97,727.87	2,272.13
1000234	54525	KK0865 Spring Valley Gymnasium	2,746,378.08	2,685,987.38	60,390.70
1011679	54818	1011679 San Pasqual Academy Technology & Career Information Center	851,579.56	851,579.56	-
TOTAL			6,581,316.64	6,411,165.89	170,150.75
** Justice Facility Construction Fund (Fund 26050) **					
1000136	54451	KK0781 East Mesa Juvenile Detention Facility *	52,093,847.00	52,093,847.00	-
TOTAL			52,093,847.00	52,093,847.00	-
** Library Projects Capital Outlay Fund (Fund 26075) **					
					-
TOTAL			-	-	-
TOTAL FOR CAPITAL PROJECTS			58,675,163.64	58,505,012.89	170,150.75

This attachment represents a listing of 13 capital projects that are anticipated to be completed and capitalized at the end of Fiscal Year 2010-11. See recommendation 31 of the Fiscal Year 2010-11 3rd Quarter Status Report.

* Project has already been capitalized.



San Diego County Flood Control District

AGENDA ITEM

Governing Body

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 24, 2011

FL01

TO: Flood Control Board of Directors

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENTS (DISTRICT: All)

SUMMARY:

Overview

This report recommends budget adjustments for the Flood Control District to correct the identification of funding for a consultant contract. This action is a technical adjustment and will correct the Fiscal Year 2010-11 budget in the Flood Control District.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Cancel appropriations and related property tax revenue of \$500,000 in the DPW Flood Control District to correct the budget.
2. Establish appropriations of \$500,000 in the Department of Public Works Flood Control District, services and supplies, for consultant services for Summit Drive based on fund balance available. (4 VOTES)

Fiscal Impact

Funds for this request are in the Fiscal Year 2010-11 Operational Plan Flood Control District budget. If approved, these actions will substitute property tax revenue of \$500,000 in the Flood Control District with Fund Balance available. Appropriations for a consultant contract were inadvertently established in the Fiscal Year 2010-11 budget with property tax revenue when it should have been Fund Balance available. This action is a technical adjustment and will correct the Fiscal Year 2010-11 budget in the Flood Control District. There will be no new staff years and no additional cost to the General Fund as a result of this action.

Business Impact Statement

N/A

**SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: All)**

Advisory Board Statement

N/A

BACKGROUND:

These recommendations correct identification of the funding source for a consultant contract in the Department of Public Works Flood Control District by cancelling \$500,000 in property tax revenue and budgeting fund balance available. Appropriations for a consultant contract to perform excavating work on Summit Drive were inadvertently established in the Fiscal Year 2010-11 budget with property tax revenue as the funding source when it should have been Fund Balance available. The contract was awarded late in Fiscal Year 2009-10 and the related property tax revenue was inadvertently budgeted this fiscal year through the carry forward budget when in fact the revenue was received last fiscal year. Today's recommendation is a technical adjustment to correct the budget.

Linkage to the County of San Diego Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the County of San Diego's 2011-2016 Strategic Plan.

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

N/A

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: All)

AGENDA ITEM INFORMATION SHEET |

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

August 3, 2010 (1) Adoption of the Fiscal Year 2010-11 Budgets for the San Diego County Flood Control District.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

OTHER CONCURRENCE(S): Public Works

CONTACT PERSON(S):

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COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER-PRICE
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 24, 2011

SA01

TO: Board of Directors: Alpine, Lakeside and Spring Valley Sanitation Districts

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: All)

SUMMARY:

Overview

This report recommends budget adjustments for additional appropriations in the Alpine (\$137,550) Lakeside (\$62,250) and Spring Valley (\$100,100) Sanitation Districts for unanticipated depreciation expenses based on fund balance available.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Establish appropriations of \$137,550 in the Alpine Sanitation District, other charges, for structure and infrastructure depreciation based on fund balance available. (4 VOTES)
2. Establish appropriations of \$100,100 in the Spring Valley Sanitation District, other charges, for infrastructure depreciation based on fund balance available. (4 VOTES)
3. Establish appropriations of \$62,250 in the Lakeside Sanitation District, other charges, for infrastructure depreciation based on fund balance available. (4 VOTES)

Fiscal Impact

Funds for these requests are not in the Fiscal Year 2010-11 Operational Plan for the Alpine, Spring Valley and Lakeside Sanitation Districts. If approved, these actions will establish appropriations of \$299,900 in the Alpine (\$137,550) Lakeside (\$62,250) and Spring Valley (\$100,100) Sanitation Districts for unanticipated depreciation expenses based on fund balance available. There will be no new staff years and no additional cost to the General Fund as a result of this action.

Business Impact Statement

N/A

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: All)

Advisory Board Statement

N/A

BACKGROUND:

These recommendations establish appropriations in the Alpine, Spring Valley and Lakeside Sanitation Districts for unanticipated increases in depreciation due to the capitalization of completed Capital Improvement Projects. Capital projects include Galloway Force Main and Galloway Pump Station Improvement in the Alpine Sanitation District, Lakeside Sanitation District-Sanitation Interceptor, and Spring Valley Sanitation District- La Presa Trunk.

Linkage to the County of San Diego Strategic Plan

The County is fully committed to using its resources to meet the highest priority needs of its residents as identified in the County of San Diego's 2011-2016 Strategic Plan.

Respectfully submitted,

WALTER F. EKARD
Chief Administrative Officer

ATTACHMENT(S)

SUBJECT: FISCAL YEAR 2010-11 THIRD QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICT: All)

AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

August 3, 2010 (2) Adoption of Fiscal Year 2010-11 budgets for the Sanitation Districts.

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT: Chief Financial Officer

OTHER CONCURRENCE(S): N/A

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