



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

DATE: March 15, 2022

23

TO: Board of Supervisors

SUBJECT

FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2021-22 Adopted Operational Plan, as measured by projected year-end fund balance from current year operations. The projected year-end balance for the General Fund is \$91.4 million (or 1.3% of the General Fund budget), and \$180.9 million (or 1.9% of the Overall budget) for all budgetary funds combined. The projected fund balance anticipates an overall positive expenditure variance and an overall positive revenue variance from the Fiscal Year 2021-22 Amended Budget. The projection assumes General Purpose Revenue will perform better than estimated, and all business groups will produce operating balances. The General Fund year-end fund balance projection includes the assumption that the County will continue to incur COVID-19 costs and anticipates receipt of additional federal and State emergency response funding including American Rescue Plan Act (ARPA) funds and Federal Emergency Management Agency (FEMA) revenue to continue response efforts through the end of the fiscal year. The projections also reflect FEMA revenue deferrals anticipated to be received after December 2022. The projected balance for all other funds combined is \$89.5 million (or 3.6% of the other funds combined budget).

Transfers and revisions to the adopted budget can be made by formal action of the Board of Supervisors in accordance with the California County Budget Act, Government Code (GC) Section 29125. Increases to the overall budget require 4 votes while transfers of appropriations between departments within the same budgetary fund that do not increase the overall budget or the cancellation of appropriations require a majority vote. However, transfers of appropriations to facilitate transfers between budgetary funds require 4 votes even if the overall budget is not increased.

In the Health and Human Services Agency (HHSA), recommendations include appropriation adjustments to transfer County Service Area fund balances to the new Special Revenue Funds.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments to fund the construction of an ADA accessible cabin in Guajome Park, to purchase laptops and mobile internet hotspots, for the purchase of a vehicle for the Department of Public

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Works, for preparation of project design plans and environmental processing for the Gillespie Field Runway, to remove outdated electrical and sewer systems for Felicita County Park, to fund a well at Jess Martin Park, to fund additional campsites at Sweetwater Campground, to fund improved park amenities in Valley Center Park, for stormwater, water and wastewater improvements within the Tijuana River Valley and to fund the contract for the development of a comprehensive Broadband plan.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments to fund several major unanticipated settlements in Public Liability ISF, for the Sheriff Technology and Information Center project and for the Julian Library Community Room project.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2021-22 second quarter report on projected year-end results.

Increases to the Overall Budget and/or Transfers Between Budgetary Funds

(Recommendations 2 through 14):

2. Establish appropriations of \$5,812,841.81 in County Service Area (CSA) 17 San Dieguito Ambulance Fund (14065), Operating Transfers Out, to transfer fund balance to new fund, based on fund balance available in the old fund. **(4 VOTES)**
3. Establish appropriations of \$5,812,841.81 in CSA 17 Fund (14995), Services & Supplies, for ambulance services, based on an Operating Transfer In, from old CSA 17 San Dieguito Ambulance Fund (14065). **(4 VOTES)**
4. Establish appropriations of \$9,617,027.21 in CSA 69 Heartland Paramedic Fund (14190), Operating Transfers Out, to transfer fund balance to new fund, based on fund balance available in the old fund. **(4 VOTES)**
5. Establish appropriations of \$9,617,027.21 in the CSA 69 Fund (14996), Services & Supplies, for ambulance services, based on an Operating Transfer In, from old CSA 69 Heartland Paramedic Fund (14190). **(4 VOTES)**
6. Authorize the Auditor & Controller, and other County departments, to perform any actions necessary to transfer and/or redirect revenue and benefit fees from old to new CSA 17 and CSA 69 funds per reorganization during Fiscal Year 2021-22 Adopted Operation Plan to transfer Emergency Medical Services under San Diego County Fire.
7. Establish appropriations of \$78,642 in the Park Land Dedication Ordinance (PLDO) Area 36 Bonsall Fund, Operating Transfers Out, based on available prior year PLDO Area 36 Bonsall Fund fund balance; *and* establish appropriations of \$153,642 in Capital Outlay Fund for Capital Project 1021909 Guajome Park Camping Cabin to fund the construction of an ADA accessible cabin, based on revenue from a cash donation from Cabin by the Lake, Inc.

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(\$75,000) and Operating Transfer In from the PLDO Area 36 Bonsall Fund (\$78,642). **(4 VOTES)**

8. Establish appropriations of \$4,248,218 in the Library Fund, Services & Supplies, to purchase laptops and mobile internet hotspots based on grant funds awarded from the Federal Communications Commission's (FCC) Emergency Connectivity Fund (ECF). **(4 VOTES)**
9. Transfer appropriations of \$65,000 within Department of Public Works (DPW) General Fund, from Services & Supplies to Operating Transfers Out, to provide funding for the purchase of vehicle; *and* establish appropriations of \$65,000 in the DPW, Internal Service Fund, Equipment Acquisition General Fund, Fixed Assets Equipment, for the purchase of a vehicle for the Department of Public Works Cleanup and Sanitation Program based on an Operating Transfer In from the DPW General Fund. **(4 VOTES)**
10. Establish appropriations of \$1,100,000 in DPW Airport Enterprise Fund to provide funds for the Gillespie Field Runway 27R Rehabilitation Project (\$500,000) and Gillespie Field Runway 17/35 Runway Safety Area/Runway Object Free Area Improvement and Rehabilitation Project (\$600,000) based on available prior year Airport Enterprise Fund fund balance. **(4 VOTES)**
11. Establish appropriations of \$17,300,000, Other Charges, in the Public Liability Internal Service Fund for the purpose of funding several major unanticipated settlements based on available internal service fund resources. **(4 VOTES)**
12. Transfer appropriations of \$439,809 from Sheriff's Department, Salaries & Benefits, to the Contributions to Capital Outlay Fund, Operating Transfers Out, to provide additional funding for the Sheriff Technology and Information Center Project; *and* establish appropriations of \$439,809 in the Justice Facility Construction Fund for Capital Project 1021130, Sheriff Technology and Information Center Project, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
13. Transfer appropriations of \$180,000 within County Library Fund, from Services & Supplies to Operating Transfers Out, to provide funding for Julian Library Community Room Project; *and* establish appropriations of \$180,000 in the Library Projects Fund for Capital Project 1021916, Julian Library Community Room Project, based on an Operating Transfer In from the County Library Fund. **(4 VOTES)**
14. Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix C, in the net amount of \$2,777,186 for major maintenance projects listed in Appendix C that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; *and* establish and cancel appropriations, as noted in Appendix C for a net increase of \$2,849,944 in the Major Maintenance Capital Outlay Fund and adjust related funding sources as noted to accurately classify major maintenance projects for financial reporting purposes. **(4 VOTES)**

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**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 15 through 20):**

15. Transfer appropriations of \$9,199.99 within Capital Outlay Fund and related Operating Transfers In from the General Fund, to provide funding for Capital Project 1024597 Felicita County Park Electric Water Sewer to remove outdated electrical and sewer systems from Felicita Park based on transfer from Capital Project 1021276 Felicita Park Shade Structure.
16. Transfer appropriations of \$44,427.03 within Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1021906 Jess Martin Water Conservation to fund a well at Jess Martin Park based on the transfer from Capital project 1022928 Liberty Park Water Conservation (\$14,075.73), from Capital Project 1022929 Homestead Park Water Conservation (\$14,192.98), and from Capital Project 1022930 Heritage Park Water Conservation (\$16,158.32).
17. Transfer appropriations of \$61,864.42 within Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1023065 Sweetwater Campground Expansion Phase 2 to fund the addition of 34 campsites at Sweetwater Campground based on the transfer from Capital Project 1021668 Sweetwater Summit Amphitheater Shade Structure.
18. Transfer appropriations of \$493,773.22 within Capital Outlay Fund and related Operating Transfer In from the General Fund for Capital Project 1023726 Valley Center Park Improvements to fund improved park amenities in Valley Center based on the transfer from Capital Project 1005335 Valley Park Project.
19. Transfer appropriations and related American Rescue Plan Act (ARPA) revenue of \$2,000,000 from Department of Public Works General Fund, Services & Supplies, to Department of Parks & Recreation, Services & Supplies for stormwater, water and wastewater improvements within the Tijuana River Valley per Board of Supervisor's direction on October 5, 2021 (13).
20. Transfer appropriations of \$500,000 from Finance Other, General Miscellaneous Expense, Other Charges to the Land Use and Environment Executive Office Services & Supplies, for the Broadband for All project planning, based on available American Rescue Plan Act funds.

EQUITY IMPACT STATEMENT

After the Board of Supervisors adopted the Operational Plan, it is monitored by the departments, Groups, and the Board. Departments are expected to work within their respective budgets. Budgets may, however, be modified during the year as circumstances warrant. In conjunction with the fund balance projection process, the Chief Administrative Officer meets with each Group to review accomplishments, emergent issues, and budget status. Department heads are required to communicate any potential problems or errors to the appropriate authority. Groups complete fund balance projections quarterly providing explanations of significant variances of their budget. The recommended actions are intended to provide resources to address inequities in County services and to identify disparities, developing meaningful outcomes, and creating a County government culture of equity, belonging, and racial justice.

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FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year 2021-22 Operational Plan. If approved, in the General Fund these actions will result in transfers between budgetary funds of \$439,809, transfers within budgetary funds of \$5,324,399 and no cancellation of appropriations.

In all other funds combined, these actions will result in a net increase to the overall budget of \$57,274,992, transfers within budgetary funds of \$807,051, and cancellation of appropriations of \$1,516,923. The funding sources for the net increase are available Internal Service Fund resources (\$17,300,000), available prior year County Service Area (CSA) fund balance (\$15,429,869), Operating Transfers In from the CSA Fund (\$15,429,869), Program Revenues (\$4,223,446), Operating Transfers In from the General Fund (\$3,436,738), available prior year Airport Enterprise Fund fund balance (\$1,100,000), Operating Transfers In from the Library Fund (\$197,786), available prior year Park Land Dedication Ordinance (PLDO) fund balance (\$78,642) and Operating Transfers In from the PLDO Fund (\$78,642).

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

As shown in Schedule A, the General Fund year-end fund balance projection of \$91.4 million is based on the estimate that expenditures will be approximately \$130.3 million less than the Fiscal Year 2021-22 Amended Budget and revenues will be a net \$38.9 million less than the Fiscal Year 2021-22 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 your Board or the Deputy Chief Administrative Officer/Chief Financial Officer, when permitted.

The General Fund year-end fund balance projection includes the assumption that the County will continue to incur COVID-19 costs and anticipates receipt of additional federal and State emergency response funding including American Rescue Plan Act (ARPA) funds and Federal Emergency Management Agency (FEMA) revenue to continue response efforts through the end of the fiscal year. The projected balance for all other funds combined is \$89.5 million.

Attachments to this letter have been included to provide detail of these fund balance projections. Schedule A summarizes the fund balance projection by business group, department, and fund category. The Notes to Schedules A and B explain variances from budget by department, fund and for General Purpose Revenue. Schedule B shows the projected General Fund fund balance by business group split between operating and reserve balances.

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GENERAL FUND EXPENDITURE VARIANCES

The projected lower than budgeted expenditures generating an overall positive expenditure variance of \$130.3 million in the General Fund are primarily attributable to the following:

- \$55.1 million in positive salary and benefit appropriation variance in all groups due to normal attrition.
- \$48.2 million in positive appropriation variance in Services & Supplies across the County.
 - In PSG, projected overall positive expenditure variance of \$10.6 million primarily in Probation due to lower than anticipated use of contracted services resulting from programs slowly returning to pre-pandemic levels and lower than anticipated information technology expenditures; in Child Support Services due to lower than anticipated expenses in various accounts supporting operations, such as information technology services; in Sheriff's Department primarily for one-time Regional Communication System (RCS) site relocation/development costs due to project timeline changes and lower than anticipated costs in Food and Household Expense offset by higher than anticipated costs for fuel and materials and supplies related to the COVID-19 pandemic.
 - In HHSA, projected overall positive variance of \$35.4 million primarily driven by lower than anticipated utilization of contracted services associated with COVID-19 response activities in Public Health Services and in Behavioral Health Services primarily in contracted services associated with various mental health and alcohol and drug treatment programs to align with updated procurement timeframes and projected service level trends offset by a negative variance in temporary staffing costs largely due to increased need at the San Diego County Psychiatric Hospital. These are offset by negative variances in Child Welfare Services mostly driven by an increase in temporary staff to meet needs at Polinsky Children's Center for high acuity youth with medical needs and to meet Community Care Licensing (CCL) requirements and in Self-Sufficiency Services driven by an allocation increase to support housing support program.
 - In LUEG, projected positive variance of \$0.9 million primarily in the Department of Environmental Health and Quality related to reduced travel and supply purchases impacted by the COVID-19 pandemic, delayed Vector Habitat Remediation Projects and cancelled major maintenance projects and in Department of Public Works due to lower than anticipated need for contract support for stormwater inspections.
 - In FGG, projected positive variance of \$1.2 million primarily in Finance & General Government Group Executive Office due to lower than anticipated spending on information technology projects and in Chief Administrative Office due to anticipated savings related to the establishment of new departments.
- A projected net positive appropriation variance of \$26.0 million in Other Charges reflects variances primarily in HHSA tied to the California Work Opportunity and Responsibility to Kids (CalWORKs) program, the General Relief program, the foster care assistance and adoption assistance programs based on revised estimates of caseload levels.
- A projected net positive appropriation variance of \$0.6 million in Capital Assets Equipment in PSG primarily in the Sheriff's Department due to a one-time project for the Cal-ID

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program that will be rebudgeted in the Fiscal Year 2022-23 CAO Recommended Operational Plan.

- A projected negative appropriation variance of \$1.5 million in Expenditure Transfer & Reimbursements in PSG in Child Support Services due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services Agency; this is offset by positive appropriation variances in HHSA associated with costs provided through various Memorandums of Understanding (MOU) with the Probation Department.
- A projected positive appropriation variance of \$1.9 million in Operating Transfers Out primarily in HHSA due to reduced funding needs for In-Home Support Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services.

GENERAL FUND REVENUE VARIANCES

The projected under-realized revenue of \$38.9 million includes positive variances totaling \$57.3 million and negative variances of \$96.2 million. In many instances, the negative revenue variances are directly associated with the positive expenditure variances described above.

The projected positive revenue variance of \$57.3 million is primarily attributable to the following categories: Taxes Other Than Current Secured (\$32.7 million) mainly due to increase in home prices and/or number of sales, higher than anticipated local secured assessed value growth and better than expected collection/lower delinquency rate, and higher than budgeted in Sales and Use Taxes as well as in Teeter Tax Reserve Excess revenues; Taxes Current Property (\$15.5 million) primarily due to higher than anticipated assessed value (AV) growth and better than expected collection/lower delinquency rate; Licenses, Permits & Franchises (\$5.3 million) primarily due to a higher than anticipated number of building permit applications and Food and Housing Division prior year permit fees; Fines, Forfeitures & Penalties (\$2.8 million) primarily due to higher than budgeted growth in assessed valuation related to current secured and unsecured property tax payments; in Miscellaneous Revenues (\$1.0 million) primarily due to the recoupment of payments in contracted services from prior year adjustments and to align with the anticipated loan disbursement for the Innovative Housing Trust Fund (IHTF); and in Revenue from Use of Money & Property (\$0.1 million) primarily due to over-realized revenue related to parking garage receipts.

The projected negative variance of \$96.2 million is in the Intergovernmental Revenues (\$73.8 million) primarily to align COVID-19 emergency response funding with projected costs and reflect Federal Emergency Management Agency (FEMA) revenue deferrals anticipated to be received after December 2022, payment revenue tied to updated caseload projections for CalWORKs, foster care and adoptions assistance programs, lower than anticipated State and federal funding for behavioral health programs, and federal and State reimbursements due to a decrease in the number of youths under supervision and lower reimbursements from the Community Corrections Subaccount, post-release community supervision program, and Juvenile Justice Crime Prevention Act-funded programs, offset by positive variances due to pass-through distributions, residual balance estimates in Aid from Redevelopment Successor Agencies, unanticipated revenue from the California Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at State facilities in response to the COVID-19 pandemic, and higher than

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anticipated State and federal reimbursement for the child support program which includes the reimbursement of indirect costs/A-87 Costs; Charges for Current Services (\$22.1 million) primarily tied to Intergovernmental Transfer (IGT) revenue to align with anticipated spending in Public Health Services, due to a decline in billable activities for land development projects, over accrual in Trial Court Security Subaccount from prior year and lower than anticipated jail bed leasing, defendant booking fees and civil service process fees, and less trust fund reimbursement for Vector and Hazardous Materials Division due to expenditure savings; in Other Financing Sources (\$0.3 million) primarily due to a decrease in transfers from the Jail Commissary Enterprise Fund associated with vacant positions in Sheriff's Department.

Adjustments to the Fiscal Year 2021-22 Adopted Budget

Transfers and revisions to the adopted budget can be made by formal action of the Board of Supervisors in accordance with the California County Budget Act, Government Code (GC) Section 29125. Increases to the overall budget require 4 votes while transfers of appropriations between departments within the same budgetary fund that do not increase the overall budget or the cancellation of appropriations require a majority vote. However, transfers of appropriations to facilitate transfers between budgetary funds, referred to as operating transfers, require 4 votes even if the overall budget is not increased.

The recommendations for budget adjustments are explained as follows:

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 14):**

Recommendations 2 - 6

In the Fiscal Year 2021-22 Adopted Operational Plan for San Diego County Fire, the Board approved the reorganization to transfer Emergency Medical Services under San Diego County Fire. This transfer required establishment of new Special Revenue funds for CSA 17 and CSA 69 and the closure of old funds.

These recommendations will transfer \$5,812,841.81 from old fund (14065) to new fund (14995) for County Service Area 17 and \$9,617,027.21 from old fund (14190) to new fund (14996) for County Service Area 69. Old Special Revenue funds will be closed once fund balances are moved to new Special Revenue funds.

Recommendation 7

This recommendation will establish appropriations of \$153,642 in Capital Project 1021909 Guajome Park Camping Cabin based on a cash donation from Cabin by the Lake, Inc. (\$75,000), and Operating Transfer In from the PLDO Area 36 Bonsall Fund available prior year PLDO Fund balance (\$78,642) to fund the construction of an ADA accessible cabin. The additional funding will help cover the additional project costs due to additional ADA features, increase in cost due to inflation and the cost of labor & materials. Total project costs are estimated at \$553,642 and the project is anticipated to be complete in December 2022.

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Recommendation 8

This recommendation will establish appropriations of \$4,248,218 in the Library Fund, Services & Supplies. On October 25, 2021, San Diego County Library (SDCL) was awarded \$4.3 million from the FCC through the Emergency Connectivity Fund. These grant funds will be used to purchase laptops and mobile hotspots to households impacted by the digital divide in the County Library's service areas. This grant from the FCC will enable the County Library to extend free digital infrastructure from library branches into 7400 households in need of this digital access.

Recommendation 9

This recommendation will establish appropriations of \$65,000 in the DPW ISF Equipment Acquisition General Fund based on an Operating Transfer in from the Department of Public Works General Fund. Funds will be used to purchase a vehicle to support the Department of Public Works Homeless Cleanup and Sanitation Camp Cleanup Program and conduct encampment cleanup and sanitation efforts.

Recommendation 10

This recommendation will establish appropriations of \$1,100,000 in DPW Airport Enterprise Fund, for the Gillespie Field Runway 27R Rehabilitation Project and Gillespie Field Runway 17/35 Runway Safety Area/Runway Object Free Area Improvement and Rehabilitation Project, based on prior year available Airport Enterprise Fund fund balance. Today's request will provide funds for preparation of project design plans and environmental processing for the Gillespie Field Runway 27R Rehabilitation Project (\$500,000). Total project cost is estimated at \$5,000,000. This will also provide funds for preparation of project design plans and environmental processing for the Gillespie Field Runway 17/35 Runway Safety Area/Runway Object Free Area Improvement and Rehabilitation Project (\$600,000). Total project cost is estimated at \$6,600,000. Completing the design plans for both projects will position the project for a Federal Aviation Administration grant. The Department of Public Works will return to the Board at a later date for advertisement and award of a construction contract and for appropriation of funds for project construction, tentatively planned to begin in the spring of 2023.

Recommendation 11

The Public Liability Internal Service Fund was established in Fiscal Year 1994-95 for the purpose of financial tracking and reporting of public risk management activities. Each year, County Counsel works with an independent actuarial firm to determine the financial risks of potential legal actions, and proposes a budget to address those risks. A significant portion of the budget is determined by potential settlement and judgment costs. Several major unanticipated issues have reached settlement during Fiscal Year 2021-22, creating a projected overage in this fund. Today's recommendation will establish appropriations of \$17,300,000 in Other Charges for the purpose of paying these unanticipated settlements based on available resources in the fund. Staff will continue to monitor this fund, and will return to your Board if additional action is required.

Recommendation 12

On August 1, 2017 (14), the Board established Capital Project 1021130, Sheriff Technology and Information Center (STIC) Project. The current project budget is \$48,655,910; funding sources are available prior year General Fund fund balance (\$46,072,848), Poway Redevelopment Fund

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(\$1,827,277), Regional Communications System Trust Fund (\$343,061), and General Purpose Revenue (\$421,724). Today's recommendation will establish appropriations of \$439,809 to provide additional funding for the physical migration of equipment in Sheriff's Data Services Division from Building 19 to the STIC based on an Operating Transfer In from the General Fund. The funding source is existing General Purpose Revenue from the Sheriff's Department. Total estimated project costs are \$49,095,719. Project construction is complete and migration is estimated to be completed by December 2022.

Recommendation 13

On August 25, 2020 (2), the Board established appropriations of \$4,200,000 for Capital Project 1021916, Julian Library Community Room Project. An additional \$3,020,000 was appropriated on June 29, 2021 (7). The current project budget is \$7,220,000; funding source is General Purpose Revenue. Today's recommendation will establish appropriations of \$180,000 to provide funding to repave the Julian Library parking lot. The funding source is an Operating Transfer In from the County Library Fund. Total estimated project costs are \$7,400,000. Construction is estimated to begin October 2022 and complete by July of 2023.

Recommendation 14

Board Policy B-37, *Use of Capital Program Funds*, notes that on occasion, due to the nature of major maintenance projects, these projects may be reclassified as an operating or capital expense based on financial reporting requirements. Pursuant to Board Policy B-37, to ensure accuracy in financial reporting, the Deputy Chief Administrative Officer/Chief Financial Officer shall make required adjustments to departmental operating budgets and within the Major Maintenance Capital Outlay Fund (MMCOF) or the Major Maintenance Internal Service Fund (MMISF). Due to the emergent nature of some major maintenance projects, some of these adjustments may require ratification by the Board. These recommendations will allow for the accurate financial reporting of major maintenance projects, which are listed in Appendix C along with the related required adjustments.

This recommendation will result in a net increase of appropriations in the MMCOF of \$2,849,944 and reclassification of major maintenance projects which are supported by existing department budgets.

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 15 through 20):**

Recommendation 15

This recommendation will transfer appropriations of \$9,199.99 and related Operating Transfers In from the General Fund, from Capital Project 1021276 Felicita Park Shade Structure, for Capital Project 1024597 Felicita County Park Electric Water Sewer to remove outdated electrical and sewer systems from Felicita Park. While the scope of the project has not changed, the additional funding will help cover the additional project costs due to inflation and an estimated increase in the cost of labor & materials of 20%. Total project costs are estimated at \$2,509,199.99 and the project is anticipated to be complete in August 2023.

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Recommendation 16

This recommendation will transfer appropriations of \$14,075.73 from Capital Project 1022928 Liberty Park Water Conservation, \$14,192.98 from Capital Project 1022929 Homestead Park Water Conservation, and \$16,158.32 from Capital Project 1022930 Heritage Park Water Conservation and related Operating Transfers In from the General Fund for Capital Project 1021906 Jess Martin Water Conservation to fund a well at Jess Martin Park. While the scope of the project has not changed, the additional funding will help cover the additional project costs due to inflation and an estimated increase in the cost of labor & materials of 20%. Total project costs are estimated at \$447,306.31 and the project is anticipated to be complete in September 2022.

Recommendation 17

This recommendation will transfer appropriations of \$61,864.42 from Capital Project 1021668 Sweetwater Summit Amphitheater Shade Structure for Capital Project 1023065 Sweetwater Campground Expansion Phase 2 to fund the addition of 34 campsites at Sweetwater Campground. While the scope of the project has not changed, the additional funding will help cover the additional project costs due to inflation and an estimated increase in the cost of labor & materials of 20%. Total project costs are estimated at \$4,211,864.42 and the project is anticipated to be complete in July 2023.

Recommendation 18

This recommendation will transfer appropriations of \$493,773.22 from Capital Project 1005335 Valley Park Project for Capital Project 1023726 Valley Center Park Improvements to fund improved park amenities in Valley Center. This funding was intended to support the development of a park in Valley Center. Since the time of this projects' creation, the County has acquired the Valley Center Park System. This recommendation will consolidate the funding into one project to improve the overall Valley Center Park System. Total project costs are estimated at \$4,493,773.22 and the project is anticipated to be complete in July 2022.

Recommendation 19

On October 5, 2021 (13), the Board directed to allocate \$2,000,000 for stormwater, water, and wastewater improvements within the Tijuana River Valley. This recommendation, if approved, will transfer appropriations of \$2,000,000 from DPW General Fund to DPR. The funding source is American Rescue Plan Act (ARPA) revenue. This technical adjustment will align the budget with anticipated actuals and will result in no changes to spending levels previously authorized by the board.

Recommendation 20

On June 8, 2021 (03), the Board approved the use of American Rescue Plan Act funding for Infrastructure, including Broadband services for the unincorporated area. This recommendation will transfer appropriations of \$500,000 from Finance Other, General Miscellaneous Expense, Other Charges to the Land Use and Environment Executive Office, Services & Supplies, to fund the contract for the development of a comprehensive Broadband plan.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Sustainability, Equity, Empower, Community and Justice in the County of San Diego's 2022-2027 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

Schedule B

Notes to Schedules A and B

Appendix C

AGENDA ITEM INFORMATION SHEET

SUBJECT:

FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN STATUS REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED

Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

December 7, 2021 (26), Fiscal Year 2021-22 First Quarter Operational Plan Status Report and Budget Adjustments;
June 29, 2021 (07), County of San Diego Fiscal Year 2021-22 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 CONCURRENCE(S):

N/A

INTERNAL REVIEW COMPLETE BY:

Craig Schaffer Digitally signed by Craig Schaffer
Date: 2022.03.07 08:01:32 -08'00'

Signature

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**COUNTY OF SAN DIEGO
NOTES TO SCHEDULES A and B
Fiscal Year 2021-22 2nd 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.

Management Reserves

Besides the General Fund Reserve, which is comprised of unassigned General Fund fund balance, County business groups may establish Management Reserves. 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 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 from plan (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance are discussed below and categorized by fund.

PUBLIC SAFETY GROUP

General Fund

Child Support

A positive variance of \$1.6 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$0.4 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacant and modified positions, \$2.8 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations, such as information technology services, \$0.2 million in Capital Assets Equipment due to delayed vehicle purchases, offset by a negative variance of \$2.8 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services Agency.

A positive revenue variance of \$1.2 million is projected in Intergovernmental Revenues due to higher than anticipated State and federal reimbursement for the child support program which includes the reimbursement of indirect costs/A-87 Costs.

District Attorney

A positive variance of \$3.5 million is projected for the District Attorney's Office.

A positive expenditure variance of \$3.5 million is projected in Salaries & Benefits due to normal attrition, vacant and modified positions.

No revenue variance is projected.

Probation

A positive variance of \$4.0 million is projected for the Probation Department.

A positive expenditure variance of \$9.4 million is projected. A positive variance of \$3.2 million is projected in Salaries & Benefits primarily due to vacant positions. A positive variance of \$6.2 million is projected in Services & Supplies due to lower than anticipated use of contracted services resulting from programs slowly returning to pre-pandemic levels and lower than anticipated information technology expenditures.

A negative revenue variance of \$5.4 million is projected in Intergovernmental Revenues primarily for federal and State reimbursements due to a decrease in the number of youths under supervision and lower reimbursements from the Community Corrections Subaccount, post-release community supervision program, and Juvenile Justice Crime Prevention Act-funded programs based on lower costs describe above.

Sheriff

A positive variance of \$8.1 million is projected for the Sheriff's Department.

A positive expenditure variance of \$9.6 million is projected. A positive variance of \$8.1 million in Salaries & Benefits is projected due to vacancies, attrition, and under-filled positions. A positive variance of \$1.1 million is projected in Services & Supplies primarily for one-time Regional Communication System (RCS) site relocations/development costs due to project timeline changes and lower than anticipated costs in Food and Household Expense offset by higher than anticipated costs for fuel and materials and supplies related to the COVID-19 pandemic. A positive variance of \$0.4 million is projected in Capital Assets Equipment due to a one-time project for the Cal-ID program that will be rebudgeted in the Fiscal Year 2022-23 CAO Recommended Operational Plan.

A negative revenue variance of \$1.5 million is projected. A negative variance of \$6.0 million is projected in Charges For Current Services primarily from the over accrual in Trial Court Security Subaccount from prior year and lower than anticipated jail bed leasing, defendant booking fees and civil service process fees. A negative variance of \$1.2 million is projected in Miscellaneous Revenues primarily due to RCS site relocation/development project timeline changes and lower than anticipated revenue for reimbursement of costs associated with the Unsheltered Feeding Program. A negative

variance of \$0.9 million is projected in Fines, Forfeitures & Penalties due to lower than anticipated costs for the Cal-ID program. A negative variance of \$0.2 million is projected in Other Financing Sources due to a decrease in transfers from the Jail Commissary Enterprise Fund associated with vacant positions. These negative variances are partially offset by a positive variance of \$6.8 million in Intergovernmental Revenues due to unanticipated revenue from the CA Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at state facilities in response to the COVID-19 pandemic, for backfill for criminal admin fees and ARPA reimbursement, offset by lower than anticipated Community Corrections Sub-Account funding and fee revenue for inmate confinement records.

Special Revenue Funds

Sheriff's Asset Forfeiture Program

A positive variance of \$1.4 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

No expenditure variance is projected.

A positive revenue variance of \$1.4 million is projected. A \$1.3 million positive variance in Intergovernmental Revenues due to increased asset forfeiture from US Department of Justice and US Treasury Department seizures and \$0.1 million in Fines, Forfeitures & Penalties based on increased asset forfeiture from State seizures.

Sheriff's Inmate Welfare Fund

A positive variance of \$1.2 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$2.6 million is projected in Services & Supplies primarily due to the impact of the COVID-19 pandemic in professional and specialized services associated with contracts for educational services resulting from cancelled classes, and lower than anticipated expenditure needs associated with suspended activities and programs.

A negative revenue variance of \$1.4 million is projected. The negative variance of \$1.6 million in Other Financing Sources is due to a decrease in the operating transfers from the Sheriff's Jail Commissary Enterprise Fund for proceeds generated by Commissary sales partially offset by a positive variance of \$0.2 million in over-realized revenue in Revenue From Use of Money & Property.

Proposition 172

Proposition 172 (Prop 172) Special Revenue Fund has a positive variance of \$52.4 million.

No expenditure variance is projected.

A positive revenue variance of \$52.4 million is projected in Intergovernmental Revenues due to higher sales tax receipts in the current fiscal year and under-accrual in the prior fiscal year.

Prop 172 was approved by California voters in 1993 to create a permanent one-half cent sales tax for public safety purposes and was intended to provide funding sources to qualifying public safety programs

Enterprise Fund

Sheriff's Jail Commissary Enterprise Fund

There is no overall variance projected for the Sheriff's Jail Commissary Enterprise Fund.

A positive expenditure variance of \$2.3 million is projected. A positive variance of \$0.5 million in Services & Supplies is primarily due to savings in purchase of commissary items from a pause in commissary operations due to COVID-19 pandemic. A positive variance of \$1.8 million is in Operating Transfers Out to the Inmate Welfare Fund due to a decrease in the transfer of commissary proceeds from lower-than-expected revenues, and lower amounts transferred to the General Fund due to vacant positions.

A negative revenue variance of \$2.3 million is projected in Miscellaneous Revenues due to decreases in projected commissary sales resulting from a decreased population due to the continuation of a revised bail schedule in response to the pandemic and pause in commissary operations due to the COVID-19 pandemic.

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, and Office of Military & Veterans Affairs.

An overall positive variance of \$0.4 million is projected for Administrative Support.

A positive expenditure variance of \$0.9 million is projected and includes a positive variance of \$0.5 million in Salaries & Benefits primarily due to lower than anticipated cost associated with the Board approved one-time hazard pay and \$0.4 million in Services & Supplies primarily due to a reduction in IT costs.

A negative revenue variance of \$0.5 million is projected and includes \$0.9 million in Intergovernmental Revenues partially offset by \$0.4 million in Charges for Current Services tied to additional funding for indirect costs from First 5 San Diego. The \$0.9 million negative variance in Intergovernmental Revenues includes \$0.5 million in lower federal administrative revenue to align with anticipated spending and \$0.4 million in decreased federal stimulus funds to align with projected hazard pay costs referenced above.

Aging & Independence Services

An overall positive variance of \$2.0 million is projected for Aging & Independence Services.

A positive expenditure variance of \$1.6 million is projected and includes a positive variance of \$0.5 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$0.8 million in Services & Supplies, and a positive variance of \$1.9 million savings 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 \$0.8 million negative variance in Services & Supplies is associated with \$2.2 million primarily tied to the increase for home delivered meals partially offset by \$1.4 million savings in various operating costs including reductions in IT costs, travel, and security guard services.

A positive revenue variance of \$0.4 million is projected in Intergovernmental Revenues consisting of a \$3.6 million increase primarily tied to Older Americans Act (OAA) revenues to align to updated program allocations, partially offset by a \$3.2 million decrease primarily to align with the reduced expenditures in the IHSS Public Authority program.

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.

An overall positive variance of \$29.6 million is projected for Behavioral Health Services (BHS). In the Adopted Budget, \$29.5 million of one-time fund balance was budgeted to bridge mental health and alcohol and drug program services for a year while realignment revenues recovered, which is no longer anticipated to be needed.

A positive expenditure variance of \$33.2 million is projected and include a positive variance of \$11.7 million in Salaries & Benefits due to attrition and vacant positions, a positive variance of \$20.0 million in Services & Supplies, and a positive variance of \$1.5 million in Expense Transfers & Reimbursements mainly associated with costs provided through various Memorandums of Understanding (MOU) to the Probation Department. The positive variance of \$20.0 million in Services & Supplies includes \$25.0 million primarily in contracted services associated with various mental health and alcohol and drug treatment programs to align with updated procurement timeframes and projected service level trends offset by a negative variance of \$5.0 million in temporary staffing costs largely due to increased need at the SDCPH.

A negative revenue variance of \$3.6 million is projected and includes a negative variance of \$4.5 million in Intergovernmental Revenue partially offset by a positive variance of \$0.8 million in Charges for Current Services primarily tied to unanticipated County Care Coordination revenue for mental health programs and \$0.1 million in Miscellaneous Revenue tied to services at Edgemoor. The \$4.5 million negative variance in Intergovernmental Revenue is mainly due to lower State and federal funding for behavioral health programs to align with anticipated expenditures.

County Child Welfare Services

An overall positive variance of \$0.7 million is projected for County Child Welfare Services (CWS).

A positive expenditure variance of \$10.3 million is projected and includes a positive variance of \$4.9 million in Salaries & Benefits due to attrition and vacant positions, a negative variance of \$6.8 million in Services & Supplies, and a positive variance of \$12.2 million in Other Charges. The positive variance in Other Charges includes a transfer of \$6.7 million in contracted costs to Services & Supplies and a reduction of \$5.5 million to align with projected caseloads in foster care assistance and adoption assistance programs. The negative variance of \$6.8 million in Services & Supplies is driven by the transfer of costs from Other Charges noted above and an increase in temporary staff to meet needs at Polinsky Children's Center for high acuity youth with medical needs and to meet Community Care Licensing (CCL) requirements, partially offset by contracted savings primarily tied to transitional housing programs due to the temporary moratorium on youth aging out of foster care during the pandemic.

A negative revenue variance of \$9.6 million is projected and includes a negative variance of \$8.8 million in Intergovernmental Revenues, \$0.5 million in Charges for Current Services to align with anticipated reimbursement from birth certificate fees and adoption fees, \$0.2 million in Use of Money and Property to align revenue collection trends for the use of the San Pasqual Academy property, and \$0.1 million in Miscellaneous Revenue primarily to align with collections of prior year adjustments from contractors. The negative variance of \$8.8 million in Intergovernmental Revenues is primarily tied to aligning federal and State revenue to updated caseload projections and Salaries & Benefits projections noted above.

Housing & Community Development Services

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

No overall variance is projected for Housing & Community Development Services (HCDS).

A positive expenditure variance of \$1.0 million is projected and includes a positive variance of \$0.5 million in Services & Supplies and \$0.5 million in Other Charges primarily tied to multi-year projects due to a revised funding allocation for the HOME and HOPWA Homeless Tenant Based Rental Assistance (TBRA) programs. The positive variance of \$0.5 million in Services & Supplies consists of \$0.9 million mainly tied to savings in programs addressing homelessness in the unincorporated area due to a longer than anticipated timeline to get clients housing ready and \$0.4 million mainly in multi-year projects due to implementation overlap across fiscal years, partially offset by a negative variance of \$0.8 million primarily due to the increase in loan disbursement tied to the Innovative Housing Trust Fund (IHTF) initiative to increase affordable housing opportunities.

A negative revenue variance of \$1.0 million includes a negative variance of \$1.8 million in Intergovernmental Revenues mainly associated with federal and State revenue to align with anticipated spending noted above offset by a positive variance of \$0.8 million in Miscellaneous Revenues primarily to align with the anticipated loan disbursement for the IHTF.

Public Health Services

An overall negative variance of \$34.5 million is projected for Public Health Services (PHS).

A positive expenditure variance of \$25.8 million is projected and includes a positive variance of \$0.1 million in Salaries & Benefits due to attrition and vacant positions, and a positive variance of \$25.7 million in Services & Supplies primarily to align with projected spending and lower than anticipated utilization of contracted services associated with COVID-19 response activities.

A negative revenue variance of \$60.3 million is projected and includes a negative variance of \$53.7 million in Intergovernmental Revenue, \$6.9 million in Charges for Current Services tied to Intergovernmental Transfer Agreement (IGT) revenue to align with anticipated spending partially offset by a \$0.3 million positive variance in Miscellaneous Revenues based on anticipated grant allocation to support COVID-19 surveillance. The negative variance of \$53.7 million in Intergovernmental Revenue is primarily to align COVID-19 emergency response funding with projected costs and reflect Federal Emergency Management Agency (FEMA) revenue deferrals anticipated to be received after December 2022.

Self-Sufficiency Services

An overall positive variance of \$2.3 million is projected for Self-Sufficiency Services (SSS).

A positive expenditure variance of \$17.9 million is projected and includes a positive variance of \$7.8 million in Salaries and Benefits due to attrition and vacant positions, a negative variance of \$2.7 million in Services and Supplies primarily driven by an allocation increase to support housing support program offset with a positive variance of \$12.8 million in Other Charges. The positive variance of \$12.8 million in Other Charges includes \$10.1 million primarily in the California Work Opportunity and Responsibility to Kids (CalWORKs) and \$2.7 million in General Relief program based on revised estimates of caseload levels and growth trends.

A negative revenue variance of \$15.6 million is projected and consists of a negative variance of \$16.6 million in Intergovernmental Revenue partially offset by \$1.0 million in Miscellaneous Revenue due to the recoupment of payments in contracted services from prior year adjustments. The negative variance of \$16.6 million in Intergovernmental Revenue consists of \$8.6 million mainly in CalWORKs revenue associated with revised caseload projections, and \$8.0 million in Social Services Administrative Revenue primarily tied to savings in Salaries and Benefits noted above and to align with revised allocation.

Homeless Solutions and Equitable Communities

Homeless Solutions and Equitable Communities consists of the following: Office of Homeless Solutions and Equitable Communities Administration (HSEC Admin), Office of Homelessness Solutions (OHS), Office of Equitable Communities (OEqC), Office of Immigrant and Refugee Affairs (OIRA) and Office of Strategy and Innovation (OSI).

An overall positive variance of \$0.6 million is projected for Homeless Solutions and Equitable Communities (HSEC).

A positive expenditure variance of \$1.7 million is projected and includes a positive variance of \$2.5 million in Salaries & Benefits due to attrition and vacant positions partially offset by the negative variance of \$0.8 million in Services & Supplies. The negative variance of \$0.8 million in Services & Supplies includes \$1.7 million primarily due to the expansion of various Community Action Partnership program contracts

associated with increased funding partially offset by \$0.9 million in the Whole Person Wellness (WPW) pilot program due to lower than expected program participants.

A negative revenue variance of \$1.1 million is projected and includes \$0.5 million in Charges for Current Services primarily tied to Intergovernmental Transfer Agreement (IGT) revenue for savings in the WPW program noted above, \$0.4 million in Intergovernmental Revenue and \$0.2 million in Licenses Permits & Franchises revenues to align with projected marriage license fees. The negative Intergovernmental Revenue of \$0.4 million consists of \$2.6 million in Realignment Revenue associated with savings in Salaries & Benefits and the WPW program noted above offset by \$2.2 million positive variance in state and federal funding to align with projected expenditure.

LAND USE AND ENVIRONMENT GROUP

General Fund

Environmental Health and Quality

A positive variance of \$0.7 million is projected for the Department of Environmental Health and Quality.

A positive expenditure variance of \$3.0 million is projected. A positive variance of \$2.4 million in Salaries & Benefits is due to vacancies and under-filled positions. A positive variance of \$0.6 million in Services & Supplies is related to reduced travel and supply purchases impacted by the COVID-19 pandemic, delayed Vector Habitat Remediation Projects and cancelled major maintenance projects.

A negative revenue variance of \$2.3 million is projected. A negative variance of \$1.7 million in Charges for Current Services includes \$1.2 million less trust fund reimbursement for Vector and Hazardous Materials Division due to expenditure savings mentioned above, \$0.4 million less revenue in various Internal Agreements and \$0.1 million fewer service requests by property owners. A negative variance of \$1.3 million in Intergovernmental Revenues is mostly due to less fee waivers and fee revenue funded by the American Rescue Plan Act (ARPA), and a \$0.2 million in Fines and Forfeitures & Penalties is due to late fee deferrals. This is partially offset by a positive variance of \$0.9 million in Licenses, Permits, and Franchises mostly due to Food and Housing Division prior year permit fees paid.

Planning & Development Services

No significant projected variance for the Department of Planning and Development Services.

A positive expenditure variance of \$2.0 million is projected. A positive variance of \$1.9 million in Salaries & Benefits is projected due to staff vacancies and under-filled positions and less than anticipated spending related to COVID-19 response. A positive variance of \$0.1 million in Services & Supplies is projected primarily due to savings in one time only information technology projects.

A negative revenue variance of \$2.0 million is projected. A negative variance of \$0.4 million in Intergovernmental Revenue is due to reduced reimbursements related to COVID-19 response and \$6.5 million in Charges for Current Services is projected due to a decline in billable activities for land development projects because of staff vacancies, which is partially offset by a positive variance of \$4.9 million in Licenses, Permits and Franchises due to higher than anticipated building permit applications.

Public Works – General Fund

No significant variance is projected for the Department of Public Works General Fund.

A positive expenditure variance of \$1.1 million is projected. A positive variance of \$0.8 million in Salaries & Benefits is due to staff vacancies and underfilled positions. A positive variance of \$0.3 million is projected in Services & Supplies due to lower than anticipated need for contract support for stormwater inspections.

A negative revenue variance of \$1.1 million is projected. A negative variance of \$0.3 million in Intergovernmental Revenue is due to less than anticipated reimbursement from Regional Watershed Co-permittees. A negative variance of \$0.8 million is projected in Charges for Current Services mostly due to vacancies mentioned above.

Special Revenue Funds

Public Works - Road Fund

A positive variance of \$13.5 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$6.5 million is projected. Savings of \$6.1 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$0.4 million in Services & Supplies is due to savings in safety clothing, radios, and cell phones due to vacant positions (\$0.2 million), lower than anticipated expenditures in training and transportation (\$0.1 million) and completion of prior year carryforward projects (\$0.1 million).

A positive revenue variance of \$7.0 million is projected. A positive revenue variance of \$7.7 million is projected in Intergovernmental Revenues mostly due to the State's revision of Highway User Tax Account (HUTA) and Road Maintenance Rehabilitation Account (RMRA) allocations. This is partially offset by a negative revenue variance of \$0.3 million in Taxes Other than Current Secured due to TransNet project schedule revisions, and a negative revenue variance of \$0.4 million in Charges for Current Services due to schedule revisions for Sanitation District projects (\$0.1 million) and Watershed Protection Program projects (\$0.1 million), reduced funding for Airports projects (\$0.1 million), and reduced interdepartmental revenue due to staff vacancies (\$0.1 million).

Public Works – Inactive Waste Site Management Fund

No variance is projected for Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.8 million is projected. A positive variance of \$0.1 million is projected in Salaries & Benefits due to staff vacancies. A positive variance of \$0.7 million in Services & Supplies is due to the delay of San Pasqual burnsite clean closure projects.

A negative revenue variance \$0.8 million is projected. A negative variance of \$1.1 million is projected in Charges for Current Services mostly due to the delay of the San Pasqual burnsite clean closure projects, partially offset by a positive variance of \$0.3 million in Intergovernmental Revenue is due to prior year claims being paid this fiscal year.

Public Works - Waste Planning & Recycling

A positive variance of \$0.8 million is projected in Waste Planning and Recycling Fund.

A positive expenditure variance of \$0.8 million is projected. A positive variance of \$0.6 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.2 million is projected in Services & Supplies due to lower than anticipated recycling events.

No significant revenue variance is projected.

Park Land Dedication Ordinance

A positive variance of \$1.7 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance is projected.

A positive revenue variance of \$1.7 million is projected in Licenses, Permits, & Franchises due to unanticipated increased levels of land development activity resulting in additional revenue from Park Land Dedication fees.

San Diego County Library

A positive variance of \$0.9 million is projected for the San Diego County Library.

A positive expenditure variance of \$1.0 million is projected. This variance is a result of projected savings of \$0.6 million in Salaries & Benefits due to staff vacancies. A positive variance \$0.4 million in Services & Supplies is due to savings in IT related costs.

A negative revenue variance of \$0.1 million is projected in Charges for Current Services due to less than expected demand for public printing and other Library services.

Special District Funds

Public Works – Permanent Roads Divisions

A positive variance of \$4.9 million is projected for the Department of Public Works Permanent Road Divisions.

A positive expenditure variance of \$4.7 million is projected in Services & Supplies mostly due to lower than anticipated contracted services for emergency work.

A positive revenue variance of \$0.2 million is projected in Service to Property Owners mostly due to an increased rate on tax bills.

Public Works - San Diego County Sanitation District

A positive variance of \$1.4 million is projected.

A positive expenditure variance of \$1.4 million in Services & Supplies is mostly due to vacancies in Wastewater Management Enterprise Management Fund that provides support and staffing to Sanitation District.

No significant revenue variance is projected

Public Works - Street Lighting District

A positive variance of \$0.7 million is projected for the Department of Public Works Street Lighting District.

A positive expenditure variance of \$0.7 million is projected in Services & Supplies mostly due to lower than anticipated costs for as needed contracts (\$0.6 million) and lower utility cost (\$0.1 million) due to the use of LED lights.

No significant revenue variance is projected.

Internal Service Funds

Public Works – Equipment 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 \$3.7 million is projected. A positive variance of \$3.7 million in Capital Assets Equipment is due to the capitalization of assets.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$0.1 million in Other Financing Sources is mostly due to unanticipated gain on the sale of fixed assets.

Enterprise Funds

Public Works - Airport Enterprise Fund

A positive variance of \$2.4 million is projected in the Airport Enterprise Fund.

A positive expenditure variance of \$4.0 million is projected. Savings of \$0.6 million is projected in Salaries & Benefits due to staff vacancies and savings of \$3.4 million in Capital Assets/Land Acquisition is due to the cancellation of Cajon Air Center (CAC) Taxiway project (\$3.1 million) and the prior year completion of CAC Drainage project at Gillespie Airport (\$0.3 million).

A negative revenue variance of \$1.6 million is projected in Intergovernmental Revenue due to the cancellation of CAC Taxiway project and revenue from State Aid for Aviation already realized during prior year for completed CAC Drainage project.

Public Works – Wastewater Management Enterprise Fund

No variance is projected for Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.8 million is projected in Salaries & Benefits due to staff vacancies and under filled positions.

A negative revenue variance of \$1.8 million is projected in Charges for Current Services due to reduced work for maintenance in the San Diego County Sanitation District related to staff vacancies identified above.

FINANCE AND GENERAL GOVERNMENT GROUP

General Fund

Assessor / Recorder / County Clerk

An overall positive variance of \$0.2 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A positive expenditure variance of \$0.5 million is projected due to positive variances of \$0.3 million in Salaries & Benefits due to vacancies and \$0.2 million in Services & Supplies associated with contracted services.

A negative revenue variance of \$0.3 million is projected due to negative variance of \$0.3 million in Intergovernmental Revenues related to less than anticipated ARPA revenue for COVID-19 response costs; negative variance of \$0.1 million in Charges for Current Services due to Recording Fee Modernization offset by positive variance in Filing Documents, Notary Public Fees, Recording Fees, Marriage Ceremonies, and Micrographics Fee; and offset by a positive variance of \$0.1 million in Licenses, Permits & Franchises due to higher than anticipated number of marriage licenses issued.

Auditor & Controller

An overall positive variance of \$0.6 million is projected for the Auditor & Controller.

A positive expenditure variance of \$1.2 million is projected primarily in Salaries & Benefits due to vacant and modified positions.

A negative revenue variance of \$0.6 million is projected primarily as a result of lower than anticipated Intergovernmental Revenue related to American Rescue Plan Act (ARPA) activities.

Chief Administrative Office

A positive variance of \$1.3 million is projected for the Chief Administrative Office.

A positive expenditure variance of \$1.3 million is projected, which includes \$1.0 million in Salaries & Benefits due to staffing vacancies associated with newly created departments and services to establish the County's resource needs for supporting these departments, and \$0.3 million in Services & Supplies due to anticipated savings related to the establishment of new departments.

No significant revenue variance is projected.

County Counsel

An overall positive variance of \$2.2 million is projected for the Office of County Counsel.

A positive expenditure variance of \$2.7 million is projected, including \$3.0 million in Salaries & Benefits due to staff attrition and departmental vacancies, offset by a negative

variance of \$0.3 million in Expenditure Transfer & Reimbursements due to less than anticipated staff costs for legal services provided to Health & Human Services Agency.

A negative revenue variance of \$0.5 million is projected in Charges for Current Services primarily due to a decrease in legal services on land development-related matters.

Department of Human Resources

A positive variance of \$2.6 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.1 million is projected in Salaries & Benefits due to normal attrition of staff and departmental vacancies.

A positive revenue variance of \$2.5 million is projected, which includes \$2.3 million in Intergovernmental Revenues due to unanticipated ARPA revenue for reimbursement of operational expenses related to the COVID-19 pandemic response, and \$0.2 million in Miscellaneous Revenue related to insurance premium refunds.

Finance & General Government Group Executive Office

A positive variance of \$0.8 million is projected for the Finance & General Government Group Executive Office.

A positive expenditure variance of \$0.5 million is projected, including \$0.2 million in Salaries & Benefits due to departmental vacancies, and \$0.3 million in Services & Supplies for lower than anticipated spending on information technology projects.

A positive revenue variance of \$0.3 million is projected in Revenue from Use of Money & Property due to over-realized revenue related to parking garage receipts.

Office of Evaluation, Performance and Analytics

No significant variance is projected for the Office of Evaluation, Performance and Analytics. In the event that departmental appropriations remain unspent at year-end, ARPA funds allocated for this department will be available for the subsequent fiscal year's operations.

Internal Service Funds (ISF)

Purchasing and Contracting ISF

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

A positive expenditure variance of \$0.5 million is projected, which includes \$0.3 million in Salaries & Benefits attributed to managed vacancies and \$0.2 million in Services & Supplies due to delays in the online procurement system information technology project.

A positive revenue variance of \$1.5 million is projected in Charges for Current Services as a result of over-realized ISF revenue generated by client department contractual expenditures.

Facilities Management ISF

An overall positive variance of \$1.1 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$14.5 million is projected. A positive variance of \$1.0 million in Salaries & Benefits is due to normal attrition of staff and departmental vacancies, \$13.3 million in Services & Supplies primarily due to lower than anticipated pass-through expenses related to utilities, contracted services, and maintenance, and \$0.2 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$13.4 million is projected. Anticipated negative variances include \$14.0 million in Charges for Current Services due to lower than anticipated reimbursement related to the expenditure savings mentioned above, \$0.1 million in Intergovernmental Revenues due to lower than anticipated reimbursement for utilities provided to external entities, and \$0.1 million in Miscellaneous Revenue due to less than anticipated revenue from the Energy Trust Fund, partially offset by a positive variance of \$0.8 million in Other Financing Sources due to an increase in Operating Transfers In from the Major Maintenance ISF related to higher than anticipated maintenance services.

Fleet Management ISF

An overall positive variance of \$0.5 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$6.5 million is projected. Anticipated positive variances include \$1.4 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$3.6 million in Services & Supplies due to anticipated savings in garage operations and support, and \$1.5 million in Other Charges due to lower than anticipated depreciation charges based on actual timing and value of vehicle and equipment replacement.

A negative revenue variance of \$6.0 million is projected primarily in Charges for Current Services due to lower than anticipated reimbursement associated with vacant positions, decreased revenue related to lower utilization of fleet services provided to client departments, and decreased expenditures for depreciation.

GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES

A positive variance of \$63.1 million is projected in General Purpose Revenue (GPR) primarily due to higher than anticipated assessed value (AV) growth (\$22.0 million), higher pass-through distributions and residual balance estimates from Redevelopment Successor Agencies (\$10.4 million) and other various GPR revenues (\$30.7 million). A positive variance of \$0.2 million is projected in General County Expenses.

General Purpose Revenue

The County's General Purpose Revenue is directly influenced by the state of the economy. Employment showed gains in Trade, Transportation & Utilities, Information, Professional & Business Services, Educational & Health Services, Leisure & Hospitality, Other Services and Government; while Mining and Logging, and Manufacturing were flat; Construction and Financial Activities showed employment losses; overall employment showed a positive gain from December 2020 to December 2021. The region has continued to fare better than other California metros in terms of unemployment rate. Median home prices in San Diego for Single Family Homes were higher by 14.5% and for Existing Attached Homes by 20.7% in the second quarter of Fiscal Year 2021-22 compared to the same quarter last Fiscal Year. Per the Kiplinger Economic Forecasts (January 14, 2022), Gross Domestic Product (GDP) is expected to grow by 4.0% next year after rising 5.6% in 2021. The unemployment rate dropped to 3.9% in December suggesting that businesses will continue to have difficulties hiring this coming year. The drop in the unemployment rate should set the stage for the Federal Reserve to raise short-term interest rates this year. Fed Chair Jerome Powell has hinted that the Fed is worried about inflation and intends to do more to combat it. At its December 15 meeting, the Federal Reserve said that it will cut its monthly purchases of Treasuries and mortgage securities even faster which should end completely by March. The Fed is expected to raise short-term rates four times in 2022, with the first increase in March, then in June, September and December. Expect the 10-year yield to rise to 2.1% or more by the end of 2022. The rise in the 10-year rate will also increase the mortgage rates from the current average of 3.2% for 30-year fixed-rate loans to 3.7% by the end of 2022. Continuing strong price increases caused the inflation rate to hit 7% annually in December, the highest rate since 1981. New and used car and truck prices are still climbing due to high demand and shortage of computer chips. Food prices, clothing, personal services, and rent are all rising. COVID-19 infections are expected to slowdown in 2022 which is when supply chain issues should work themselves out. Drivers can expect a little bit of relief in gas prices due to oil and gasoline futures trading lower in tandem with stock markets. The S&P CoreLogic Case-Shiller National Home Price Index rose 19.1% in October from a year ago, down from 19.7% in the previous month. With inventories of existing homes still very low, house prices rose steadily in 2021. Housing demand is expected to slow down over the next few months. Mortgage rates have increased in recent weeks and will continue on that path in 2022, which should slow home-price growth further by raising monthly payments for home buyers. Retail sales are 8% above their prepandemic levels and is projected to continue its trend as shipping delays and supply constraints ease and COVID-19 infections expected to slow down.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For Fiscal Year 2021-22, 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 December 2021, down from 8.0% in December 2020. In comparison, this is below the state's rate of 5.0% in December 2021 and 9.1% in December 2020.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending. During the 2nd Quarter of 2021-22, unadjusted local point of sale tax revenue increased by 17.19% in the unincorporated area, in the Southern California Region by 19.39%, in the statewide level by 17.56% and in the San Diego regional level by 22.06% compared to the same time period last year.
- The positive indicators in the housing market continue in the County.
 - Increase in median housing prices for Single Family Homes (up 14.5%) and for Existing Attached Homes (up 20.7%) for the second quarter of Fiscal Year 2021-22 compared to the same time period last year.
 - Notices of Default for January-December 2021 were down 17% compared to the same period in 2020.
 - Foreclosure activity decreased 36% in January-December 2021 compared to the same period in 2020.

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 \$15.5 million.

- *Property Taxes Current Secured*
Current Secured Property Taxes are projected to be \$14.1 million higher than budget due primarily to higher than anticipated assessed value (AV) growth (\$7.0 million) and increase to prior year base revenue due to better than expected collection/lower delinquency rate (\$7.1 million).

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.00%, but the actual assessed value (AV) increased by 4.02% (gross less regular exemptions). (Note: The 4.02% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on July 06, 2021 of 3.72%, which includes all assessed value components, secured and unsecured).

- *Property Taxes - Current Unsecured*
Current Unsecured Property Taxes are projected to be \$1.4 million above budget due to higher than budgeted growth in assessed valuation, primarily driven by the

increase in the Consumer Price Index at 2.0%. 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 Property Taxes Current Supplemental.

Taxes Other Than Current Secured

Taxes Other Than Current Secured are anticipated to be \$32.7 million above budget.

- *Property Tax Prior Secured Supplemental*
No significant variance projected in Property Tax Prior Secured Supplemental.
- *Real Property Transfer Taxes*
Real Property Transfer Taxes are projected to be \$12.6 million higher than budget. This is due to increase in home prices and/or number of sales that the transfer fee also increased.
- *Teeter Tax Reserve Excess*
Teeter Tax Reserve Excess is projected to be \$2.9 million higher than budget. This is based on returned excess Teeter Tax Reserve requirement, current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year.
- *Sales & Use Taxes*
Sales & Use Taxes are projected to be \$5.2 million higher than budget. This is mostly due to the faster than expected rebound of the economy. Since the lock down from COVID-19 has been lifted, Sales & Use Tax growth is staying strong and will continue throughout the year.
- *Transient Occupancy Tax*
Transient Occupancy Tax is projected to be \$0.7 million higher than budget. This is based on current year actual receipts for first quarter and prior year average actual receipts for second, third and fourth quarter. The hotel industry has rebounded since the lock down from COVID-19 has been lifted.
- *Other Tax Aircraft*
Other Tax Aircraft is projected to be \$0.6 million higher than budget based on prior year actual revenues received.
- *Property Tax in Lieu of Vehicle License Fees*
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$7.4 million higher than budget due to higher than budgeted growth in assessed valuation (\$4.5 million) and increase to prior year base revenue due to better than expected collection/lower delinquency rate (\$2.9 million).

- *Teeter Property Tax Prior Year and Cumulative Prior Years*
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$3.3 million higher than budget. The increase is based on a higher collection of receivables from prior fiscal year.

Licenses, Permits, and Franchises

Licenses, Permits and Franchises are projected to be \$0.4 million lower than budget due to lower-than-expected payments from Franchise Fees.

Revenue from Use of Money & Property

No projected variance in Revenue from Use of Money & Property.

Fines, Forfeitures and Penalties

Fines, Forfeitures and Penalties are projected to be \$4.2 million higher than budget due to higher than budgeted growth in assessed valuation. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

Intergovernmental Revenues

Intergovernmental Revenues are projected to be \$10.6 million higher than budget due to pass-through distributions (\$1.0 million), residual balance estimates (\$9.4 million) in Aid from Redevelopment Successor Agencies, and higher than expected revenue from the Federal In-Lieu Tax (\$0.2 million). The pass-through distributions continue to increase due to continued growth in the project areas. In addition, residual balance estimates tied to Redevelopment Successor Agencies continue to increase.

Charges for Current Services

Charges for Current Services are projected to be \$0.6 million higher than budget due to higher-than-expected revenues received in A-87 Cost Allocation Plan.

Miscellaneous Revenue

No projected variance in Miscellaneous Revenue.

General County Expenses

Lease Payments – Bonds

A positive variance of \$0.2 million is projected for the Lease Payments – Bonds Fund.

A positive expenditure variance of \$0.4 million is projected in Other Charges due to lower than anticipated principal and interest payments. The annual lease payments from the County are budgeted and paid for from this fund in an amount sufficient to satisfy the principal and interest payments due to the bondholders of the County's outstanding Certificates of Participation and Lease Revenue Bonds. Amounts invested in these interest-bearing trust accounts generate additional funds which can be used to offset payments to bondholders. The interest recognized is related to the outstanding debt for

the County Operations Center, Series 2016A and the Edgemoor Refunding, Series 2014A.

A negative revenue variance of \$0.2 million is projected in Other Financing Sources. The annual principal and interest payments for all outstanding County debt obligations are paid for from the General Fund on July 5th of every fiscal year. The revenue recognized in this account is received from the Edgemoor Capital Fund to reimburse the General Fund for its portion of the principal and interest payments due for the outstanding Edgemoor Refunding, Series 2014A. Since interest was generated in the interest-bearing trust funds and used to offset a portion of this fiscal year's principal and interest payments, the transfer to reimburse the General Fund must also be reduced.

Capital Program Funds

Edgemoor Development Fund

There is zero variance projected for the Edgemoor Development Fund.

A positive expenditure variance of \$0.3 million is projected and includes a positive variance of \$0.2 million in Services & Supplies due to lower than anticipated Internal Service Fund and major maintenance expenditures and a positive variance of \$0.1 million in Operating Transfers Out due to lower than anticipated principal and interest payments. A portion of the cost of replacing Edgemoor Skilled Nursing Facility was funded by Certificates of Participation (COPs) in January 2005. These COPs are outstanding, and the monies used to fund the outstanding principal, interest and reserve requirement are deposited in interest-bearing trust accounts. The interest that is collected in these various accounts are used to offset payments to bondholders.

A negative revenue variance of \$0.3 million is projected. A negative variance of \$0.1 million is related to lower than anticipated interest earnings which are based on the average daily cash balances and a negative variance of \$0.2 million for Federal Other revenue related to medical assistance program.

**FY 2021-2022 2nd Quarter
Projected Year-End Results**
(in thousands)

COUNTY SUMMARY

	Expenditure Variance	Revenue Variance	2nd Quarter FY21-22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund				
Public Safety	\$ 23,840	\$ (6,237)	\$ 17,604	0.9%
Health & Human Services Agency	92,559	(91,387)	1,172	0.0%
Land Use & Environment	6,463	(5,381)	1,082	0.3%
Finance & General Government	7,070	1,238	8,307	2.1%
Total Agency/Group	129,932	(101,768)	28,165	0.5%
General Purpose Revenue	0	63,063	63,063	4.1%
Finance Other	360	(162)	199	0.0%
Total General Fund	\$ 130,293	\$ (38,867)	\$ 91,426	1.3%
Special Revenue Funds				
Public Safety	\$ 2,608	\$ 52,393	\$ 55,001	13.8%
Health & Human Services Agency	0	0	0	0.0%
Land Use & Environment	9,055	7,845	16,900	4.2%
Total Special Revenue Funds	\$ 11,663	\$ 60,238	\$ 71,901	8.8%
Capital Program				
Finance Other	\$ 322	\$ (322)	\$ 0	0.0%
Internal Service Funds Departments				
Land Use & Environment	\$ 3,729	\$ 123	\$ 3,851	15.4%
Finance & General Government	21,610	(17,951)	3,659	0.7%
Finance Other	0	38	38	0.0%
Total Internal Service Funds	\$ 25,339	\$ (17,790)	\$ 7,549	1.2%
Enterprise Fund Departments				
Public Safety Group	\$ 2,313	\$ (2,313)	\$ 0	0.0%
Land Use & Environment	5,807	(3,449)	2,358	5.1%
Total Enterprise Funds	\$ 8,120	\$ (5,762)	\$ 2,358	4.4%
Special District Funds Departments				
Public Safety Group	\$ 38	\$ 378	\$ 417	7.7%
Health & Human Services Agency	0	0	0	0.0%
Land Use & Environment	7,135	126	7,262	5.5%
Total Special District Funds	\$ 7,174	\$ 505	\$ 7,678	5.6%
Other County Funds Departments				
HHSA - Red./Redev. Successor Agency	\$ 0	\$ 0	\$ 0	0.0%
HHSA - Housing & Community Development	0	0	0	0.0%
Total Other County Funds	\$ 0	\$ 0	\$ 0	0.0%
Debt Service - Pension Obligation Bonds	\$ 0	\$ 0	\$ 0	0.0%
Total County Year-End Operating Balance	\$ 182,911	\$ (1,998)	\$ 180,912	1.9%

**FY 2021-2022 2nd Quarter
Projected Year-End Results**

(in thousands)

PUBLIC SAFETY GROUP

	Expenditure Variance	Revenue Variance	2nd Quarter FY21-22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund Departments				
Animal Services	\$ 202	\$ (10)	\$ 192	2.0%
Child Support	360	1,188	1,548	3.2%
District Attorney	3,507	0	3,507	1.5%
Emergency Services	71	(55)	15	0.1%
Medical Examiner	3	25	28	0.2%
Probation	9,437	(5,439)	3,998	1.6%
Public Defender	336	(334)	2	0.0%
Public Safety Executive Office	279	(154)	125	0.1%
San Diego County Fire	51	12	64	0.1%
Sheriff	9,594	(1,470)	8,124	0.7%
Total General Fund	\$ 23,840	\$ (6,237)	\$ 17,604	0.9%
Special Revenue Funds Departments				
District Attorney (Asset Forfeiture - State & Federal)	\$ 0	\$ 0	\$ 0	0.0%
Probation - Asset Forfeiture	0	0	0	0.0%
Probation - Inmate Welfare Program	0	10	10	477.6%
Sheriff - Asset Forfeiture	0	1,415	1,415	58.9%
Sheriff - Inmate Welfare Program	2,608	(1,393)	1,215	20.9%
Criminal Justice Facility	0	0	0	0.0%
Courthouse	0	0	0	0.0%
Penalty Assessment	0	0	0	0.0%
Public Safety - Proposition 172	0	52,361	52,361	15.1%
Total Special Revenue Funds	\$ 2,608	\$ 52,393	\$ 55,001	13.8%
Enterprise Funds				
Sheriff - Jail Stores	\$ 2,313	\$ (2,313)	\$ -	0.0%
Total Enterprise Funds	\$ 2,313	\$ (2,313)	\$ -	0.0%
Special District Funds				
Sheriff (Regional 800 MHz)	\$ 17	\$ (1)	\$ 16	5.3%
County Service Areas	22	348	370	8.4%
Community Facilities Districts	0	31	31	4.2%
Ambulance Districts (SDCF)	0	0	0	0.0%
Total Special District Funds	\$ 38	\$ 378	\$ 417	7.7%
Total Public Safety Group	\$ 28,800	\$ 44,221	\$ 73,021	3.0%

**FY 2021-2022 2nd Quarter
Projected Year-End Results**
(in thousands)

HEALTH & HUMAN SERVICES AGENCY

	Expenditure Variance		Revenue Variance		2nd Quarter FY21- 22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)					
General Fund Programs						
Administrative Support	\$ 950		\$ (520)		\$ 430	0.2%
Aging & Independence Services	1,641		393		2,035	0.9%
Behavioral Health Services	33,162		(3,583)		29,579	3.5%
Child Welfare Services	10,342		(9,628)		714	0.2%
Public Health Services	25,826		(60,365)		(34,540)	-6.6%
Self-Sufficiency Services	17,910		(15,565)		2,345	0.4%
Housing & Community Development Services	984		(984)		0	0.0%
Homeless Solutions and Equitable Communities	1,743		(1,135)		608	0.4%
Total General Fund	\$ 92,559		\$ (91,387)		\$ 1,172	0.0%
Special Revenue Funds						
Tobacco Securitization Fund	\$ 0		\$ 0		\$ 0	0.0%
Total Special Revenue Funds	\$ 0		\$ 0		\$ 0	0.0%
Special District Funds Departments						
Ambulance Districts	\$ 0		\$ 0		\$ 0	0.0%
Total Special District Funds	\$ 0		\$ 0		\$ 0	0.0%
Other County Funds Departments						
Housing & Community Development	\$ 0		\$ 0		\$ 0	0.0%
Red. Agency/Redevelopment Successor Agency	0		0		0	0.0%
Total Other County Funds Departments	\$ 0		\$ 0		\$ 0	0.0%
Total Health & Human Services Agency	\$ 92,559		\$ (91,387)		\$ 1,172	0.0%

FY 2021-2022 2nd Quarter
Projected Year-End Results
(in thousands)

LAND USE & ENVIRONMENT GROUP

	Expenditure Variance	Revenue Variance	2nd Quarter FY21-22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund Departments				
Agriculture, Weights & Measures	\$ 239	\$ (1)	\$ 238	0.7%
Department of Environmental Health and Quality	3,034	(2,322)	711	1.2%
Land Use & Environment Group Exec Office	65	0	65	0.5%
Parks & Recreation	0	0	0	0.0%
Planning & Development Services	2,029	(1,999)	30	0.0%
Public Works	1,095	(1,058)	37	0.0%
Total General Fund	\$ 6,463	\$ (5,381)	\$ 1,082	0.3%
Special Revenue Funds/Departments				
A,W & M (Grazing and Fish & Game Commission)	\$ 0	\$ 0	\$ 0	0.0%
Parks & Recreation - PLDO	0	1,713	1,713	19.6%
DPW - Aviation Funds	0	0	0	0.0%
DPW - Road Fund	6,456	7,023	13,479	4.2%
DPW - Survey Monument Preservation	0	0	0	0.0%
DPW - Inactive Waste	821	(821)	0	0.0%
DPW - Waste Planning and Recycling	783	11	794	17.9%
Library Services	994	(81)	914	1.5%
Total Special Revenue Funds	\$ 9,055	\$ 7,845	\$ 16,900	4.2%
Internal Service Funds				
Public Works - DPW Equip. ISF Prg. (35525-35700)	\$ 3,729	\$ 123	\$ 3,851	15.4%
Total Internal Service Funds	\$ 3,729	\$ 123	\$ 3,851	15.4%
Enterprise Funds				
Airport Enterprise Fund	\$ 3,981	\$ (1,622)	\$ 2,358	7.2%
Wastewater Management Enterprise Fund	1,826	(1,826)	0	0.0%
Total Enterprise Funds:	\$ 5,807	\$ (3,449)	\$ 2,358	5.1%
Special District Funds/Departments				
Parks and Recreation	0	0	0	0.0%
Parks - Community Facilities Districts	0	1	1	0.1%
DPW - SD County Sanitation District	1,443	0	1,443	2.1%
DPW - Campo WSMD-Zone A (Rancho Del Campo Water)	0	0	0	0.0%
DPW - CWSMD-Zone B (Campo Hills Water)	0	0	0	0.0%
DPW - Live Oak Springs Water	0	0	0	0.0%
DPW - CSAs	28	(2)	26	5.6%
DPW - PRDs	4,684	200	4,884	54.9%
DPW - Community Facilities Districts	223	24	248	1.3%
DPW - Flood Control	37	(35)	2	0.0%
DPW - Street Lighting District	721	(62)	659	19.8%
Total Special Districts Funds:	\$ 7,135	\$ 126	\$ 7,262	5.5%
Total Land Use & Environment Group	\$ 32,189	\$ (736)	\$ 31,453	3.3%

**FY 2021-2022 2nd Quarter
Projected Year-End Results**

(in thousands)

**FINANCE & GENERAL GOVERNMENT
GROUP**

	Expenditure Variance	Revenue Variance	2nd Quarter FY21-22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund Departments				
Law Enforcement Review Board	\$ 91	\$ (5)	\$ 86	5.0%
Assessor/Recorder/County Clerk	527	(331)	197	0.2%
Auditor & Controller	1,198	(607)	590	1.3%
Board of Supervisors	64	0	64	0.4%
Chief Administrative Office	1,296	(8)	1,287	13.3%
Civil Service Commission	8	0	8	1.4%
Clerk of the Board of Supervisors	130	(84)	46	1.1%
County Communications Office	335	(15)	319	7.5%
County Counsel	2,669	(460)	2,209	6.5%
County Technology Office	0	0	0	0.0%
Finance & GG Exec Office	504	307	811	1.5%
Evaluation, Performance and Analytics	0	0	0	0.0%
General Services	0	0	0	0.0%
Grand Jury	131	0	131	17.0%
Human Resources	98	2,461	2,559	7.5%
Purchasing & Contracting	0	0	0	0.0%
Registrar of Voters	0	0	0	0.0%
Treasurer-Tax Collector	20	(20)	0	0.0%
Total General Fund	\$ 7,070	\$ 1,238	\$ 8,307	2.1%
Internal Service Funds Departments				
CTO - Information Technology	\$ 0	\$ 0	\$ 0	0.0%
Facilities Management	14,499	(13,422)	1,077	0.7%
Major Maintenance ISF	0	0	0	0.0%
Fleet Management	6,569	(6,031)	539	0.8%
Purchasing & Contracting	541	1,502	2,043	12.9%
Total Internal Service Funds	\$ 21,610	\$ (17,951)	\$ 3,659	0.7%
Total Finance & General Government Group	\$ 28,680	\$ (16,713)	\$ 11,967	1.3%

**FY 2021-2022 2nd Quarter
Projected Year-End Results**

(in thousands)

**GENERAL PURPOSE REVENUE &
FINANCE OTHER**

	Expenditure Variance	Revenue Variance	2nd Quarter FY21-22 Projected Fund Balance	% of Proj FB to Budget
	Favorable/(Unfavorable)			
General Fund				
General Purpose Revenue:				
All Current Property Taxes	\$ 0	\$ 15,450	\$ 15,450	1.9%
All Other Taxes-Local	0	32,700	32,700	5.8%
Licenses, Permits & Franchises	0	(393)	(393)	-8.1%
Fines, Forfeitures & Penalties	0	4,169	4,169	24.2%
Revenue for Use of Money & Property	0	0	0	0.0%
Intergovernmental Revenue	0	10,567	10,567	7.3%
Charges for Current Services	0	570	570	27.2%
Miscellaneous Revenue	0	0	0	0.0%
Total General Purpose Revenue	\$ 0	\$ 63,063	\$ 63,063	4.1%
General County Expenses:				
Cash Borrowing Program	\$ 0	\$ 0	\$ 0	0.0%
Community Enhancement	0	0	0	0.0%
Contribution to County Library	0	0	0	0.0%
Contributions to the Capital Outlay Fund	0	0	0	0.0%
Lease Payments - Bonds	360	(162)	199	0.8%
Local Agency Formation Comm Admin	0	0	0	0.0%
Neighborhood Reinvestment Program	0	0	0	0.0%
Countywide Expenses	0	0	0	0.0%
Total Finance Other Expenses	360	(162)	199	0.0%
Total General Fund	\$ 360	\$ 62,901	\$ 63,261	6.8%
Capital Program Funds				
Capital Program	\$ 322	\$ (322)	\$ 0	0.0%
Total Capital Program Funds	\$ 322	\$ (322)	\$ 0	0.0%
Internal Service Funds Departments				
Workers Compensation	\$ 0	\$ 0	\$ 0	0.0%
Unemployment Insurance	0	0	0	0.0%
Public Liability	0	38	38	0.1%
Total ISF Funds	\$ 0	\$ 38	\$ 38	0.0%
Debt Service Funds Departments				
Pension Obligation Bonds	\$ 0	\$ 0	\$ 0	0.0%
Total Debt Service Funds	\$ 0	\$ 0	\$ 0	0.0%
Total General Purpose Revenue & Finance Other	\$ 683	\$ 62,617	\$ 63,300	3.4%

**FY 2021-2022 2nd Quarter
Projected Year-End Results**
(in thousands)

Category	Projected Management Reserves	Projected Operating Balances	2nd Quarter FY21-22 Projected Fund Balance
	Favorable/(Unfavorable)		
General Fund			
Public Safety	\$ 0	\$ 17,604	\$ 17,604
Health and Human Services Agency	0	1,172	1,172
Land Use and Environment	0	1,082	1,082
Finance & General Government	0	8,307	8,307
Agency/Group Totals	\$ 0	\$ 28,165	\$ 28,165
General Purpose Revenue	\$ 0	\$ 63,063	\$ 63,063
General County Expenses	0	199	199
Total General Purpose Revenue & General County Expense	\$ 0	\$ 63,261	\$ 63,261
Total General Fund	\$ 0	\$ 91,426	\$ 91,426

Appendix C: Major Maintenance Capital Outlay Fund (MMCOF) Adjustments for Fiscal Year 2021-2022 (2ND QUARTER)

GROUP	DEPT.	PROJECT NUMBER	PROJECT NAME	FUNDING SOURCE			NOTES	DEPARTMENTS (Acct - 56321 Opt Transfer Out)	DEPARTMENTS (Acct - 52XXX Services & Supplies)	MMCOF (Acct -54202 Fixed Asset)	RATIFICATION	Description	
				FUND	ORG	ACCOUNT		1 thru 11	Inc (Dec)	Inc (Dec)			Inc (Dec)
Increase (Decrease) of Appropriation													
HHS	HHS	1024522	MMCOF7807 Mills Building 1st Floor FRC Renovation	10100	46443	52737	10	(399,756)	399,756	(1,000,000)	No	Reduce budget since \$1M is not needed; \$600,244 transferred to CP 1021934 and \$399,756 transferred to Dept. S&S	
HHS	HHS	1021934	MMCOF7598 San Diego County Psychiatric Hospital MSRP	10100	45005	52737	3	N/A	N/A	600,244	No	Spending plan amendment; Transferred over from CP 1024522	
Shared	Shared	1023645	MMCOF7757 NCRC South Building Rigging Equipment	10100	31575	52737	11	(172,530)	172,530	N/A	No	Swap revenue from GF to JCC	
HHS	HHS	1025392	MMCOF7855 Town Center Manor Critical Systems	10100	46462	52737	5	3,746,500	(3,746,500)	3,746,500	No	Recategorized from MMIP tied to one-time work associated with the Public Housing Physical Needs Assessment.	
Subtotal General Fund								3,174,214	(3,174,214)	3,346,744			
LUEG	LIB	1024593	MMCOF7812 Fletcher Hills Library HVAC	12200	57510	52737	3	20,122	(20,122)	20,122	No	Spending plan amendment	
Subtotal Other Funds								20,122	(20,122)	20,122			
HHS	HHS	1024613	MMCOF7830 Health Services Complex Site Mini Split HVAC System	10100	45005	52737	2	(44,000)	44,000	(44,000)	No	Project has been cancelled	
HHS	HHS	1022511	MMCOF7678 Mills Building Garage Deterrent	10100	45005	52737	7	(46,660)	46,660	(46,660)	No	Project is complete and can be closed	
HHS	HHS	1022975	MMCOF7737 Housing Authority Building Security Barricade	10100	45005	52737	7	(324,155)	324,155	(324,155)	No	Project is complete and can be closed	
LUEG	LIB	1021922	MMCOF7586 Vista Library HVAC AHU Replacements	12200	57550	52737	7	(2,336)	2,336	(2,336)	No	Project is complete and can be closed	
Shared	Shared	1021967	MMCOF7631 NCRC South Building Roof Top Units 1 Thru 4	26005	7631D	45900	9	N/A	N/A	(99,772)	No	Project is complete and can be closed. JCC revenue.	
Subtotal Completed/Cancelled Projects								(417,150)	417,150	(516,922)			
Total Increase (Decrease) of Appropriation								2,777,186	(2,777,186)	2,849,944			
Board Letter Recommendation								REC # 14		REC # 14			

NOTES:

- | | |
|--|--|
| <ul style="list-style-type: none"> 1 MMCOF Project identified as MMISF (maintenance/not capital) 2 MMCOF Project cancelled and funding source returned to Services & Supplies for department's operation 3 MMCOF Spending plan increased 4 MMCOF Spending plan decreased 5 MMISF Project identified as MMCOF 6 MMCOF Project complete and remaining funds are transferred to an existing MMCOF project | <ul style="list-style-type: none"> 7 MMCOF Project complete and remaining funds are transferred to Dept. Services & Supplies 8 MMCOF Project complete and remaining funds are transferred to a new MMCOF walk-in project 9 MMCOF Project complete and remaining funds will be cancelled in MMCOF 10 Reduce MMCOF Project budget due to unapproved spending plan 11 Change in revenue source |
|--|--|



San Diego County Sanitation District

GOVERNING BODY

NORA VARGAS
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

NATHAN FLETCHER
Fourth District

JIM DESMOND
Fifth District

AGENDA ITEM

DATE: March 15, 2022

SA01

TO: Board of Directors, San Diego County Sanitation District

SUBJECT

**FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN BUDGET
ADJUSTMENT (DISTRICTS: ALL)**

OVERVIEW

This item recommends budget adjustments in the San Diego County Sanitation District as part of the Fiscal Year 2021-22 Second Quarter Operational Plan budget adjustment.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Transfer existing appropriations of \$167,226 within the San Diego County Sanitation District to fund Capital Project 1023604 Spring Valley Sewer Outfall project (1023604) in the San Diego County Sanitation District fund from Capital Project 1021986 Sewer Main Rehabilitation project (1021986).
2. Transfer existing appropriations of \$621,000 within the San Diego County Sanitation District spending plan to fund improvements to La Presa Sewer Line Capital Project 1025114 (\$150,000), Pine Valley WWTP Aerobic Lagoon Capital Project 1025122 (\$150,000) and Spring Valley Outfall Meter Diversion Capital Project 1023360 (\$321,000) in the San Diego Sanitation District fund.

EQUITY IMPACT STATEMENT

The recommended actions are intended to provide resources to address inequities in County services and to identify disparities, developing meaningful outcomes, and creating a County government culture of equity, belonging, and racial justice.

FISCAL IMPACT

Funds associated with today's recommendations are included in the Fiscal Year 2021-22 Operational Plan in the San Diego County Sanitation District. If approved, these actions will result in transfers of existing appropriations in the amount of \$788,226, with no net impact to the overall appropriations. There will be no change in net General Fund cost and no additional staff years.

SUBJECT: FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICTS: ALL)

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The San Diego County Sanitation District (District) owns and maintains the Spring Valley Outfall (SVO), a large diameter sanitary sewer system located in the unincorporated community of Spring Valley. This regional sewer conveys flows from Rancho San Diego, Casa De Oro, La Mesa, Lemon Grove, and Spring Valley to the City of San Diego Metropolitan sewer system for treatment and disposal. In Fiscal Year 2018-19, the 2018 Sewer Main Rehabilitation project was created. In Fiscal Year 2020-21 the project was completed and closed. The district recently completed an extensive inspection of the sewer system, which identified several sections in need of repair. This recommendation will transfer appropriations of \$167,226 from 2018 Sewer Main Rehabilitation project (1021986) to fund Spring Valley Sewer Outfall project (1023604) in the San Diego County Sanitation District fund. This action will move the remaining appropriations to fund the Spring Valley Outfall Sewer project. This project will improve the most critically degraded segments of the sewer. Preliminary engineering for the project has been completed and design of the improvements is anticipated to be completed prior to the end of this fiscal year and construction to be implemented by March 2023 at an estimated total project cost of \$2.9 million.

The La Presa Sewer Line and Pine Valley Wastewater Treatment Plant (WWTP) projects were added into the Capital Improvement Program (CIP) as recommended by Wastewater Management. Recent assessments of the operational performance and structural condition of the La Presa sewer and the Pine Valley wastewater treatment facilities indicated the need to prioritize these improvement projects to maintain regulatory compliance with operating permits. Both projects are presently in design and anticipated to begin construction by early next fiscal year. The Spring valley Outfall Meter Diversion project will bypass the obsolete and deteriorated meter chamber of the sewer system. The project will minimize the chance of sewer spills, allow for efficient transport of wastewater, and improve overall reliability of the sewer system. The total project cost is estimated at \$1.6 million and anticipated to be completed by March 2022. This recommendation will transfer appropriations of \$621,000 within the San Diego County Sanitation District to fund improvements to La Presa Sewer Line Capital Project 1025114 (\$150,000), Pine Valley WWTP Aerobic Lagoon Capital Project 1025122 (\$150,000) and Spring Valley Outfall Meter Diversion Capital Project 1023360 (\$321,000) in the San Diego County Sanitation District fund. The La Presa Sewer Line Capital Project has an estimated total cost of \$450K and anticipated to be completed by October 2022. The Pine Valley WWTP Aerobic Lagoon Capital Project has an estimated total project cost of \$730K and anticipated to be completed by August 2022.

ENVIRONMENTAL STATEMENT

N/A

SUBJECT: FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN
BUDGET ADJUSTMENT (DISTRICTS: ALL)

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the Strategic Initiatives of Sustainability, Equity, Empower, Community and Justice in the County of San Diego's 2022-2027 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)

N/A

AGENDA ITEM INFORMATION SHEET

SUBJECT:

**FISCAL YEAR 2021-22 SECOND QUARTER OPERATIONAL PLAN BUDGET ADJUSTMENTS
(DISTRICTS: ALL)**

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

June 29, 2021 (SA01), ADOPTION OF THE FISCAL YEAR 2021-22 BUDGET FOR THE SAN DIEGO COUNTY SANITATION DISTRICT

BOARD POLICIES APPLICABLE:

N/A

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

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

N/A

ORIGINATING DEPARTMENT:

Finance & General Government Group

OTHER CONCURRENCE(S):

N/A

INTERNAL REVIEW COMPLETE BY:

Craig Schaffer Digitally signed by Craig Schaffer
Date: 2022.03.07 10:52:27 -08'00'

Signature

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