



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Fifth District

DATE: April 25, 2017

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TO: Board of Supervisors

SUBJECT: FISCAL YEAR 2016–17 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)

Overview

This report summarizes the status of executing the County's Fiscal Year 2016–17 Adopted Operational Plan as measured by projected year-end fund balance from current year operations. The projected balance for the General Fund is \$248.7 million and for all budgetary funds combined is \$294.3 million. In the General Fund, positive balances are projected for all five business groups. The projected fund balance reflects the preservation of management and contingency reserves, amounts to be rebudgeted in the Fiscal Year 2017-18 CAO Recommended Operational Plan and projects that General Purpose Revenue will perform better than estimated in the Fiscal Year 2016–17 Adopted Operational Plan. This letter recommends budget adjustments to make resource reallocations to fund one-time projects and to make various adjustments to align the budget with anticipated actuals.

In the Public Safety Group (PSG), recommendations include appropriations adjustments in the Sheriff's Department for law enforcement activities, inmate welfare programs, the purchase of vehicles, and site assessments for the Countywide Security Initiative; in the San Diego County Fire Authority for the purchase of apparatuses to support fire and emergency medical services, to mitigate shortfalls in revenue used to support Trial Court statutory payments; and adjustments related to certain public safety major maintenance and capital projects, including the Regional Communications System Update and the Sheriff's Crime Lab.

In the Health and Human Services Agency (HHS), recommendations to adjust appropriations on the North Inland Crisis Residential Facility to reflect available grant funding and establish appropriations in the Low to Moderate Income Housing Asset Funds to align the budget with anticipated actuals.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments in the Department of Public Works Road Fund to pay for the design of road projects, amending the Airport Enterprise Fund Spending Plan in order to properly record County assets, and establishing appropriations in the Rancho del Campo Water Fund for repairs that will ensure a continued supply of safe and drinkable water.

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In the Community Services Group (CSG), there is a recommendation for an appropriation adjustment in the County Successor Agency Gillespie Field Turbo Redemption Fund in order to align the budget with anticipated actuals, to establish appropriations in the Registrar of Voters for services and supplies, amend the Department of General Services Fleet Internal Service Fund to account for updated estimates of vehicle repairs and vehicle acquisition.

In Finance Other, there is a recommendation to amend the Public Liability Internal Service Fund to fund greater than anticipated liability costs.

In the Capital Program, recommendations include appropriations adjustments for the Regional Communications System Upgrade and to cancel remaining appropriations projects that have or will be completed at the end of the fiscal year.

There are no appropriation adjustments the Finance and General Government Group (FGG).

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2016–17 third quarter report on projected year-end results.
2. Cancel appropriations of \$279,310 in the Sheriff's Department, Salaries and Benefits and related revenue, from the Board of State and Community Corrections Police Grants passed through the City of San Diego (\$204,310) and Operating Transfer In from the Sheriff's Asset Forfeiture Fund (\$75,000) to align the budget with actuals.
3. Establish appropriations of \$279,310 in the Sheriff's Department, Salaries and Benefits, for Inmate Welfare Fund reimbursements based on an Operating Transfer In from the Sheriff's Inmate Welfare Fund. **(4 VOTES)**
4. Establish appropriations of \$1,968,500 in the Jail Commissary Enterprise Fund, Services and Supplies (\$975,300), for telephone debit cards and commissary items for resale, and Operating Transfers Out (\$993,200) based on Recovered Expenditures (\$620,000), Miscellaneous Revenue Other (\$355,300), estimated current year commissary sales profits (\$419,000) and available prior year Jail Commissary Enterprise Fund fund balance (\$574,200). **(4 VOTES)**
5. Establish appropriations of \$993,200 in the Sheriff's Inmate Welfare Fund, Services and Supplies, to be used for the benefit, education, and welfare of the inmates confined within detention facilities based on an Operating Transfer In from the Jail Commissary Enterprise Fund. **(4 VOTES)**

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6. Transfer appropriations of \$40,000 from the Sheriff's Department, Services and Supplies, to the General Fund Contributions to Fleet Internal Service Fund (ISF), Operating Transfers Out, for the purchase of two vehicles. **(4 VOTES)**
7. Establish appropriations of \$276,861 in the Sheriff's Department, Salaries and Benefits, for temporary staff conducting security assessments of County facilities based on available prior year Public Safety General Fund fund balance. **(4 VOTES)**
8. Establish appropriations of \$446,000 in the Sheriff's Department, Salaries and Benefits, for overtime law enforcement services provided at special local events based on unanticipated revenue from contract cities and various local organizations. **(4 VOTES)**
9. Establish appropriations of \$1,037,425 in the San Diego County Fire Authority, Capital Assets Equipment, for equipment purchase for the Assistance-By-Hire program based on unanticipated revenue from the California Department of Forestry and Fire Protection. **(4 VOTES)**
10. Establish appropriations of \$1,000,000 in the San Diego County Fire Authority, Services and Supplies (\$820,000) and Capital Assets Equipment (\$180,000), to fund increased fire and emergency medical services, based on available prior year Public Safety General Fund fund balance. **(4 VOTES)**
11. Transfer appropriations of \$5,000,000 from the District Attorney's Office, Services and Supplies, to the Public Safety Group Executive Office, Services and Supplies, for major maintenance projects (\$2,500,000) and Other Charges, to support statutory payment from Contributions for Trial Courts (\$2,500,000).
12. Cancel appropriations and related revenue of \$19,085,908 in the Justice Facility Construction Fund for Capital Project 1019587, Regional Communications System Upgrade, to realign the appropriations with the estimated costs and funding sources of the financing plan.
13. Establish appropriations of \$6,891,054 in the Justice Facility Construction Fund for Capital Project 1019587, Regional Communications System Upgrade, for partner agencies shared cost of the project, based on revenue from the Regional Communication System Replacement Trust Fund. **(4 VOTES)**
14. Cancel appropriations of \$2,159,143.85 in the Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1015131, HHSa PSG CSG Office Relocation, to provide funding for the Sheriff's Crime Lab.

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15. Cancel appropriations of \$550,856.15 in the Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1014125, County Operations Center and Annex Phase 1B, to provide funding for the Sheriff's Crime Lab.
16. Establish appropriations of \$2,710,000 in the Justice Facility Construction Fund for Capital Project 1018895, Sheriff's Crime Lab, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
17. Transfer appropriations of \$311,734.56 and related revenue in the Contributions to Capital Outlay Fund to the Health and Human Services Agency, Services and Supplies to correct the funding source for Capital Project 1019395, North Inland Crisis Residential Facility.
18. Cancel appropriations of \$311,734.56 and related Operating Transfer In from the General Fund in the County Health Complex Fund for Capital Project 1019395, North Inland Crisis Residential Facility, to correct the funding source.
19. Establish appropriations of \$311,734.56 in the County Health Complex Fund for Capital Project 1019395, North Inland Crisis Residential Facility, to fund abatement and demolition of the former Regional Administrative Office and Family Resource Center, based on revenue from a California Health Facilities Financing Authority (CHFFA) grant. **(4 VOTES)**
20. Establish appropriations of \$90,000 in the County of San Diego Low to Moderate Income Housing Asset Fund (Upper San Diego River Improvement Project), Operating Transfer Out, to accurately record expenditures and prepaid expense balances, based on available County of San Diego Low to Moderate Income Housing Asset Fund (Upper San Diego River Improvement Project) fund balance. **(4 VOTES)**
21. Establish appropriations of \$90,000 in the County of San Diego Low to Moderate Income Housing Asset Fund (Gillespie Field), Other Charges, to record a transfer of prepaid expenses between funds, based on an Operating Transfer In from the County of San Diego Low to Moderate Income Housing Asset Fund (Upper San Diego River Improvement Project). **(4 VOTES)**
22. Transfer appropriations of \$500,000 from the Department of Public Works Road Fund, Salaries and Benefits, to the Department of Public Works Road Fund Detailed Work Program, Services and Supplies, for the Lemon Crest drainage improvement project.

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23. Amend the Fiscal Year 2016-17 Airport Enterprise Fund Spending Plan by \$1,700,000 to provide funds for purchase of a remaining leasehold interest at McClellan-Palomar Airport based on available prior year Airport Enterprise Fund fund balance. **(4 VOTES)**
24. Establish appropriations of \$200,000 in the Rancho del Campo Water Fund, Services and Supplies, for the demolition and replacement of the main electrical panel at the Rancho del Campo water wells #1, #3, and at the Uranium Removal Treatment System based on available prior year Rancho del Campo Water Fund fund balance. **(4 VOTES)**
25. Transfer appropriations of \$266.55 within the County Successor Agency Gillespie Field Turbo Redemption Fund, from Other Charges to Operating Transfers Out, for the purpose of recording the amount in excess of the required turbo principal payment under the Gillespie Field Series 2005 bonds. **(4 VOTES)**
26. Establish appropriations of \$266.55 in the County Successor Agency Gillespie Field Debt Service Reserve Fund, Operating Transfers Out, based on an Operating Transfer In from the County Successor Agency Gillespie Field Turbo Redemption Fund. **(4 VOTES)**
27. Establish appropriations of \$375,000 in the Registrar of Voters, Services and Supplies, based on over-realized Election Services Other Government Agencies revenue. **(4 VOTES)**
28. Amend the Fiscal Year 2016-17 Department of General Services Fleet ISF Accident Repair Spending Plan by \$100,000, Services and Supplies, due to an increase in costs related to vehicle repairs based on unanticipated revenue from third party recoveries (\$75,000) and available prior year Fleet ISF Accident Repair fund balance (\$25,000). **(4 VOTES)**
29. Amend the Fiscal Year 2016-17 Department of General Services Fleet ISF Sheriff Accident Repair Spending Plan by \$200,000, Services and Supplies, due to an increase in costs related to vehicle repairs based on unanticipated revenue from third party recoveries (\$100,000) and available prior year Fleet ISF Accident Sheriff fund balance (\$100,000). **(4 VOTES)**

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30. Amend the Fiscal Year 2016-17 Fleet Management ISF Spending Plan by \$1,840,000, Capital Assets Equipment to provide funding for the purchase of two vehicles for the Sheriff's Department and the acquisition of vehicle replacements based on an Operating Transfer In from the General Fund (\$40,000) and on available prior year Fleet Management ISF fund balance (\$1,800,000). **(4 VOTES)**
31. Establish appropriations of \$121,000 in the Contributions to Capital Outlay Fund, Operating Transfer Out to provide funding for Capital Project 1020106, Lakeside Library Land Acquisition, to fund closing costs, California Environmental Quality Act (CEQA) task order costs, and soils survey due diligence based on Community Services Group General Fund fund balance. **(4 VOTES)**
32. Establish appropriations of \$121,000 in the Library Projects Fund for Capital Project 1020106, Lakeside Library Land Acquisition, to fund closing costs, California Environmental Quality Act (CEQA) task order costs, and soils survey due diligence based on an Operating Transfer In from Contributions to Capital Outlay Fund. **(4 VOTES)**
33. Amend the Fiscal Year 2016-17 Public Liability Internal Service Fund by \$5,000,000, Other Charges, for the purpose of funding liability costs, based on Charges For Current Services. **(4 VOTES)**
34. Cancel appropriations and related revenue of up to \$1,063,982 in the Capital Outlay Fund and \$8,908,646 in the Justice Facility Construction Fund for projects completed during Fiscal Year 2016-17.
35. Establish appropriations of up to \$2,515,107 in the Capital Outlay Fund, \$222,678 in the County Health Complex, \$3,876,690 in the Justice Facility Construction Fund and \$18,422 in the Library Projects Capital Outlay Fund, in Operating Transfer Out, based on fund balances available, and establish a corresponding Operating Transfer In in the Contributions to Capital Outlay Fund for projects completed or cancelled. **(4 VOTES)**

Fiscal Impact

Funds for a portion of these requests are not included in the Fiscal Year 2016–17 Operational Plan. If approved, this action will result in a net increase in appropriations of \$3,256,286 in the General Fund. The funding sources include Operating Transfer from Sheriff's Inmate Welfare Fund, available prior year Public Safety General Fund fund balance, revenues from various cities and local organizations, California Department of Forestry and Fire Protection and Election Services Other Government Agencies.

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In all other funds combined, these actions will result in a net decrease in appropriations of \$3,231,618. The funding sources are available prior year Jail Commissary Enterprise Fund fund balance, Operating Transfer from Jail Commissary Enterprise Fund, Regional Communication System Replacement Trust Fund, Operating Transfer from the Sheriff's Inmate Welfare Fund, Operating Transfers from Housing Asset Fund, Airport Enterprise Fund, Rancho del Campo Water Fund, available prior year Fleet Sheriff Accident Repair ISF fund balance, available prior year Fleet Management ISF fund balance, Public Liability ISF Charges for Services, Capital Outlay Fund, and Justice Facility Construction Fund.

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 \$248.8 million. This projected one-time resource is a combination of anticipated year-end General Purpose Revenue (GPR) coming in above budget by \$40.6 million along with a net positive variance of \$161.8 million from operations which includes \$84.6 million will be rebudgeted in the Fiscal Year 2017-18 CAO Recommended Operational Plan and a positive variance of \$46.4 million in unspent contingency and management reserves. The projected \$40.6 million in anticipated GPR is primarily due to better than expected property tax revenue resulting from an increase in assessed value (AV), and an increase in former redevelopment project area tax increment pass-through revenues as development in these areas continues to grow, as well as one time residual balances generated from the dissolution of redevelopment agencies.

The projected balance for all other funds combined is \$45.5 million. Schedule A summarizes the fund balance projection by business group/agency and department. The Notes to Schedules A and B explain significant variances from budget by department. Schedule B shows the projected General Fund fund balance by business group/agency split between operating and reserve balances.

As shown in Schedule A, the General Fund year-end fund balance projection of \$248.8 million is based on the estimate that expenditures will be approximately \$282.6 million less than the Fiscal Year 2016–17 Amended Budget and revenues will be a net \$33.8 million less than the Fiscal Year 2016–17 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 by the Deputy Chief Administrative Officer/Auditor and Controller, as authorized.

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

- \$64.0 million in positive salary and benefit appropriation variance in all groups/agency due to staff turnover and department management of vacancies.

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- \$106.7 million in positive appropriation variance in Services & Supplies across the County in all groups/agency.
 - In PSG, projected overall positive variance of \$4.8 million is primarily associated with overall reduced operational costs in Public Defender and Sheriff; and due to grant-related projects that will be completed in the next fiscal year in Office of Emergency Services.
 - In HHSA, a projected overall positive variance of \$16.6 million resulted mainly due to multi-year projects in Housing and Community Development Services, Aging & Independence Services Community Based Care Transitions Program (CCTP) ending, procurement delays and lower than projected contract costs in Behavioral Health Services and Public Health Services, and for unused appropriations for unanticipated, emergent events. A projected negative variance in Child Welfare Services is due to one-time facilities costs associated with the relocation from Levant Street facility and to improve and modernize existing facilities.
 - In LUEG, projected positive variance of \$6.7 million is primarily due to the result of one-time expenditures that will be re-budgeted next fiscal year in Planning and Development Services and Department of Public Works, and due to fewer than anticipated eligible grant applications submitted to the Vector Habitat Remediation Program and anticipated operational savings in Environmental Health offset by greater than anticipated expenses in major maintenance and fire suppression activities in the Department of Parks and Recreation, and greater than anticipated major maintenance in the Agriculture, Weights and Measures associated with winter rains.
 - In CSG, projected positive variance of \$1.0 million is primarily in the Executive Office due to facility costs and Information Technology expenses that will not materialize in the current fiscal year.
 - In FGG, projected positive variance of \$11.6 million is mainly due to less than anticipated contracted services and information technology services.
 - In Finance Other, projected positive variance of \$65.9 million is primarily due to the appropriation of resources associated with the long term pension stabilization strategy. The fund balance generated as a result of the Pension Stabilization fund will be Committed in the Fiscal Year 2017-18 CAO Recommended Operational Plan to partially support the debt service of existing Pension Obligation Bonds (POBs).
- \$36.1 million in positive appropriation variance in Other Charges reflects primarily variances in PSG, HHSA and Finance Other.
 - In PSG, a positive variance of \$2.3 million mainly attributable to timing of grant funding passed through to other agencies in Office of Emergency Services and \$0.9 million in the Executive Office due to the revenue sharing requirements related to Trial Court funding.
 - In HHSA, the positive variance of \$31.1 million is mainly the result of revised caseload levels and growth trends in California Work Opportunity and Responsibility to Kids (CalWORKs) benefits in Self-Sufficiency Services, revised estimates of caseload levels and required services in Child Welfare Services, Behavioral Health Services, and Public Health Services.

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- In Finance Other, the projected positive variance of \$2.7 million is due to Tax and Revenue Anticipation Note (TRAN) borrowing costs that will not be incurred.
- \$29.8 million in positive appropriation variance in Operating Transfers Out is primarily due to due to lower than anticipated expenses related to capital projects that are closing by the end of the Fiscal Year 2016-17 and includes amounts that will be rebudgeted to support capital projects in the Fiscal Year 2017-18 CAO Recommended Operational Plan.
- \$22.7 million positive appropriation variance in Contingency Reserves that are projected to be unspent at year-end.
- \$23.7 million positive appropriation variance in Management Reserves in HHSA (\$20.0 million), in PSG (\$0.7 million) and in FGG (\$3.0 million) that are projected to be unspent at year-end.

The projected under realized revenue of \$33.8 million includes positive variances totaling \$32.6 million and negative variances of \$66.4 million. The projected positive revenue variance of \$32.6 million is expected in the following categories: Taxes Current Property (\$17.2 million) and Taxes Other Than Current Secured (\$5.9 million) due to increase in assessed value; Fines, Forfeitures & Penalties (\$2.3 million) for penalty fees related to late property tax payments; Revenue From Use of Money & Property (\$3.4 million) due to increased investment earnings; and Miscellaneous Revenues (\$3.8 million). The projected negative variance of \$66.4 million is largely in Intergovernmental Revenue (\$60.3 million) as a result of expenditure savings in caseload-driven programs, projects spanning multiple fiscal years timing and lower costs related to contracted services as mentioned above; in Charges For Current Services (\$3.2 million) mainly due to projected expenditure savings that will result in less cost recovery and project delays; in Other Financing Sources (\$2.6 million); and in Licenses, Permits and Franchises (\$0.3 million).

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

Fiscal Year 2016–17 Budget Adjustments

The recommendations for budget adjustments are explained below:

Recommendations 2 & 3

These requests will cancel \$279,310 of appropriations and related revenue in the Sheriff's Department based on an Operating Transfer In from the Asset Forfeiture Fund (\$75,000) and a decrease in revenue received from the Board of State and Community Corrections Police Grants passed through the City of San Diego for front line law enforcement activities (\$204,310). These requests will also establish appropriations of \$279,310 in the Sheriff's Department, Salaries and Benefits based on an Operating Transfer In from the Sheriff's Inmate Welfare Fund to align the budget with Sheriff's Inmate Welfare Fund reimbursements.

Recommendations 4 & 5

This request will establish appropriations of \$1,968,500 in the Jail Commissary Enterprise Fund, Services and Supplies (\$975,300) for increased costs to provide telephone debit cards and commissary items for resale, and Operating Transfers Out (\$993,200) to transfer commissary

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sales profits to the Sheriff's Inmate Welfare Fund based on based on Recovered Expenditures (\$620,000), Miscellaneous Revenue Other (\$355,300) and estimated current year revenue (\$419,000) and prior year available Jail Commissary Enterprise Fund fund balance (\$574,200).

These requests will establish appropriations of \$993,200 in the Sheriff's Inmate Welfare Fund, Services and Supplies, for the benefit, education, and welfare of the inmates confined within detention facilities based on an Operating Transfer In from the Jail Commissary Enterprise Fund.

Recommendation 6

These requests will transfer appropriations of \$40,000 from the Sheriff's Department to the General Fund, Contributions to Fleet Internal Service Fund (ISF), and amend the Department of General Services (DGS) Fleet Services ISF budget for the purchase of two vehicles to support operational needs to transport equipment within the Sheriff's Data Services Division. The DGS Fleet ISF facilitates the procurement, standardization, maintenance, and overall quality control of County vehicles.

Recommendation 7

This request will establish appropriations of \$276,861 in the Sheriff's Department, based on available prior year Public Safety General Fund fund balance. Funds will be used for the salaries and benefits of temporary staff conducting security assessments of County facilities for the Countywide Security Initiative. These security assessments will validate existing security protocols, and enhance security, where appropriate, at County owned or occupied facilities with the ultimate goal of protecting county workers, county property and the public who utilize county facilities. Part of the security initiative is deterrence strategy, wherein each county location will receive a Site Security Survey/Vulnerability Assessment.

Recommendation 8

The Sheriff's Department provides law enforcement services on an overtime basis for local events as needed, and as requested by the contract cities and various local organizations. The department is paid for these services by the contract cities and various local organizations. The amount of overtime worked and payments received have exceeded the planned amounts for this activity. This request will establish appropriations of \$446,000 for overtime expenditures related to extra law enforcement services provided in multiple Sheriff's stations and substations based on unanticipated revenue from the contract cities and various local organizations.

Recommendation 9

On January 26, 2016 (5), the Board authorized the execution of the Assistance-By-Hire revenue agreements with the California Department of Forestry and Fire Protection in order for the County to be reimbursed for resources deployed to assist with protecting the State Responsibility Area lands in wildland fires. This request will establish appropriations of \$1,037,425 in the San Diego County Fire Authority for the purchase of apparatuses to support fire services.

Recommendation 10

This request will establish appropriations of \$1,000,000 in the San Diego County Fire Authority to purchase defibrillator monitors and to fund increased fire and emergency medical services in County Service Area 135 based on available prior year Public Safety General Fund fund balance.

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Recommendation 11

This request will transfer appropriations of \$5,000,000 from the District Attorney’s Office to the Public Safety Group Executive Office. Funds will be used for major maintenance projects (\$2,500,000) and to mitigate the decline in revenues received by the County used to support statutory payments in Contributions for Trial Courts (\$2,500,000).

Recommendations 12 & 13

In the Fiscal Year 2015-16 Adopted Operational Plan, appropriations of \$50,500,000 million based on Public Safety General Fund fund balance were established for Capital Project 1019587, Regional Communications System Upgrade; the amount of these appropriations were based on estimated project costs. These requests, along with the cancellation of \$2,493,053 million of appropriations by your Board on December 13, 2016 (26), will align the appropriations with the actual cost and financing structure as determined by the contract with the RCS vendor. Total capital costs of the project are estimated to be \$35,812,093 million, of which \$28,921,039 million is attributable to the County and \$6,891,054 million to participating agencies. The amount to be paid by participating agencies will be paid for via the RCS Trust Fund (Fund 61419).

Today’s recommendation will cancel appropriations of \$19,085,902 million and return related funding to the General Fund, and establish appropriations of \$6,891,054 million based on revenue from the RCS Trust Fund. Savings associated with this project have been rebudgeted to support capital projects in the Fiscal Year 2017-18 CAO Recommended Operational Plan.

Recommendations 14 – 16

On February 25, 2014 (11), the Board approved establishing appropriations of \$75,000 for the update of the Crime Lab program and refinement of site planning. Appropriations of \$49,940,000 million were included in the Fiscal Year 2014-15 Operational Plan and additional appropriations of \$54,860,000 million were included in the Fiscal Year 2015-16 Operational Plan to provide funding for the Sheriff’s Crime Lab and Fleet Facility Project with total project costs estimated to be \$104,800,000 million. Shortly after commencement of the Crime Lab capital project, several unforeseen site conditions related to soil contamination and underground infrastructure were encountered. Additional requirements were also identified for evidence storage and for furniture, fixtures, and equipment. These recommendations will cancel appropriations that are unused in capital projects that have been completed and are anticipated to close this fiscal year; these appropriations to cancel include \$2,159,143.85 in the Capital Outlay Fund for Capital Project 1015131, HHSA PSG CSG Office Relocation and \$550,856.15 in the Capital Outlay Fund for Capital Project 1014125, County Operations Center and Annex Phase 1B, and establish the appropriations in Capital Project 1018895, Sheriff’s Crime Lab in order to pay for costs related to the additional project requirements.

Recommendations 17 – 19

On December 13, 2016 (26), the Board established appropriations of \$400,000 to provide additional funding for the abatement and demolition based on a transfer of appropriations from the Health and Human Services Agency’s operating budget. These recommendations will amend the funding source freeing up the operating budget resources. Funding of \$311,734.56 is now

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available from the California Health Facilities Financing Authority (CHFFA) grant.

Recommendations 20 & 21

On January 8, 2003 (7), the Board approved a set-aside of \$1,530,215 in funding from taxes allocated to the County of San Diego Redevelopment Agency for a temporary local rental subsidy program for households in the vicinity of the County’s two project areas, Gillespie Field and Upper San Diego River Improvement Project (USDRIP), funded with Redevelopment Agency Low and Moderate Income Housing Funds. Upon dissolution of the County’s Redevelopment Agency, assets were transferred to the County Successor Housing Agency Funds.

These requests will establish appropriations of \$90,000 in the County of San Diego Low to Moderate Income Housing Asset Fund (Gillespie Field), based on an operating transfer from the County of San Diego Low to Moderate Income Housing Asset Fund (Upper San Diego River Improvement Project). This is a technical adjustment to account for the transfer of cash to balance a prepaid expense upon final expenditure in December 2016 of the set-aside funding.

Recommendation 22

This recommendation will transfer appropriations of \$500,000 from the Department of Public Works Road Fund, Salaries & Benefits, to the Department of Public Works Road Fund Detailed Work Program, Services & Supplies to fund the design phase of the Lemon Crest drainage improvement project.

Recommendation 23

This recommendation will amend the Fiscal Year 2016-17 Airport Enterprise Fund Spending Plan in the amount of \$1,700,000 for the purchase of a remaining leasehold interest at McClellan-Palomar Airport based on prior year available Airport Enterprise Fund fund balance. On June 22, 2016 (3), the Board of Supervisors approved an amendment to the aviation lease with Jet Source, Inc. to remove two leasehold structures (a building and ramp), from the Jet Source, Inc. lease in exchange for \$1,700,000 of rent credits toward current and future rents. These structures are located on a 1.66-acre parcel at McClellan-Palomar Airport. The County and Jet Source, Inc. have finalized an agreement for the County to buy out the remaining lease term for the structures from Jet Source, Inc. for a payment of \$1,700,000. Today’s request will provide funds to properly record the two structures as assets belonging to County Airports in exchange for rent credits to Jet Source, Inc.

Recommendation 24

This recommendation will establish appropriations of \$200,000 in the Rancho del Campo Water Fund for contracted services necessary to repair a potential electrical hazard caused by deterioration of the existing electrical panel at the water facility in Rancho del Campo based on available prior year Rancho del Campo Water Fund fund balance. The Rancho del Campo Water System is responsible for providing the Rancho del Campo community with uninterrupted potable water supply. The recent detection of a potential electrical failure and hazard to staff could interrupt potable water service to the community. If approved, this request will allow funding for the repairs necessary to ensure a continued supply of safe and drinkable water to the community.

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Recommendations 25 & 26

As part of the Gillespie Field Series 2005 bond agreement included on the County Successor Agency’s Recognized Obligation Payment Schedule (ROPS), an accelerated (“turbo”) principal payment is required when property tax revenues exceed the amount needed to satisfy pass-through, ROPS, and administrative expenses. This transfer will cover the needed appropriation in County Successor Agency Gillespie Field Service Reserve Fund for future payments.

Recommendation 27

This recommendation will establish appropriations and revenue of \$375,000 in the Registrar of Voters Department. Seventy-eight percent (78%) of the Registrar of Voters budget in Fiscal Year 2016-17 has been spent conducting the November 2016 Presidential General Election. The appropriation is being used to cover Services & Supplies for the remainder of the fiscal year, including potential City of San Diego special election expenses for November 2018. There will be no net cost impact to the County of San Diego.

Recommendations 28 & 29

These recommendations will amend the Fiscal Year 2016-17 Department of General Services Fleet ISF Accident Repair Spending Plans for non-Sheriff and Sheriff accidents by a total of \$300,000 by establishing appropriations in Services & Supplies based on unanticipated revenue from third party recoveries (\$175,000) and available prior year Fleet Accident non-Sheriff (\$25,000) and Sheriff (\$100,000) ISF fund balance. The projected increase in cost for vehicle repairs is based on year-to-date expenditures and economic projections.

Recommendation 30

This request will amend the Fiscal Year 2016–17 Fleet Management ISF Spending Plan by \$1,840,000 to provide funding for the purchase of two vehicles for the Sheriff’s Department and the acquisition of vehicle replacements based on an Operating Transfer In from the General Fund (\$40,000) and on available prior year Fleet Management ISF fund balance (\$1,800,000). The \$1,800,000 portion of this request is to align the budget with anticipated actuals for vehicle acquisition, and is based on funds previously contributed by client departments. The spending plan is periodically adjusted according to purchase orders created to meet client department needs.

Recommendations 31 & 32

Appropriations for site search and land acquisition totaling \$1,424,000 have been established for the purpose of locating a new library in Lakeside. Results of the search and subsequent negotiation have yielded a suitable site, and staff have determined that additional funding is required in order to complete California Environmental Quality Act (CEQA) task order costs, soils survey due diligence, and closing costs. This recommendation is based on Community Services General Fund fund balance.

Recommendation 33

This request will amend the Public Liability Internal Service Fund by \$5,000,000 based on increased collections from County departments. The projected overage to the fund is primarily from increased liability costs due an increase in matters involving serious injuries and timing of

**SUBJECT: FISCAL YEAR 2016–17 THIRD QUARTER OPERATIONAL PLAN
STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: ALL)**

settlements reached.

Recommendations 34 & 35

By the end of Fiscal Year 2016-17, a total of 21 capital projects are anticipated to be completed and capitalized. These projects are listed in Schedule C. Appropriations of up to \$9,972,628 related to those projects will be canceled, of which \$1,063,982 is in the Capital Outlay Fund and \$8,908,646 in the Justice Facility Construction Fund. At the end of the fiscal year, remaining appropriations will be canceled along with the related funding source. These recommendations will also return to the General Fund \$6,632,897 of available from various projects completed in prior years from the Capital Outlay Fund, County Health Complex, Justice Facility Construction Fund, and Library Projects Capital Outlay Fund to Contributions to Capital Outlay.

Linkage to the County of San Diego Strategic Plan

Today's proposed actions support the Strategic Initiatives of Healthy Families, Safe Communities, Sustainable Environments and Operational Excellence in the County of San Diego's 2017-2022 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

Schedule A and B

Schedule C

Notes to Schedules A and B

SUBJECT: FISCAL YEAR 2016–17 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENT (DISTRICTS: 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:

March 14, 2017 (21), Fiscal Year 2016-17 Second Quarter Operational Plan Status Report and Budget Adjustment
December 13, 2016 (26), Fiscal Year 2016-17 First Quarter Operational Plan Status Report and Budget Adjustment
August 2, 2016 (15), County of San Diego Fiscal Year 2016-17 Adopted Budget Resolution for County Family of Funds, Enterprise Funds and Internal Service Funds, and Prior Year Encumbrances

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: Finance & General Government Group

OTHER CONCURRENCES(S): N/A

CONTACT PERSON(S):

Tracy M. Sandoval, Deputy Chief
Administrative Officer/Auditor & Controller

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**FY 2016-2017 3rd Quarter
Projected Year-End Results**

(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 35,752	\$ (17,381)	\$ 18,371
Health & Human Services Agency	93,664	(55,355)	38,308
Land Use & Environment	14,279	(6,085)	8,195
Community Services	1,252	1,147	2,399
Finance & General Government	18,095	(4,874)	13,221
Total Agency/Group	<u>163,042</u>	<u>(82,548)</u>	<u>80,494</u>
General Purpose Revenue	0	40,555	40,555
Finance Other	119,560	8,144	127,704
Total General Fund	\$ 282,602	\$ (33,848)	\$ 248,754
Special Revenue Funds			
Public Safety	\$ 17,701	\$ (6,142)	\$ 11,559
Health & Human Services Agency	105	100	205
Land Use & Environment	4,628	(657)	3,971
Community Services	2,340	674	3,014
Total Special Revenue Funds	\$ 24,774	\$ (6,026)	\$ 18,748
Capital Program			
Finance Other	\$ 15,903	\$ (15,859)	\$ 45
Internal Service Funds Departments			
Land Use & Environment	\$ 3,382	\$ 391	\$ 3,773
Community Services	19,480	(15,449)	4,031
Finance & General Government	0	0	0
Finance Other	0	0	0
Total Internal Service Funds	\$ 22,861	\$ (15,058)	\$ 7,803
Enterprise Fund Departments			
Land Use & Environment	\$ 2,475	\$ (742)	\$ 1,732
Sheriff	1	7	8
Total Enterprise Funds	\$ 2,476	\$ (735)	\$ 1,740
Special District Funds Departments			
Public Safety Group	\$ 1,464	\$ (1,147)	\$ 317
Health & Human Services Agency	1,368	(20)	1,348
Land Use & Environment	17,427	(2,036)	15,391
Total Special District Funds	\$ 20,259	\$ (3,204)	\$ 17,055
Other County Funds Departments			
Community Svcs. - Red./Redev. Successor Agency	\$ 0	\$ 0	\$ 0
HHSA - Housing & Community Development	53	(43)	10
Total Other County Funds	\$ 53	\$ (43)	\$ 10
Debt Service - Pension Obligation Bonds	\$ 26	\$ 101	\$ 127
Total County Projected Operating Balance	\$ 368,955	\$ (74,672)	\$ 294,283

Numbers may not total due to rounding.

**FY 2016-2017 3rd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Child Support	\$ 3,722	\$ (661)	\$ 3,061
District Attorney	10,853	(1,349)	9,504
Emergency Services	3,271	(3,119)	153
Law Enforcement Review Board	43	0	43
Medical Examiner	239	170	409
Probation	1,617	(1,272)	345
Public Defender	2,565	(2,134)	430
Public Safety Executive Office	893	(2,210)	(1,318)
San Diego County Fire Authority	1,185	(754)	431
Sheriff	11,364	(6,051)	5,314
Total General Fund	\$ 35,752	\$ (17,381)	\$ 18,371

Special Revenue Funds Departments

District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0
Probation - Asset Forfeiture	0	1	1
Probation - Inmate Welfare Program	0	14	14
Sheriff - Asset Forfeiture	0	206	206
Sheriff - Inmate Welfare Program	323	2,732	3,055
Criminal Justice Facility	4,910	(2,049)	2,861
Courthouse	0	123	123
Penalty Assessment	2,172	(2,172)	0
Public Safety - Proposition 172	10,296	(4,997)	5,299
Total Special Revenue Funds	\$ 17,701	\$ (6,142)	\$ 11,559

Enterprise Funds

Sheriff	\$ 1	\$ 7	\$ 8
Total Enterprise Funds	\$ 1	\$ 7	\$ 8

Special District Funds

Sheriff (Regional 800 MHz)	\$ 6	\$ (5)	\$ 1
County Service Area	1,458	(1,142)	316
Total Special District Funds	\$ 1,464	\$ (1,147)	\$ 317

Total Public Safety Group	\$ 54,917	\$ (24,663)	\$ 30,255
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**FY 2016-2017 3rd Quarter
Projected Year-End Results**

(in thousands)

HEALTH & HUMAN SERVICES AGENCY

	Expenditure Variance		Revenue Variance		3rd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)				
General Fund Programs					
Administrative Support	\$ 24,479		\$ (3,571)		20,908
Regional Operations	0		0		-
Aging & Independence Services	8,596		(6,606)		1,989
Behavioral Health Services	9,065		(6,577)		2,488
Child Welfare Services	10,448		(3,454)		6,994
Public Health Services	12,220		(6,630)		5,590
Self-Sufficiency Services	23,342		(23,002)		340
Housing & Community Development Services	5,515		(5,515)		-
Total General Fund	\$ 93,664		\$ (55,355)		38,308
Special Revenue Funds					
Tobacco Securitization Fund	\$ 105		\$ 100		205
Total Special Revenue Funds	\$ 105		\$ 100		205
Special District Funds Departments					
Ambulance Districts	\$ 1,368		\$ (20)		1,348
Total Special Districts Funds	\$ 1,368		\$ (20)		1,348
Other County Funds Departments					
Housing & Community Development	\$ 53		\$ (43)		10
Total Other County Funds Departments	\$ 53		\$ (43)		10
Total Health & Human Services Agency	\$ 95,190		\$ (55,319)		39,871

**FY 2016-2017 3rd Quarter
Projected Year-End Results**
(in thousands)

LAND USE & ENVIRONMENT GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Agriculture, Weights & Measures	\$ 1,132	\$ (371)	762
Environmental Health	3,753	(2,251)	1,502
Land Use & Environment Group Exec Office	262	0	262
Parks & Recreation	4	222	226
Planning & Development Services	8,483	(3,973)	4,510
Public Works	645	289	934
Total General Fund	\$ 14,279	\$ (6,085)	8,195

Special Revenue Funds Departments

A, W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	-
Parks & Recreation - PLDF	20	2,035	2,055
DPW - Aviation Funds	0	0	-
DPW - Road Fund	3,746	(1,830)	1,916
DPW - Inactive Waste	835	(835)	-
DPW - Waste Planning and Recycling	28	(28)	-
Total Special Revenue Funds	\$ 4,628	\$ (657)	3,971

Internal Service Funds Departments

Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 3,382	\$ 391	3,773
Total Internal Service Funds	\$ 3,382	\$ 391	3,773

Enterprise Funds Departments

Airport Enterprise Fund	\$ 1,861	\$ (165)	1,696
Wastewater Management Enterprise Fund	613	(577)	36
Total Enterprise Funds	\$ 2,475	\$ (742)	1,732

Special District Funds Departments

Air Pollution Control District	\$ 5,529	\$ (1,810)	3,718
Parks and Recreation	262	65	327
DPW - SD County Sanitation District	5,913	(539)	5,373
DPW - Campo Water Sewer Maint District	15	13	28
DPW - CSAs	5	1	5
DPW - PRDs	4,858	0	4,858
DPW - Community Facilities Districts	8	4	12
DPW - Flood Control	675	(671)	4
DPW - Street Lighting Districts	163	902	1,065
Total Special Districts Funds	\$ 17,427	\$ (2,036)	15,391

Total Land Use & Environment Group	\$ 42,191	\$ (9,130)	33,061
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**FY 2016-2017 3rd Quarter
Projected Year-End Results**
(in thousands)

COMMUNITY SERVICES GROUP

Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Animal Services	\$ 458	\$ (254)	204
Community Services Group Exec Office	794	2	797
General Services	0	0	-
Purchasing & Contracting	0	0	-
Library Services	0	0	-
Registrar of Voters	0	1,399	1,399
Total General Fund	\$ 1,252	\$ 1,147	2,399

Special Revenue Funds Departments

Library Services	\$ 2,340	\$ 674	3,014
Total Special Revenue Funds	\$ 2,340	\$ 674	3,014

Internal Service Funds Departments

Facilities Management	\$ 9,001	\$ (7,319)	1,682
Major Maintenance ISF	0	(3)	(3)
Fleet Management	8,981	(8,593)	388
Purchasing & Contracting	1,498	466	1,964
Total Internal Service Funds	\$ 19,480	\$ (15,449)	4,031

Other County Funds Departments

Red. Agency/Redevelopment Successor Agency	\$ 0	\$ 0	-
Total Other County Funds Departments	\$ 0	\$ 0	-

Total Community Services Group	\$ 23,072	\$ (13,628)	9,443
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**FY 2016-2017 3rd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund Departments

Assessor/Recorder/County Clerk	\$ 7,399	\$ (4,176)	3,223
Auditor & Controller	1,128	(207)	921
Board of Supervisors	165	0	165
Chief Administrative Office	319	0	319
Civil Service Commission	57	0	57
Clerk of the Board of Supervisors	34	233	266
County Communications Office	469	(332)	137
County Counsel	269	7	276
County Technology Office	0	1	1
Finance & GG Exec Office	5,880	42	5,922
Grand Jury	143	1	144
Human Resources	1,917	(266)	1,651
Treasurer-Tax Collector	314	(176)	138
Total General Fund	\$ 18,095	\$ (4,874)	13,221

Internal Service Funds Departments

CTO - Information Technology	\$ 0	\$ 0	-
Total Internal Service Funds	\$ 0	\$ 0	-

**Total Finance & General
Government Group**

Total Finance & General Government Group	\$ 18,095	\$ (4,874)	13,221
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**FY 2016-2017 3rd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

Expenditure Variance	Revenue Variance	3rd Quarter FY16-17 Projected Fund Balance
Favorable/(Unfavorable)		

General Fund

General Purpose Revenue:

All Current Property Taxes	\$	17,197	17,197
All Other Taxes-Local		5,916	5,916
Licenses, Permits & Franchises		0	-
Fines, Forfeitures & Penalties		3,776	3,776
Revenue for Use of Money & Property		3,778	3,778
Intergovernmental Revenue		8,389	8,389
Charges for Current Services		0	-
Miscellaneous Revenue		1,500	1,500

Total General Purpose Revenue

\$	0	\$	40,555	40,555
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General County Expenses:

Cash Borrowing Program	\$	2,700	\$	0	2,700
Community Enhancement		0		0	-
Contingency Reserve		22,675		0	22,675
Contributions to the Capital Outlay Fund		28,312		6,776	35,089
Contributions to the County Library		0		0	-
Lease Payments - Bonds		0		0	-
Local Agency Formation Comm Admin		0		0	-
Neighborhood Reinvestment Program		0		0	-
Countywide Expenses		65,873		1,368	67,241
Total Finance Other Expenses		119,560		8,144	127,704

Total General Fund

\$	119,560	\$	48,699	168,260
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Capital Program Funds

Capital Program	\$	15,903	\$	(15,859)	45
Total Capital Program Funds	\$	15,903	\$	(15,859)	45

Internal Service Funds Departments

Workers Compensation	\$	0	\$	0	-
Unemployment Insurance		0		0	-
Public Liability		0		0	-
Total ISF Funds	\$	0	\$	0	-

Debt Service Funds Departments

Pension Obligation Bonds	\$	26	\$	101	127
Total Debt Service Funds	\$	26	\$	101	127

**Total General Purpose Revenue & Finance
Other**

\$	135,490	\$	32,941	168,431
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**FY 2016-2017 3rd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management & Contingency Reserves	Projected Operating Balances	3rd Quarter FY16-17 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 696	\$ 17,675	\$ 18,371
Health and Human Services Agency	20,000	18,308	38,308
Land Use and Environment	0	8,195	8,195
Community Services	0	2,399	2,399
Finance & General Government	3,000	10,221	13,221
Agency/Group Totals	\$ 23,696	\$ 56,798	\$ 80,494
General Purpose Revenue	\$ 0	\$ 40,555	\$ 40,555
General County Expenses	0	105,029	105,029
Contingency Reserve	22,675	0	22,675
Total Gen'l. Purpose Rev. & Gen'l. County Exp.	\$ 22,675	\$ 145,585	\$ 168,260
Total General Fund	\$ 46,371	\$ 202,383	\$ 248,754

SCHEDULE C
Fiscal Year 2016-17 3rd Quarter
Capital Projects Anticipated for Completion/Cancellation

Ref	Note	ORG	Oracle Project Number	Account	Project Name	Total Budget as of 02-28-2017	Amount to be Capitalized as of 02-28-2017	Amount to Cancel
** Capital Outlay Fund (Fund 26000) **								
1	1	7415C	1014849	54202	Sweetwater Regional Park Equestrian Trail Phase 3	612,861.90	609,169.66	3,692.24
2	1	7444C	1017611	54202	TJRV North East Trail Connection	497,493.35	462,865.80	34,627.55
3	1	7449C	1018182	54202	TRVRP Interpretive Loop Trail	680,435.39	680,435.39	-
4	1	7454C	1018196	54202	TJRV Regional Trail Construction	1,110,353.31	1,110,353.31	-
5	1	7462C	1018372	54202	TJRV South West Trails Construction	1,677,011.82	1,677,011.82	-
6	1	7463C	1018373	54202	TJRV Mesa Trails Construction	1,744,321.73	1,744,321.73	-
7	1	7489C	1019462	54202	Spring Valley Community Park Basketball Court Replacement and Playground Improvement	428,250.00	428,250.00	-
8	1	7482C	1019011	54202	Lamar Fitness Path	250,000.00	249,531.98	468.02
9	1	73050	1007108	54053	San Luis Rey River Park Acquisition	9,271,557.21	9,271,557.21	-
10	1	7485C	1019197	54202	TJRV Pathways for Play	200,000.00	185,533.66	14,466.34
11	1	7486C	1019230	54202	Dairy Mart Ponds Overlook	203,164.77	158,330.86	44,833.91
12	1	7450C	1018183	54202	Guajome Regional Park Playground Improvements	798,843.89	798,709.14	134.75
13	1	73050	1006608	54640	Pine Valley Ballfield Improvements	2,064,446.96	2,031,202.55	2,468.14
14	1	7314C	1014771	54811	County Operation Center Phase 1A Central Plant	-	-	-
15	1	7347C	1015204	54680	CAC Waterfront Park	53,875,000.00	52,777,411.98	617,010.11
16	1	7376C	1015131	54835	HHSA PSG CSG Office Relocations (ROV)	73,926,035.00	69,723,695.11	162,672.75
17	1	7403C	1014125	54202	County Operation Centers & Annex Phase 1B	113,000,000.00	87,032,938.12	-
18	1	7416C	1015093	54202	Cedar & Kettner Development	37,100,000.00	37,062,794.20	44,765.80
19	1	7426C	1015559	54202	Long Term Animal Care Facility	460,000.00	321,157.21	138,842.79
CAPITAL OUTLAY FUND TOTAL						297,899,775.33	266,325,269.73	1,063,982.40
** Justice Facility Construction Fund (Fund 26050) **								
20	1	7354J	1015195	54496	Women's Detention Facility	248,500,000.00	230,247,683.83	8,885,394.85
21	1	7441J	1017536	54012	Next Generation RCS Site Acquisition	147,925.00	124,674.00	23,251.00
JUSTICE FACILITY CONSTRUCTION FUND TOTAL						248,647,925.00	230,372,357.83	8,908,645.85
TOTAL FOR CAPITAL PROJECTS						546,547,700.33	496,697,627.56	9,972,628.25
This attachment represents a listing of 21 capital projects (1) that are anticipated to be completed and capitalized at the end of Fiscal Year 2016-17.								
Note: *			1	Completed Project				
			2	Cancelled Project				

**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2016-17 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 business 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 the Operational Plan based either on revised expectations or on actual revenues/expenditures to date. The significant variances (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance from plan are discussed below and categorized by fund.

PUBLIC SAFETY GROUP

General Fund

Department of Child Support Services

A positive variance of \$3.1 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$3.7 million is projected due to \$5.8 million in Salaries & Benefits from vacant and modified positions, offset by \$2.1 million in Expenditure Transfer & Reimbursements due to lower than expected operational expenses in the Bureau of Public Assistance Investigation.

A negative revenue variance of \$0.6 million is projected due to \$0.7 million in Intergovernmental Revenues primarily due to lower State and federal expenditure claims resulting from lower than expected Salaries & Benefits, noted above, offset by a positive variance of \$0.1 million in Charges for Current Services due to higher than anticipated revenue from California Health and Human Services Agency.

Contribution for Trial Courts

A negative variance of \$1.3 million is projected in Contribution for Trial Courts.

A positive expenditure variance of \$0.9 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 of \$2.2 million is projected. This is comprised of a negative variance of \$0.6 million in Fines, Forfeitures & Penalties and a negative variance of \$1.6 million in Charges for Current Services primarily due to a decrease in traffic school fees. Overall economic conditions continue to impact revenues received by the County to support the statutory payments from Contributions for Trial Courts.

The negative variance of \$1.3 million will be mitigated by the use of prior year available Public Safety General Fund fund balance if necessary; however, since there is no projected negative expenditure variance, no action is necessary at this time.

District Attorney

A positive variance of \$9.5 million is projected for the District Attorney's Office.

A positive expenditure variance of \$10.9 million is projected. A positive variance of \$9.0 million is projected in Salaries & Benefits due to normal attrition, and vacant and modified positions; \$0.3 million in Services & Supplies and \$1.3 million in Capital Assets Equipment is primarily due to unanticipated delays in implementing Information Technology initiatives and related equipment and software purchases; and \$0.3 million in Other Charges due to vacant positions in participating outside law enforcement agencies within the Regional Auto Theft Task Force Program.

A negative revenue variance of \$1.4 million is projected. A negative revenue variance of \$0.3 million is projected in Intergovernmental Revenues due to a reduction of \$1.7 million in the Southwest Border Prosecution Initiative offset by over-realized revenue of \$1.0 million due to additional funding from the California Governor's Office of Emergency Services, Victims of Crime Act and \$0.4 million in California State Department of Insurance Grants. The negative variance of \$1.0 million in Other Financing Sources is due to lower than anticipated sales tax receipts in the Proposition 172 Special Revenue Fund.

Office of Emergency Services

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

A positive expenditure variance of \$3.3 million is projected. A positive variance of \$0.4 million in Salaries & Benefits is due to vacant and modified positions, \$1.2 million in Services & Supplies primarily due to grant-related projects that will be completed in the next fiscal year, and \$1.7 million in Other Charges associated with grant funding which

is passed through to other agencies for projects that will be completed in the next fiscal year.

A negative revenue variance of \$3.1 million is projected. The negative variance in Intergovernmental Revenues is primarily related to decreased expenditures in the Homeland Security Grant Program, as noted above.

Probation

A positive variance of \$0.3 million is projected for the Probation Department.

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$2.4 million is projected in Salaries & Benefits primarily due to normal attrition, vacant and modified positions. A negative variance of \$0.8 million is projected in Expenditure Transfer & Reimbursements due to a change in the Medi-Cal reimbursement methodology.

A negative revenue variance of \$1.3 million is projected. A positive variance of \$0.1 million is projected in Intergovernmental Revenue primarily due unanticipated revenue in Medi-Cal Administrative Activities funding (\$0.5 million) and Caltrans Post Release Community Services funding (\$0.5 million), partially offset by less than anticipated revenue related to the National School Breakfast and Lunch funding primarily due to declining youth populations (\$0.6 million) and other miscellaneous revenue (\$0.3 million). A negative variance of \$0.7 million is projected in Charges for Current Services primarily due to less than anticipated collections of fines and fees in Other Court Costs (\$0.2 million), Institutional Care fees (\$0.2 million), and other miscellaneous revenue (\$0.3 million). A negative variance of \$0.7 million is projected in Other Financing Sources due to lower than anticipated sales tax receipts in Proposition 172 Special Revenue Fund (\$0.5 million) and in Penalty Assessment revenue due to decreased collections (\$0.2 million).

Public Defender

A positive variance of \$0.4 million is projected for the Public Defender.

A positive expenditure variance of \$2.6 million is projected. This is comprised of \$0.6 million in Salaries & Benefits due to vacant and modified positions and \$2.0 million in Services & Supplies due to overall efforts to reduce expenditures.

A negative revenue variance of \$2.2 million is projected due to \$1.0 million reduction in Intergovernmental Revenues for the Southwest Border Prosecution Initiative, \$1.0 million in Miscellaneous Revenues due to a decrease in capital case reimbursements and a \$0.2 million in Charges for Current Services due to lower than anticipated collection of court appointed attorney fees.

San Diego County Fire Authority

A positive variance of \$0.4 million is projected for San Diego County Fire Authority.

A positive expenditure variance of \$1.2 million is projected. A positive variance of \$0.5 million is projected in Salaries & Benefits due to normal attrition, vacant and modified positions and \$0.7 million in Management Reserves due to lower than anticipated one-time payments for San Diego Rural Fire Protection District outstanding debt payoffs, as part of the finalization of Step III of the County's Fire and Life Safety Reorganization.

A negative revenue variance of \$0.8 million is projected. A negative variance of \$0.1 million is projected in Charges for Current Services resulting from the dissolution of San Diego Rural Fire Protection District. A negative variance of \$0.7 million is projected in Miscellaneous Revenues primarily due to savings in Management Reserves as noted above.

Sheriff

A positive variance of \$5.3 million is projected for the Sheriff's Department.

A positive expenditure variance of \$11.4 million is projected. Salaries & Benefits are projected to be \$11.1 million under budget due to vacant positions. A positive expenditure variance of \$1.4 million is projected in Services & Supplies due to savings in Auto Maintenance, Auto Fuel, Professional and Specialized Services, Contracted Services and Minor Equipment offset by negative variances in Public Liability Insurance Premium, Temporary Contract Help and Medicines, Drugs & Pharmaceuticals. Other Charges is projected to be \$0.6 million over budget due to the cost of medical support and care of persons in the detention facilities. A negative expenditure variance of \$0.1 million is projected in Capital Assets Equipment due to communication equipment costs. A negative expenditure variance of \$0.4 million is projected in Expenditure Transfer & Reimbursements due to lower Salaries & Benefits costs related to reimbursements from the Health and Human Services Agency.

A negative revenue variance of \$6.1 million is projected. A negative variance of \$0.6 million is projected in Fines, Forfeitures & Penalties due to decreased planned expenditures in the Cal-ID program. A negative variance of \$7.6 million is projected in Other Financing Sources due to decreased collections in Penalty Assessment revenue (\$4.7 million) and due to a lower than anticipated sales tax receipts in the Proposition 172 Special Revenue Fund (\$3.0 million). A negative variance of (\$0.3 million) is projected in various revenues in Licenses, Permits & Franchises as well as in Intergovernmental Revenues. These negative variances are partially offset by a positive variance of \$2.4 million in Charges for Current Services primarily due to over-realized revenue in State funds allocated to the Trial Court Security Subaccount based on prior year growth, Jail Bed Leasing and Law Enforcement Services.

Special Revenue Funds

Sheriff's Inmate Welfare Fund

A positive variance of \$3.0 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$0.3 million is projected. A positive variance of \$0.3 million is projected in Services & Supplies primarily due to lower costs in Professional and Specialized Services.

A positive revenue variance of \$2.7 million is projected. A projected positive variance of \$2.7 million in Revenue From Use of Money & Property due to Rents and Concession revenue being higher than anticipated related to the uncertainty of the Federal Communications Commission ruling impact on commissions for inmate phone services.

Criminal Justice Facility Construction Fund

A positive variance of \$2.9 million is projected for the Criminal Justice Facility Construction Fund.

A positive expenditure variance of \$4.9 million is projected due lower than anticipated transfers to the General Fund department.

A negative revenue variance of \$2.0 million is projected. This negative variance is due to decreasing Penalty Assessment collections of \$2.1 million in Other Financing Sources offset by an increase of \$0.1 million in Fines, Forfeitures & Penalties from Parking penalty assessment.

Penalty Assessment Fund

A zero variance is projected in the Penalty Assessment Fund.

A positive expenditure variance of \$2.2 million is projected in Operating Transfers Out due to lower amount to be transferred to Criminal Justice Facility Construction Fund related to lower revenue collections.

A negative revenue variance of \$2.2 million is due to decreasing Fines, Forfeitures & Penalties collections (\$2.3 million) offset by an increase in Revenue from Use of Money & Property (\$0.1 million).

Proposition 172 Fund

A positive variance of \$5.3 million is projected in the Proposition 172 Special Revenue Fund.

A positive expenditure variance of \$10.3 million is projected primarily due to a decrease in Services & Supplies due to operational cost savings (\$5.3 million) and in Operating Transfers Out (\$5.0 million) due to lower amounts to be transferred to the General Fund departments related to anticipated lower sales tax receipts.

A negative revenue variance of \$5.0 million is projected in Intergovernmental Revenues due to the combination of Fiscal Year 2015-16 actual revenue receipts being lower than the budget estimate and lower sales tax receipts resulting from the present economic conditions.

Special District Funds

County Services Areas 107, 115 and 135 Fund

A positive variance of \$0.3 million is projected in the San Diego County Fire Authority.

A positive expenditure variance of \$1.4 million is projected in Services & Supplies (\$1.3 million) due to lower projected costs in contracted services, various improvement projects and fund transfers related to the reorganization of CSA 107; and in Operating Transfers Out (\$0.1 million) due to delays in the dissolution of Pine Valley Fire Protection District.

A negative revenue variance of \$1.1 million is projected primarily due to the anticipated revenue associated with decreased expenditures due to the reorganization and the delay in dissolution noted above.

HEALTH AND HUMAN SERVICES AGENCY (HHSA)

General Fund

Administrative Support

Administrative Support consists of the following: Agency Executive Office, Agency Contract Support, Financial & Support Services Division, Human Resources, Management Information Support, First Five Commission, Office of Strategy & Innovation, Community Action Partnership, Regional Administration, and Office of Military & Veterans Affairs.

A positive variance of \$20.9 million is projected for Administrative Support.

A positive expenditure variance of \$24.5 million is projected and includes \$1.7 million savings in Salaries & Benefits due to attrition and vacant positions, \$2.8 million in Services & Supplies and a projected year-end balance of \$20.0 million in Management Reserves held for operating contingencies during the year. The \$2.8 million positive variance in Services & Supplies is primarily attributable to \$8.0 million in appropriations set aside in case of an emergency, such as bioterrorism or other health crises, that are not anticipated to be spent, partially offset by \$4.4 million for the Whole Person Wellness project Intergovernmental Transfer (IGT) payment used to draw down federal dollars, and \$0.8 million in various support accounts primarily tied to IT investments.

A negative revenue variance of \$3.6 million is projected and includes a negative variance of \$7.5 million in Intergovernmental Revenue, offset by a positive variance of \$3.9 million in Charges for Current Services. The negative variance of \$7.5 million in Intergovernmental Revenue includes \$8.0 million in under-realized unsecuritized tobacco settlement revenue that is not projected to be recognized as it is a reserve for contingencies, partially offset by an increase of \$0.5 million in various federal and State administrative revenue. The positive variance of \$3.9 million in Charges for Current

Services includes a \$4.3 million increase in revenue for the Whole Person Wellness pilot project, offset by a negative variance of \$0.4 million in First 5 program revenue.

Aging & Independence Services

A positive variance of \$2.0 million is projected for Aging & Independence Services (AIS).

A positive expenditure variance of \$8.6 million is projected and includes \$2.7 million in Salaries & Benefits due to attrition and vacant positions, \$4.3 million in Services & Supplies, \$0.1 million in Other Charges for Support and Care of Persons associated with the end of the Community-Based Care Transitions Program (CCTP), and \$1.5 million in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program, with no impact to services. The positive variance of \$4.3 million in Services & Supplies includes savings of \$3.3 million primarily in CCTP due to the program ending on January 31, 2017, \$0.8 million in various non-contract services and supplies and \$0.4 million primarily in temporary help contracts, offset by a \$0.2 million increase for services in the San Diego Veterans Independence Service at Any-Age (SD-VISA) program.

A negative revenue variance of \$6.6 million is projected and includes \$0.2 million in Fines, Forfeitures & Penalties due to decreased revenue from disabled parking violation fines and \$6.6 million in Intergovernmental Revenues, offset by \$0.2 million in Miscellaneous Revenue due to increased grant funding for the SD-VISA program. The \$6.6 million in under-realized Intergovernmental Revenues consists of \$4.0 million decreased revenue for CCTP, \$2.1 million in federal and State IHSS administrative funding due to vacant positions, and \$1.1 million for IHSS Public Authority, partially offset by increases of \$0.6 million in various Older Americans Act revenues.

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 (SDCPH) and Edgemoor Distinct Part Skilled Nursing Facility.

A positive variance of \$2.5 million is projected for Behavioral Health Services (BHS).

A positive expenditure variance of \$9.1 million is projected and includes \$4.2 million in Salaries & Benefits due to vacant positions, \$3.2 million in Services & Supplies, \$1.1 million in Other Charges due to a decrease in utilization of State Hospital beds and \$0.6 million in Expenditure Transfer & Reimbursements associated with AB 109 costs provided through a Memorandum of Understanding (MOU) to the Probation Department. The \$3.2 million positive variance in Service & Supplies includes \$8.1 million in contracted services associated with various mental health and alcohol and drug treatment programs primarily due to procurement delays and \$1.3 million in information technology (IT) projects, offset by a negative variance of \$4.0 million predominantly in temporary contracted services due to a rate increase and increased

need for temporary staff in the SDCPH due to a delay in the execution of the Medical Services Group contract, and \$2.2 million in Institutional Services mainly due to increases in Managed Care related to Out-of-Network services and offset rate increase.

A negative revenue variance of \$6.6 million is projected and includes a negative variance of \$9.9 million in Intergovernmental Revenues, offset by a positive variance of \$2.4 million in Charges for Current Services due to a higher Medi-Cal rate received for the Edgemoor Distinct Part Skilled Nursing Facility and \$0.9 million in Miscellaneous Revenues mainly due to recoupment of prior year contractor overpayments. The \$9.9 million negative variance in Intergovernmental Revenues is due to savings in federal and State Mental Health funding to align to anticipated spending for inpatient and outpatient contracted and County-provided mental health and substance abuse services.

County Child Welfare Services

A positive variance of \$7.0 million is projected for County Child Welfare Services.

A positive expenditure variance of \$10.4 million is projected and includes a positive variance of \$2.5 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$2.0 million in Services & Supplies, and a positive variance of \$9.9 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in foster care and adoptions assistance programs. The negative variance of \$2.0 million in Services & Supplies consists of \$6.8 million in one-time facilities costs for the relocation of Child Welfare Services from the Levant Street facility and for improving and modernizing existing facilities, offset by a positive variance of \$4.8 million primarily in contracted services associated with the Developmental Screening Enhancement Program, Wraparound Program, Adoption Support Services Program, Respite Care Program and Transitional Housing Program.

A negative revenue variance of \$3.4 million is projected and includes \$0.2 million in Revenue From Use of Money & Property for Rents and Concessions, \$3.2 million in Intergovernmental revenues, and \$0.1 million in Charges for Current Services due to a lower collection estimate for adoption fees, partially offset by \$0.1 million in Miscellaneous Revenues mainly due to recoupment of contractor overpayments tied to prior year adjustments. The decrease of \$3.2 million in Intergovernmental Revenues is associated with the decrease in foster care and adoptions assistance payments and decrease in Salaries & Benefits expenditures noted above.

Housing and Community Development Services

Housing and Community Development Services (HCDS) consists of the following: HCDS Operations, Administration, and HCDS Multi-Year Projects.

No overall variance is projected for HCDS.

A positive expenditure variance of \$5.5 million is projected and includes \$0.3 million in Salaries & Benefits due to attrition and vacant positions and \$5.2 million in Services & Supplies. The \$5.2 million positive variance in Services & Supplies consists of \$4.7 million in HCDS Multi-Year Projects due to community development and affordable housing project implementation overlapping across fiscal years and \$0.5 million primarily in deferred IT projects partially offset by lease costs associated with a temporary office relocation.

A negative revenue variance of \$5.5 million is projected and includes a negative variance of \$6.1 million in Intergovernmental Revenues related to savings as noted above, resulting in decreased federal revenue partially offset by a positive variance of \$0.6 million in Miscellaneous Revenues due to unanticipated HOME Program Income based on loan repayments.

Public Health Services

A positive variance of \$5.6 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$12.2 million is projected and includes \$7.5 million in Salaries & Benefits due to attrition and vacant positions, \$2.2 million in Services & Supplies, and \$2.5 million in Other Charges due to a revised caseload projection for California Children's Services (CCS). The \$2.2 million savings in Services & Supplies includes \$1.3 million savings in contract costs and \$0.9 million in various IT and other operating accounts. The \$1.3 million positive variance in contracts is primarily due to \$2.0 million in Ryan White/Minority AIDS Initiative and HIV contracts due to delays and contract savings associated with the Affordable Care Act (ACA), and \$0.3 million in AIDS Drug Assistance Program (ADAP) with the State paying enrollment fees directly to enrollment sites, \$0.3 million in Public Health Emergency Preparedness contracts due to amendments, \$0.2 million in additional IT-related contract savings due to project delay, offset by a negative variance of \$1.0 million in Preventative Health programs, and \$0.3 million in Nutrition Education Obesity Prevention (NEOP) programs and \$0.2 million in the Crime Victim Assistance program.

A negative revenue variance of \$6.6 million is projected and includes \$6.2 million in Intergovernmental Revenues, \$0.3 million in Charges for Current Services due to a later than anticipated start in the First Five Lactation project, and \$0.1 million in Miscellaneous Revenues due to vacancies in Emergency Medical Services staffing, which is paid by revenue from a County Service Area trust fund. The \$6.2 million in under-realized Intergovernmental Revenues consists of \$3.0 million in Health Realignment attributed to salary savings, \$2.0 million in Ryan White/Minority AIDS

Initiative and HIV grants due to contract delays and savings associated with ACA, \$1.5 million in revenue for CCS tied to reduced caseload expenditures noted above, \$0.5 million in Medi-Cal Administrative Activities/Targeted Case Management revenue, \$0.4 million in federal revenue to align with the transfer of staff to Child Welfare Services for the Health Care Program for Children in Foster Care, \$0.4 million in unanticipated ADAP revenue loss due to the State paying enrollment fees directly to enrollment sites offset by a \$1.0 million increase in the Preventative Health grant, \$0.4 million for NEOP and \$0.2 million for Crime Victim Assistance.

Self-Sufficiency Services

A positive variance of \$0.3 million is projected for Self-Sufficiency Services.

A positive expenditure variance of \$23.3 million is projected and includes positive variances of \$5.0 million in Salaries & Benefits due to attrition and vacant positions, \$0.9 million in Services & Supplies for operating costs in the California Work Opportunity and Responsibility to Kids (CalWORKs) program, and \$17.4 million in Other Charges primarily due to revised estimates of caseload levels and growth trends in CalWORKs benefits.

A negative revenue variance of \$23.0 million is projected and includes negative variances of \$24.0 million in Intergovernmental Revenues and \$0.1 million in Charges for Current Services, partially offset by a positive variance of \$1.1 million in Miscellaneous Revenues mainly due to recoupment of payments in CalFresh, General Relief, and contracted services tied to prior year adjustments. The negative variance of \$24.0 million in Intergovernmental Revenues consists of a negative variance of \$29.9 million in revenue related to assistance payments due to revised caseload projections, partially offset by positive variances of \$5.9 million in over-realized social services administrative revenues.

Special Districts Funds

Ambulance Districts

There is a positive variance of \$1.4 million projected for Ambulance Districts.

A positive expenditure variance of \$1.4 million is projected, related to decreased expenditures in Services & Supplies for contracted services due to lower than projected ambulance service level need.

No significant revenue variance is projected.

LAND USE AND ENVIRONMENT GROUP

General Fund

Agriculture, Weights and Measures (AWM)

A positive variance of \$0.7 million is projected for the Department of Agriculture, Weights and Measures, including the University of California Cooperative Extension.

A positive expenditure variance of \$1.1 million is projected. Savings of \$0.6 million in Salaries & Benefits is primarily due to staff vacancies and under-filled positions. A positive variance of \$0.5 million in Expenditure Transfer & Reimbursements is due to Cost Applied in General Fund related to Integrated Pest Control and Pesticide Regulation Program charges to other General Fund departments. A positive variance of \$0.2 million in Capital Assets Equipment is the result of one-time expenditures that will be re-budgeted in Fiscal Year 2017-18. This is offset by a negative expenditure variance of \$0.2 million in various Services & Supplies accounts, primarily due to unanticipated major maintenance projects.

A negative revenue variance of \$0.4 million is projected. A \$0.3 million net revenue shortfall in Intergovernmental Revenues is due to a \$0.4 million shortfall in the Integrated Pest Control (IPC) Program related to the cost applied revenue recorded as intrafund transfers and realized in Expenditure Transfer & Reimbursements, as noted above; offset by over-realized revenue of \$0.1 million for Pesticide Mill Assessment on sales of pesticide. A \$0.1 million shortfall in Charges for Current Services is in IPC and the Pesticide Prevention Program and is also related to the cost applied revenue recorded as intrafund transfers and realized in Expenditure Transfer & Reimbursements, as noted above.

Environmental Health (DEH)

A positive variance of \$1.5 million is projected for the Department of Environmental Health.

A positive expenditure variance of \$3.8 million is projected. Savings of \$1.4 million in Salaries & Benefits is related to vacancies and under-filled positions. Savings of \$2.2 million in Services & Supplies includes \$1.4 million in the Vector Control Program mostly due to fewer than anticipated eligible grant applications submitted to the Vector Habitat Remediation Program, and \$0.8 million savings in various accounts primarily due to lower than expected operational expenses. A \$0.2 million savings in Capital Assets Equipment is related to delays in the purchase and outfitting of an emergency response vehicle.

A negative revenue variance of \$2.3 million is projected. This variance consists of over-realized revenue of \$0.2 million in Licenses, Permits & Franchises related to Hazardous Materials and Food and Housing Permit fees which include the cost of external overhead that is not part of budgeted revenue. This is offset by a shortfall of \$0.1 million in Intergovernmental Revenue as a result of delays with the border inspection contract

with the Department of Toxic Substances Control. A shortfall of \$2.4 million in Charges for Current Services includes: \$1.4 million from the Vector Control Trust Fund related to Services & Supplies savings because revenue is drawn only for actual costs incurred, \$0.5 million related to expenditure savings from the Hazardous Materials Settlement Trust Fund, \$0.2 million in the Local Oversight Program (LOP) due to vacancy savings, and \$0.3 million spread over miscellaneous programs, primarily associated with Salaries & Benefits and Services & Supplies savings.

Planning and Development Services (PDS)

A positive variance of \$4.5 million is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$8.5 million is projected. Savings of \$4.0 million in Salaries & Benefits is primarily due to staff vacancies and under-filled positions. Savings of \$4.3 million in Services & Supplies is the result of one-time expenditures in Professional & Specialized Services (\$0.9 million), Consultant Contracts (\$3.0 million) that will be re-budgeted in Fiscal Year 2017-18, and \$0.4 million savings in various expenditure accounts. Savings of \$0.2 million in Expenditure Transfer & Reimbursements is projected due to Cost Applied in General Fund related to services provided to other General Fund departments by land planning programs.

A negative revenue variance of \$4.0 million is projected. A negative variance of \$3.8 million in Charges for Current Services is primarily due to staff vacancies to provide the service to property owners. A shortfall of 0.2 million is spread over various revenue accounts.

Public Works (General Fund)

A positive variance of \$0.9 million is projected for the Department of Public Works.

A positive expenditure variance of \$0.6 million is projected. A positive variance of \$0.6 million in Services & Supplies is from various projects that will continue into Fiscal Year 2017-18 and will be re-budgeted in Fiscal Year 2017-18, including consultant services to develop an Environmental Impact Report (EIR) for zoning ordinance revisions (\$0.3 million); update and enhancement of the San Luis Rey River flood forecasting system (\$0.2 million); and Proctor Valley Road Vacation and closure (\$0.1 million).

A positive revenue variance of \$0.3 million is projected. Over-realized revenue of \$0.3 million in Intergovernmental Revenues is due to \$0.6 million in unanticipated grant revenue from the State Water Resource Control Board (SWRCB) for the Proposition 1 Stormwater Resource Plan and accelerated reimbursement from the Proposition 84 Santa Margarita II grant, which is partially offset by \$0.3 million of under-realized revenue from co-permittees due to project schedule revisions.

Special Revenue Funds

Public Works - Road Fund

A positive variance of \$1.9 million is projected for the Road Fund including the Survey Remonumentation Fund.

A positive expenditure variance of \$3.7 million is projected. A positive variance of \$1.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$1.5 million in Services & Supplies is due to savings from construction bids and consultant contracts (\$0.4 million); a reduced need for professional services for developer projects (\$0.3 million); lower than anticipated costs in Application Services for information technology (IT) (\$0.4 million); construction contracts for various bridge projects that will not be awarded until Fiscal Year 2017-18 and will be re-budgeted in the CAO Recommended Operational Plan (\$1.1 million); and a change in project priorities in the Survey Remonumentation Fund (\$0.1 million), which is partially offset by \$0.8 million in additional cost in public liability insurance. A positive variance of \$0.9 million in Other Charges is due to right-of-way schedule revisions for Cole Grade Road which will be re-budgeted in the Fiscal Year 2017-18 CAO Recommended Operational Plan.

A negative revenue variance of \$1.8 million is projected. Under-realized revenue of \$2.7 million in Taxes Other Than Current Secured is primarily due to \$1.2 million reduced TransNet revenues replaced by utility reimbursements received from change orders for San Vicente Road and \$1.5 million due to schedule revisions of some TransNet projects, including Cole Grade Road. Under-realized revenue of \$0.9 million in Intergovernmental Revenues is due to \$1.6 million under-realized grant revenues due to project schedule revisions in various federal projects, which is partially offset by \$0.7 million in unanticipated revenues from Federal Forest Reserve and higher than anticipated revenues from the State and from Indian Gaming grants. These are partially offset by over-realized revenue of: \$0.5 million in Licenses, Permits & Franchises due to higher than anticipated franchise fees from San Diego Gas & Electric (SDG&E); \$0.5 million in Revenue From Use of Money & Property due to higher than anticipated interest earned; and \$0.5 million in Charges for Current Services primarily due to \$1.2 million over-realized revenues from utility reimbursements for San Vicente Road and \$0.6 million from more work for the Capital Outlay funds and Special District funds, which are partially offset by \$1.3 million in under-realized revenues from services to property owners, developer payments for consultant charges and less work for the General Fund, Liquid Waste Enterprise, Airport Enterprise Fund, Survey Remonumentation Fund and Permanent Road Divisions (PRDs). Over-realized revenue of \$0.3 million in Miscellaneous Revenues is from unanticipated tribal funding from Jamul Indian Village and reimbursement of prior year costs for Dehesa Harbison Canyon.

Public Works – Inactive Waste

No significant overall variance is projected in the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.9 million is projected. Savings of \$0.9 million in Services & Supplies is due to decreased state regulatory permit fees and lower than anticipated costs for non-routine groundwater services.

A negative revenue variance of \$0.9 million is projected. Under-realized revenue of \$0.9 million in Charges for Current Services is due to a reduction of \$0.9 million in the amount transferred from the Environmental Trust Fund to the Inactive Waste Fund. Funds are transferred from the Environmental Trust Fund to the Inactive Waste Fund on a quarterly basis for operations as needed to maximize interest earnings in the Environmental Trust Fund.

Park Land Dedication Ordinance

A positive variance of \$2.0 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$2.0 million is projected. This variance consists of \$1.9 million over-realized revenue in Licenses Permits & Franchises due to unanticipated revenue from Park Land Dedication fees and \$0.1 million over-realized revenue in Revenue From Use of Money & Property due to unanticipated revenue from Interest on Deposits and Investments.

Special District Funds

Air Pollution Control District

A positive variance of \$3.7 million is projected for the Air Pollution Control District.

A positive expenditure variance of \$5.5 million is projected. A positive variance of \$2.2 million in Salaries & Benefits is due to vacant and under-filled positions. A positive variance of \$1.5 million in Services & Supplies is due to savings from delays in various IT projects, relocation of the air monitoring stations and replacement of out-of-scope computers and is re-budgeted in the Fiscal Year 2017-18 CAO Recommended Operational Plan. A positive variance of \$1.1 million in Other Charges and a positive variance of \$0.2 million in Operating Transfers Out are mainly due to the State restrictions on identifying, selecting and funding projects for the Proposition 1B Goods Movement Emission Reduction Program (GMERP) and Carl Moyer Incentive program. A positive variance of \$0.5 million in Capital Asset Equipment is due to delay in trailer purchases related to the relocation of the air monitoring stations.

A negative revenue variance of \$1.8 million is projected. A negative variance of \$1.2 million in Licenses, Permits & Franchises fees is primarily associated with savings in Salaries & Benefits noted above. A negative variance of \$1.0 million in Intergovernmental Revenues is associated with a lower than anticipated level of grant funding in the Air Quality State Moyer Fund and Proposition 1B GMERP Program Fund, offset by over-realized revenues of \$0.4 million in Fines, Forfeitures & Penalties due to

finances assessed for non-compliance with permit conditions, and \$0.4 million in various other revenue accounts due to interest earned on the fund balance and increased asbestos notification fees collected. A negative variance of \$0.4 million in Other Financing Sources is due to delays in executing projects, resulting in lower program administration costs and associated revenue for the incentive programs.

Street Lighting District

A positive variance of \$1.1 million is projected in the Street Lighting District.

A positive expenditure variance of \$0.2 million is projected in Services & Supplies due to less than anticipated use of consultants and savings in energy costs from conversion to energy-efficient LED lights.

A positive revenue variance of \$0.9 million is projected due to an increase in Taxes Current Property revenue of \$0.1 million and an increase in Charges For Current Services, Service to Property Owners revenue of \$0.8 million as a result of a benefit assessment increase for increased street lighting costs and services, as approved by the Board of Supervisors on August 3, 2016 (4).

San Diego County Sanitation District

A positive variance of \$5.4 million is projected in the San Diego County Sanitation District.

A positive expenditure variance of \$5.9 million is projected. Savings of \$5.4 million in Services & Supplies is due to \$0.9 million from staff vacancies and under-filled positions in the Wastewater Enterprise Fund, which provides staffing for the Sanitation District; \$0.6 million from consultant contracts due to less work needed for developers; \$0.2 million savings from major maintenance projects; and \$3.7 million savings from sewer transportation charges due to a \$2.0 million credit received as a result of a true-up performed by the City of San Diego and \$1.7 million in unspent contingency. Savings of \$0.3 million in Other Charges is due to lower depreciation expenses from rescheduling of Capital Improvement Program (CIP) projects. Savings of \$0.2 million in Capital Assets/Land Acquisition is due to rescheduling of CIP projects.

A negative revenue variance of \$0.5 million is projected. Under-realized revenue of \$0.7 million in Charges for Current Services is mainly due to less work needed for developers and decreased revenues from other government agencies due to less maintenance needed in shared service areas in the Spring Valley outfall. This is offset by over-realized revenue of \$0.2 million in Revenue From Use of Money & Property due to higher than anticipated interest on deposits.

Flood Control District

No significant overall variance is projected in the Flood Control District.

A positive expenditure variance of \$0.7 million is projected. Savings of \$0.7 million in Services & Supplies is due to project schedule revisions.

A negative revenue variance of \$0.7 million is projected. Under-realized revenue of \$0.9 million is projected in Charges for Current Services due to project revisions. This is partially offset by over-realized revenue of \$0.1 million in Taxes Current Property due to an increase in property tax revenues and \$0.1 million in Intergovernmental Revenues due to higher than anticipated reimbursement from the City of Chula Vista for the maintenance of Sweetwater River.

Permanent Road Divisions (PRDs)

A positive variance of \$4.9 million is projected in the Permanent Road Divisions.

A positive expenditure variance of \$4.9 million is projected. Savings of \$4.9 million in Services & Supplies is due to fewer than anticipated service requests for routine maintenance of permanent road division roads.

No revenue variance is projected.

Enterprise Funds

Airport Enterprise Fund

A positive variance of \$1.7 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$1.9 million is projected. Salaries & Benefits savings of \$0.3 million is due to staff vacancies. Savings of \$0.1 million in Services & Supplies is due to less than anticipated use of contracted services. Savings of \$1.5 million in Capital Assets/Land Acquisition is due to the closeout of the Borrego Valley Airport Runway Rehabilitation, Jacumba Airport Runway Rehabilitation and Agua Caliente Airport Runway Rehabilitation projects.

A negative revenue variance of \$0.2 million is projected. Under-realized revenue of \$0.8 million in Intergovernmental Revenues is due to the return of unused Federal Aviation Administration (FAA) grant revenue for the Borrego Valley Airport Runway Rehabilitation project, which was completed under budget, and is partially offset by Capital Assets savings. Over-realized revenue of \$0.6 million in Revenue From Use of Money & Property is from higher than anticipated rental revenue due to a one-time equity payment received.

Wastewater Enterprise Fund

No significant overall variance is projected in the Wastewater Enterprise Fund.

A positive expenditure variance of \$0.6 million is projected. Savings of \$0.6 million in Salaries & Benefits is due to staff vacancies and under-filing of positions.

A negative revenue variance of \$0.6 million is projected. Under-realized revenue of \$0.6 million in Charges for Current Services is due to reduced maintenance work in the San Diego County Sanitation District due to staff vacancies and under-filing of positions.

Internal Service Funds

Public Works - Internal Service Funds

A positive variance of \$3.8 million is projected in the Department of Public Works Internal Service Funds (ISF).

A positive expenditure variance of \$3.4 million is projected. A positive variance of \$0.2 million in Services & Supplies is due to a reduction in vehicle fuel prices and lower than anticipated inter-department staff costs, offset by an increase in repairs needed on vehicles. A positive variance of \$0.2 million in Other Charges is from reduced depreciation expense in the Equipment Acquisition ISFs; and \$3.0 million in Capital Assets Equipment is related to vehicle purchases that will continue into Fiscal Year 2017-18 and are re-budgeted in the CAO Recommended Operational Plan.

A positive revenue variance of \$0.4 million is projected. A positive revenue variance of \$0.2 million in Revenue From Use of Money & Property is due to higher than anticipated interest on deposits and vehicle rental revenues, offset by a decrease in revenues related to reduced depreciation in the Equipment Acquisition ISFs. A positive revenue variance of \$0.2 million in Other Financing Sources includes \$0.4 million from the Gain on Sale of Fixed Assets from the auction of aging vehicles, which is partially offset by \$0.2 million from Loss on Sale of Fixed Assets due to corresponding retirement book value exceeding the proceeds from auction.

COMMUNITY SERVICES GROUP

General Fund

Community Services Group Executive Office

A positive variance of \$0.8 million is projected for the Community Service Group Executive Office.

A positive expenditure variance of \$0.8 million is projected in Services & Supplies due to savings in Groupwide facility and IT expenses that will not materialize in the current fiscal year.

No revenue variance is projected.

Registrar of Voters

A positive variance of \$1.4 million is projected for the Registrar of Voters.

No expenditure variance is projected.

A positive revenue variance of \$1.4 million is projected due to \$1.3 million in over-realized revenue for election services for other jurisdictions and \$0.1 million in Help America Vote Act (HAVA) grant funding.

Special Revenue Funds

San Diego County Library

A positive variance of \$3.0 million is projected for the San Diego County Library.

A positive expenditure variance of \$2.3 million is projected. This variance is a result of savings of \$0.3 million in Salaries & Benefits from vacant positions. Projected savings of \$0.6 million in Services & Supplies are based on lower than anticipated spending in utilities (\$0.2 million) and facilities management and IT related costs (\$0.4 million). Projected savings of \$0.4 million in Fixed Assets are the result of delayed purchases of automated book sorting equipment at Library Headquarters. Savings of \$1.0 million are projected in Management Reserves, which are appropriated for operating contingencies that have not materialized.

A positive revenue variance of \$0.7 million is projected. This variance is due to a projected over-realization of property tax revenues of \$0.9 million, partially offset by a shortfall of \$0.2 million in public printing and other library services.

Internal Service Funds

Facilities Management ISF

A positive variance of \$1.7 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$9.0 million is projected due to \$3.2 million in Salaries & Benefits from vacant and modified positions, \$4.1 million in Services & Supplies primarily due to lower than anticipated pass through expenses for utility costs (\$3.1 million) and project management consultant services (\$1.0 million), and \$1.7 million in Operating Transfers Out due to fewer than anticipated qualified projects for On-Bill financing.

A negative revenue variance of \$7.3 million is projected. This variance consists of anticipated under-realized revenue of \$7.4 million in Charges for Current Services primarily due to lower than anticipated reimbursement for utility and consultant charges and a \$0.2 million shortfall in Revenue from Use of Money & Property due to lagging rents and concessions. These shortfalls are partially offset by a positive variance of \$0.3 million in Other Financing Sources due to a one-time technical adjustment required to record the liability associated with the On-Bill financing projects.

Major Maintenance ISF

No projected variance in the Major Maintenance ISF.

No expenditure variance is projected.

No net revenue variance is projected. A net positive variance of \$2.0 million in Charges for Current Services is due to an increase in unplanned projects paid by client

departments. This is offset by a negative variance of \$2.0 million in Other Financing Sources due to fewer than anticipated qualified energy projects.

Fleet Management ISF

A positive variance of \$0.4 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$9.0 million is projected. This is comprised of anticipated savings of \$0.6 million in Salaries & Benefits due to vacant and modified positions, and \$8.4 million in Services & Supplies primarily due to less than anticipated fuel and vehicle parts purchases.

A negative revenue variance of \$8.6 million is projected, primarily due to \$9.6 million in under-realized revenue in Charges for Current Services related to a decrease in reimbursement for anticipated fuel and parts purchases described above. This shortfall is partially offset by over-realized revenue of \$0.7 million in Residual Equity Transfers In and \$0.3 million in various other program revenue accounts.

Purchasing and Contracting ISF

A net positive variance of \$2.0 million is projected for the Purchasing and Contracting ISF.

A positive expenditure variance of \$1.5 million is projected due to \$0.2 million in Salaries & Benefits attributed to managed vacancies and \$1.3 million in Services & Supplies due to information technology projects that will be completed in future fiscal years.

A positive revenue variance of \$0.5 million is projected due to \$0.3 million in better than expected proceeds from rebate agreements, \$0.1 million in over-realized procurement rate revenue generated by departmental spending on contracts, and \$0.1 million from unanticipated property disposal proceeds.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor/Recorder/County Clerk

A positive variance of \$3.2 million is projected for the Assessor/Recorder/County Clerk.

A positive expenditure variance of \$7.4 million is projected. Anticipated positive variances of \$0.7 million in Salaries & Benefits due to attrition and departmental vacancies, and \$6.7 million in Services & Supplies due to delay in Restoration & Preservation and Major Maintenance projects and less than anticipated contracted services.

A negative revenue variance of \$4.2 million is projected primarily in Charges for Current Services. Decreases in trust fund reimbursements of \$5.2 million that includes \$1.9

million in Vital/Health Statistics, \$1.5 million in Micrographics, \$1.4 million in Modernization and \$0.4 million e-Recording due to projects delayed into next fiscal year offset by \$1.0 million in over realized revenue that includes \$0.4 million in AB2890 Recovered Costs, \$0.4 million in Property Tax Administration and \$0.2 million increase in Duplicating & Filing fees due to increase in revenue related to copies of official records.

Auditor and Controller

A net positive variance of \$0.9 million is projected for the Auditor and Controller.

A positive expenditure variance of \$1.1 million is projected. Anticipated positive variance of \$1.1 million in Salaries & Benefits is projected due to normal attrition of staff due to turn-over, vacancies and under-filled positions.

A negative revenue variance of \$0.2 million in Charges for Current Services is primarily due to the projected shortfall in Accounting Services Fees attributed to lower than anticipated Redevelopment revenue.

Department of Human Resources

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

A positive expenditure variance of \$1.9 million is projected. Anticipated positive variances of \$0.3 million in Salaries & Benefits primarily due to vacant positions, and \$1.6 million in Services & Supplies primarily due to savings in contracted services and workers compensation administration costs.

A negative revenue variance of \$0.2 million is projected in Miscellaneous Revenues due to reduced workers compensation administration costs.

Finance and General Government Executive Office

A positive variance of \$5.9 million is projected for the Finance and General Group Executive Office.

A positive expenditure variance of \$5.9 million is projected. Anticipated positive variance of \$0.2 million in Salaries & Benefits due to a vacant position, \$2.7 million in Services & Supplies due to Information Technology projects, and \$3.0 million in Management Reserves held for unanticipated groupwide contingencies.

No revenue variance is projected.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$40.6 million is projected in General Purpose Revenue (GPR) and \$170.7 million positive variance is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. San Diego's economy has certainly been healthier while employment showed gains across most industries except Trade, Transportation and Utilities comparing February 2017 from February 2016. The region has continued to fare better than most of the other California metros in terms of unemployment rate. Median home prices in San Diego grew 7.5% in the first two months of 2017 compared to the same period in 2016. The outlook for San Diego is forecasted to have a positive but slower growing local economy in 2017. Most of the uncertainties will depend on the policies proposed by the new administration and whether or not they will be enacted. Some of the proposals that could benefit the local economy are spending on infrastructure, tax cuts, and increase in defense spending. On the other hand some proposals might not be beneficial like the increase in trade barriers, particularly against Mexico and China which could hurt local companies that sell to international market (USD Index of Leading Economic Indicators, January 2017 report).

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year (FY) 2016-17, the economic indicators discussed previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 4.2% in February 2017, down from 4.8% one year ago. In comparison, this is below the state's rate of 5.2% in February 2017 and 5.8% in February 2016.
- Consumer spending, as measured by taxable sales will be flat mainly due to decline in fuel prices. During the 4th Quarter of 2016, unadjusted local point of sale tax revenue increased by 11.02% in the unincorporated area, 3.09% in the Southern California Region, 3.02% in the statewide level and 4.60 % in the San Diego regional level compared to the same time period last year.
- The positive indicators in the housing market continues in the County.
 - Increase in median housing prices (up 7.5% in the San Diego region for the first 2 months of 2017 compared to the same period last year);
 - Notices of Default for January-March 2017 were down 29% compared to the same period in 2016.
 - Foreclosure activity decreased 20% in January-March 2017 compared to the same period in 2016.

Current Property Taxes All Categories

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes

Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$17.2 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$17.1 million higher than budget. This mainly resulted from the fact that the 2016 local secured assessed value is greater than anticipated in the budget.

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.0%, but the actual assessed value (AV) increased by 5.6% (gross less regular exemptions). (Note: The 5.6% increase represents the change in the assessed value for only the secured roll. This is the same as the countywide overall increase published by the Assessor/Recorder/County Clerk on June 29, 2016 of 5.6%, which includes all assessed value components, secured and unsecured).

Property Taxes - Current Unsecured

Current Unsecured Property Taxes are projected to be \$0.1 million above budget. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

No projected variance in Current Supplemental Property Taxes. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through FY 2016-17. The method for calculating the allocation factors changed during FY 2015-16 per direction from the State Controller's Office, resulting in decrease of supplemental revenue for the County. This assumption was included in the projection.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$5.9 million above budget.

- *Real Property Transfer Taxes*

No projected variance for Real Property Transfer Taxes based on realized revenues for FY 2015-16 as well as data regarding current year change in ownership and the anticipated level of new construction.

- *Teeter Tax Reserve Excess*

Teeter Tax Reserve Excess is projected to be \$0.9 million below budget. The decrease is based on current penalty and interest collections where improvement in the delinquency rate have led to continued declines in the Teeter buyout and the outstanding receivables which continues to decrease year-over-year.

- *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$9.0 million above the budgeted amount of \$362.2 million. The actual assessed value adjustment factor is higher than the adjustment rate of 5.42% used to calculate the budgeted revenue.

- *Teeter Property Tax Prior Year and Cumulative Prior Years*
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$2.2 million below budget. The decrease is based on improvement in delinquency rate which have led to continued declines in the Teeter buyout and the outstanding receivables which continues to decrease year-over-year.

Licenses, Permits, and Franchises

No projected variance in Licenses, Permits and Franchise payments.

Revenue from Use of Money & Property

Interest on Deposits is projected to be \$3.8 million above budget. The increase is due to significant increase in interest distributions, higher average daily cash balance and a significant increase in the interest rate.

Fines, Forfeitures and Penalties

Penalties and Cost Delinquency Taxes are projected to be \$3.8 million above budget based on trend comparing three prior year collections. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

Intergovernmental Revenue

A positive variance of \$8.4 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies (\$7.2 million) and Motor Vehicle In-Lieu Tax received in FY 2016-17 that were not budgeted (\$1.2 million). The pass-through distributions are continuing to go higher due to continued growth in the project areas, new pass-through payments received starting in FY 2015-16 from National City and additional pass-through payments received from Vista from an old project which they started to receive tax increment in FY 2015-16.

Miscellaneous Revenue

A positive variance of \$1.5 million is projected in Miscellaneous Revenue due to the Flex-Plan Forfeitures revenue received from the Department of Human Resources based on trend comparing three prior year collections.

General County Expenses

Cash Borrowing

A positive variance of \$2.7 million is projected. Costs for issuance of Tax and Revenue Anticipation Notes (TRANS) was included in the development of the budget. There were no TRANS issued this fiscal year.

Contingency Reserve

The entire \$22.7 million budgeted in the Contingency Reserve in Fiscal Year 2016-17 is projected to be unspent at year-end.

Countywide General Expense

A positive variance of \$67.2 million is projected in Countywide General Expense.

A positive expenditure variance of \$65.9 million is primarily in Services & Supplies due to the appropriation of funds for pension stabilization (\$62.7 million) and projected savings from Contributions to Information Technology Internal Service Fund (\$3.2 million). The fund balance generated as a result of the Pension Stabilization fund has been included in the Fiscal Year 2017-18 CAO Recommended Operational Plan to partially support the \$98.2 million fund balance commitment in the General Fund to fund future debt service of existing Pension Obligation Bonds (POB). This fund balance commitment will serve as an alternative funding source for existing POB debt service costs currently supported by General Purpose Revenue, and will be drawn down over multiple years as needed until this one-time funding is exhausted.

A positive variance of \$1.4 million in Miscellaneous Revenues are mostly due to reimbursement received for the COC Owner Controlled Insurance Project due to excellent experience and safety practices, a one-time settlement from Iron Mountain Information Management LLC, increased escheatment revenues, various adjustments to move the residual balances related to close out refunded County debt transactions, various forfeiture of deposits from Sale to Private Parties After Deed to State and a one-time payroll clearing adjustment.

Contributions to Capital

A positive variance of \$35.1 million is projected in Contributions to Capital.

A positive variance of \$28.3 million in Operating Transfer Out is also due to lower than anticipated expenses related to capital projects that are closing by the end of the Fiscal year 2016-17 (\$9.2 million) and unused appropriations from the Regional Communications System Upgrade project which has been rebudgeted in the Fiscal Year 2017-18 CAO Recommended Operational Plan to fund the Technical Training Center project (\$16.1 million) and \$3.0 million will fall to fund balance.

The following projects will be closed (with the amount of related to appropriations to be canceled):

- Sweetwater Regional Park Equestrian Trail Phase 3 (\$0)
- TJRV North East Trail Connection (\$0)
- TRVRP Interpretive Loop Trail (\$0)
- TJRV Regional Trail Construction (\$0)
- TJRV South West Trails Construction (\$0)

- TJRV Mesa Trails Construction (\$0)
- San Luis Rey River Park Acquisition (\$0)
- Dairy Mart Ponds Overlook (\$18,410)
- Guajome Regional Park Playground Improvements (\$135)
- Pine Valley Ballfield Improvements (\$7,238)
- County Operation Center Phase 1A Central Plant (\$0)
- County Administration Center Waterfront Park (\$124,353)
- HHSa PSG CSG Office Relocations (ROV) (\$0)
- County Operation Center Phase 1B (\$0)
- Long Term Animal Care Facility (\$138,843)
- Women's Detention Facility (\$8,885,395)
- Next Generation RCS Site (\$23,251)

A positive revenue variance of \$6.8 million is projected due to various projects completed in prior years from the Capital Outlay Fund, County Health Complex, Justice Facility Construction Fund, and Library Projects Capital Outlay Fund to be returned to the Contributions to Capital Outlay and the sale of fixed assets.

Capital Program Funds

Edgemoor Development Fund

A positive variance of \$0.1 million is projected for the Edgemoor Development Fund.

A positive expenditure variance of \$0.4 million is projected in Services & Supplies due to lower than anticipated facilities and major maintenance costs.

A negative variance of \$0.3 million is projected in Other Financing Sources. This is due to Sale of Fixed Assets revenue projected to be \$1.4 million lower than anticipated because certain land sales that were projected to be completed during Fiscal Year 2016-17 did not occur. This shortfall is offset by \$1.1 million of over-realized Federal revenue.