



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Fifth District

DATE: March 3, 2026

13

TO: Board of Supervisors

SUBJECT

**FISCAL YEAR 2025-26 SECOND QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County of San Diego's (County) Fiscal Year 2025-26 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 \$10.2 million (or 0.1% of the General Fund budget), driven by a projected positive variance in General Purpose Revenue offset by an overall negative projection in the Public Safety Group that continue to be reviewed for solutions as described in the Notes to Schedules A and B. The projected balance for all other funds combined is \$24.1 million (0.8% of the other funds combined budget). For all budgetary funds combined, the projected balance is \$34.3 million (or 0.3% of the overall budget). The projected fund balance anticipates an overall positive expenditure variance and an overall negative revenue variance from the Fiscal Year 2025-26 Amended Budget. The projection assumes General Purpose Revenue (GPR) will perform better than estimated, and business groups will produce operating balances, except for Public Safety Group where a negative variance is projected due to cost overruns with the current medical contract for offsite hospital care. Staff are developing strategies to resolve the projected negative variance. As potential strategies are identified, those will be brought forward to the Board of Supervisors (Board) for consideration. One such strategy is being brought forward today in a separate item from this letter. The separate item requests authority to cancel the existing contract, initiate a new single source contract and establish appropriations which will partially mitigate escalating off-site hospital costs while maintaining quality of care. The funding source will be the Local Revenue Fund 2011, Community Corrections Subaccount.

A positive variance of \$34.6 million is projected in GPR, which is \$29.0 million higher compared to first quarter primarily due to the following: Aid from Redevelopment Successor Agencies resulting from higher incremental assessed valuation growth, Current Secured Property Taxes due to higher assessed value growth in State Unitary Tax collected from large multi-state utility companies, Sales & Use Taxes from steady growth in allocation from business-industry fulfillment centers, and State Motor Vehicle In-lieu Tax which comes from extra Vehicle License Fee (VLF) revenue that was collected above a baseline amount set by the State. However, \$2.5 million will

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be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.

Transfers and revisions to the amended budget can be made by formal action of the Board in accordance with the California County Budget Act, Government Code Section 29125. Increases to the overall budget require four votes. 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. Transfers of appropriations to facilitate transfers between budgetary funds require four votes even if the overall budget is not increased.

In the Public Safety Group (PSG), recommendations include appropriation adjustments to purchase and replace fire apparatuses, ambulances, and fire equipment, the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment, and for community outreach and animal adoption efforts; and to transfer appropriations for infrastructure mapping of the unincorporated area's most vulnerable infrastructure, pursuant to Board direction on October 21, 2025 (20) and December 9, 2025 (24), based on over-realized GPR.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments for road maintenance, workspace improvements, outreach events, and for dock rehabilitation.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments for the San Diego Fire Training Tower capital project, technology projects, County Television Network, and for returned grant funds from the Community Enhancement and Neighborhood Reinvestment Program to be allocated to new projects.

Today's action also includes recommendations related to the appropriation of Unlocked Reserves, including:

- The transfer of appropriations to address conditions in the Tijuana River Valley, based on Board direction on January 28, 2026 (15), and expansion of the Air Improvement Relief Effort (AIRE) program in the Tijuana River Valley, based on Board direction on January 28, 2026 (16);
- And pursuant to the Board's direction on January 28, 2026 (21) to work in coordination and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) in planning for the use of Unlocked Reserves, the transfer of appropriations to support various housing, vulnerable populations, sustainability, and infrastructure projects and programs.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2025-26 Second Quarter Report on projected year-end results.

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through 12):**

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2. Increase the San Diego County Fire budget by \$6,000,000 for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various fire equipment. The funding source is an Operating Transfer In from the San Diego County Fire Protection District (SDCFPD).
 - Establish appropriations of \$6,000,000 in the San Diego County Fire, Capital Assets Equipment, for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various fire equipment, based on the Operating Transfer In from the SDCFPD. **(4 VOTES)**
3. Increase Capital Project 1026822, San Diego Fire Training Tower by \$2,850,000 from various funding sources to fully fund the project.
 - Establish appropriations of \$2,850,000 in the Justice Facility Fund for Capital Project 1026822, San Diego Fire Training Tower based on Operating Transfer In from the San Diego County Fire Protection District Fire Mitigation (\$2,000,000) and from the Contributions to Capital Outlay Fund (\$850,000) to fully fund the project; *and* transfer appropriations of \$850,000 from San Diego County Fire, Services & Supplies, to Contributions to Capital Outlay Fund, Operating Transfers Out, based on revenue from an Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection. **(4 VOTES)**
4. Increase the Depart of Animal Services (DAS) budget by \$211,504 for the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment transport, based on additional funding from U.S. Department of Homeland Security Urban Area Security Initiative grant.
 - Establish appropriations of \$211,504 in the DAS, Services & Supplies (\$58,119) and Capital Assets Equipment (\$153,385), for the purchase of mobile livestock emergency sheltering supplies and associated trailers for equipment transport based on additional funding from U.S. Department of Homeland Security Urban Area Security Initiative grant. **(4 VOTES)**
5. Increase the budget by \$112,000 in the Department of Animal Services (DAS) for community outreach and animal adoption efforts based on grant funds from PetSmart Charities and the American Society for the Prevention of Cruelty to Animals (ASPCA).
 - Establish appropriations of \$112,000 in the DAS, Salaries & Benefits, for temporary staff to support community outreach and animal adoption events based on grant funds from PetSmart Charities (\$25,000) and the ASPCA (\$87,000). **(4 VOTES)**
6. Increase the budget by \$229,419 in the Rainbow Crest Drive Permanent Road Division for road maintenance.
 - Establish appropriations of \$229,419 in the Permanent Road Division (PRD) No. 55 – Rainbow Crest Drive, Services & Supplies, for road maintenance, based on available prior year PRD 55 Rainbow Crest Road fund balance. **(4 VOTES)**

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7. Increase the budget by \$1,500,000 in the Department of Agriculture, Weights and Measures (AWM) for workspace improvements in the Pest Detection Program and Plant Pest Diagnostic Lab.
 - Establish appropriations of \$1,500,000 in the AWM, Services & Supplies, for expenditures to strengthen the Pest Detection Program and Plant Pest Diagnostic Lab through workspace improvements, based on over-realized revenues from state aids and licenses and permits. **(4 VOTES)**
8. Increase the budget by \$3,200,000 for the County Library to align with updated cost projections in salaries and benefits.
 - Establish appropriations of \$3,200,000 in the County Library, Salaries & Benefits, to align with updated cost projections and sustain outreach service levels, based on over-realized revenue from the County Library's Property Tax Current Secured. **(4 VOTES)**
9. Increase the budget by \$450,000 in the Department of Parks and Recreation (DPR) for the dock rehabilitation at Lake Morena. Grant funds were received from the State of California Parks and Recreation, Division of Boating and Waterways.
 - Establish appropriations of \$450,000 in the DPR, Services & Supplies, for the Major Maintenance project #1026098 Lake Morena Dock Rehabilitation and Boat Launch Ramp Extension, based on 2025 award from the State of California Parks and Recreation, Division of Boating and Waterways. **(4 VOTES)**
10. Increase County Communications Office (CCO) budget for technology improvements projects at the County Operations Center (COC) Chambers and the County Administration Center (CAC) to provide reliable public access to video of government meetings and information, as well as additional investments for the County Television Network, based on Public, Educational, or Governmental (PEG) funds.
 - Establish appropriations of \$3,100,000 in the CCO, Services & Supplies, for technology projects at the COC Chambers and the CAC, as well as additional investments for the County Television Network, based on PEG funds. **(4 VOTES)**
11. Allow returned grant funds of \$5,554 from the Community Enhancement Program and \$31,911 from the Neighborhood Reinvestment Program to be allocated to new projects by establishing appropriations in the respective grant programs budgets in the current fiscal year.
 - Establish appropriations of \$5,554 in the Community Enhancement Program budget Org 12900 (\$425 for District 1, \$1,438 for District 2, \$1,234 for District 3, and \$2,457 for District 5), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**
 - Establish appropriations of \$31,911 in the Neighborhood Reinvestment Program budget (\$30,000 for District 1 in Org 15650, \$186 for District 3 in Org 15660, \$1,449 for District 4 in Org 15665, and \$276 for District 5 in Org 15670), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**

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12. This recommendation is a technical adjustment that reclassifies departmental maintenance and capital spending plans based on capitalization thresholds. The result is a net increase of budget in the Major Maintenance Capital Outlay Fund (MMCOF) of \$839,555.
- Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix C, in the net amount of \$839,555 for major maintenance projects listed in Appendix C that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; *and* establish, transfer and cancel appropriations, as noted in Appendix C for a net increase of \$839,555. **(4 VOTES)**

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 13 through 1849):**

13. Transfers appropriations of \$58,300 to swap revenue sources for water infrastructure and community food production projects that were funded by the American Rescue Plan Act (ARPA), from the funding source of General Purpose Revenue (GPR) freed up by Health and Human Services Agency (HHSA) reporting ARPA eligible costs to Treasury, to cover unreported salaries and benefits costs. The three capital projects are: TJ River Valley Spooners Mesa Stormwater Improvement project, Calavo Park Community Garden Project, and Collier Park Community Garden Project.
- Transfer appropriations of \$58,300 from the HHSA, Services & Supplies, to the Contributions to Capital Outlay Fund, Operating Transfers Out; *and* transfer revenue appropriations of \$58,300 within the Capital Outlay Fund from ARPA to Operating Transfer In from the General Fund to swap revenue sources in the Capital Outlay Fund for Capital Project 1027068 TJ River Valley Spooners Mesa Stormwater Improvement (\$22,000), Capital Project 1026654 Calavo Park Community Garden (\$28,000) and Capital Project 1025464 Collier Park Community Garden (\$8,300).
14. Transfer \$239,922.64 from the Multiple Species Conservation Program (MSCP) Acquisition Fund to the Department of Parks and Recreation (DPR) to properly record non-capital pre-acquisition expenses.
- Cancel appropriations of \$239,922.64 and related Operating Transfer In from the General Fund in the MSCP Acquisition Fund to properly record related non-capital pre-acquisition expenses; *and* transfer appropriations of \$239,922.64 from the Contribution to Capital Outlay Fund, Operating Transfers Out to the DPR, Services & Supplies, to properly record related non-capital pre-acquisition expenses.
15. Transfer \$22,000 from the Department of Parks and Recreation (DPR) General Fund to Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project as a revenue swap for certain costs.
- Transfer appropriations of \$22,000 from the DPR, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out. This will enable a swap in revenue of \$22,000 in the Capital Outlay Fund for Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project to Operating Transfer In from the General Fund for disallowed costs. There is no change to project's total budget.

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16. Transfer \$30,000 from the Parks Playground Equipment Capital Project to the William Heise Playground Capital Projects to support increased construction costs.

- Transfer appropriations of \$30,000 within Capital Outlay Fund and related Operating Transfer In from the General Fund, to provide funding for Capital Project 1021902 Heise Park Playground Equipment to support increased construction costs, based on transfer from Capital Project 1021149 FY17/18 Parks Playground Equipment.

~~17. Return Community Enhancement Program grant funds for preliminary planning and conceptual design of the San Diego Regional Firefighter Memorial of \$20,000 from the Department of Parks and Recreation (DPR). Transferring appropriations to the grant program budget will allow the funds to be re-awarded to a nonprofit organization to lead the effort.~~

- ~~• Transfer appropriations of \$20,000 from the DPR (Org 52811), Services & Supplies, to the Community Enhancement Program (Org 12900), Other Charges, so that funds can be re-awarded.~~

~~18.~~17. To fund the construction of a temporary pipe extension at Saturn Boulevard, a long-term health study and retrospective health study, and the expansion of the Air Improvement Relief Effort (AIRE) program, this recommendation will transfer appropriation capacity from Public Health Services (PHS) to Department of Parks and Recreation (DPR) and the Finance and General Government Group (FGG); it also designates specific appropriation uses within PHS, based on the use of the Unlocked Reserves to address conditions in the Tijuana River Valley as directed by the Board on January 28, 2026 (15, 16).

- Transfer appropriations from PHS to DPR (\$2,500,000), to fund construction of a temporary pipe extension at Saturn Boulevard, based on Unlocked Reserves. This transfer of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding to be received, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.
- Transfer appropriations from PHS to FGG (\$4,000,000), to fund the expansion of the AIRE program, based on Unlocked Reserves. This transfer of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.
- Allocate appropriations within PHS (\$2,250,000), to fund a long-term health study (\$2,000,000), and retrospective health study (\$250,000), based on Unlocked Reserves. This reallocation of appropriations is based on PHS operational savings, which will be reflected in reduced federal and State funding to be received, and has no impact to services or the General Fund. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for these time-sensitive operational expenditures.

~~19.~~18. This recommendation will transfer appropriation capacity from Public Safety Executive Office to the Office of Emergency Services (OES) to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure.

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- Transfer appropriations of \$2,500,000 from Public Safety Executive Office to the OES, to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, based on over-realized General Purpose Revenue.

**Recommendation on use of Unlocked Reserves based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning
(Recommendation 1920):**

~~20-19~~. This recommendation presents appropriations for the use of Unlocked Reserves in Fiscal Year (FY) 2025-26 to the Board, based on the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) per direction given to the CAO during the January 28, 2026 (21) meeting. This item will transfer appropriations among various departments based on operational savings with no impact to existing services or the General Fund.

- Transfer and allocate appropriations of \$47,400,000 as noted in Appendix D to various departments and for the uses outlined in Appendix D, based on Unlocked Reserves. This transfer and allocation of appropriations is based on operational savings within each department, with appropriation capacity and related funding that is not anticipated to be used, and has no impact to services or the General Fund. The use of Unlocked Reserves, as outlined in Appendix D, is recommended based on San Diego County Administrative Code Section 113.1 for time-sensitive operational expenditures. This follows Board direction to develop proposals to utilize Unlocked Reserves for FY 2025–26 in coordination with and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee), and to present recommended appropriations to the Board for consideration as part of the quarterly budget adjustments.

EQUITY IMPACT STATEMENT

After the Board of Supervisors adopts the Operational Plan, it is monitored by the departments, Groups, and the Board of Supervisors. 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 of San Diego (County) services and to identify disparities, develop meaningful outcomes, and create a County government culture of equity, belonging, and racial justice.

SUSTAINABILITY IMPACT STATEMENT

Today's actions support the sustainability measures across the County of San Diego (County) considering the environment, economy, health/wellbeing, and/or social aspects of the community by aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency.

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FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year (FY) 2025-26 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of \$5,410,969, transfers between budgetary funds of \$640,557, transfers within budgetary funds of \$59,000,623~~59,020,623~~, and no cancellation of appropriations. The funding sources for the increases are Public, Educational, or Governmental funds (\$3,100,000), over-realized revenues from State Aids and Licenses and Permits (\$1,500,000), grant funds from the State of California Parks and Recreation, Division of Boating and Waterways (\$450,000), funding from US Dept of Homeland Security Urban Area Security Initiative grant (\$211,504), grant funds from PetSmart Charities and American Society for the Prevention of Cruelty to Animals (\$112,000), unused portions of prior year allocations for Neighborhood Reinvestment Program (\$31,911), and unused portions of prior year allocations for Community Enhancement Program (\$5,554). The transfer and allocation of appropriations identified in Recommendation ~~1718~~ (\$8,750,000) and Recommendation ~~1920~~ (\$47,400,000) are based on operational savings in Assessor/Recorder/County Clerk, Planning and Development Services, Registrar of Voters, Behavioral Health Services, Self-Sufficiency Services, Public Health Services and the one-time use of Unlocked Reserves. Based on San Diego County Administrative Code Section 113.1 no more than 25% can be used in one fiscal year which equates to \$95.4 million. In the FY 2025-26 First Quarter Operational Plan Status Report, \$14.2 million was appropriated for one-time lump sum payments. There is \$8.8 million to be used in Recommendation ~~1718~~ and \$47.4 million to be used in Recommendation ~~1920~~, which would leave a remaining balance of Unlocked Reserves for FY 2025-26 of \$25.0 million.

In all other funds combined, these actions will result in a net increase to the overall budget of \$13,118,974, transfers between budgetary funds of \$198,998, transfers within budgetary funds of \$269,923, and cancellation of appropriations of \$9,104,650. The funding sources for the increases are Operating Transfer in from the San Diego County Fire Protection District (\$6,000,000), over-realized revenue from County Library's Property Tax Current Secured (\$3,200,000), Operating Transfer In from the San Diego County Fire Protection District and Contributions to Capital Outlay Fund (\$2,850,000), and available prior year PRD 55 Rainbow Crest Road fund balance (\$229,419).

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 \$10.2 million is based on the estimate that expenditures will be approximately \$108.8 million less than the FY 2025-26 Amended Budget and revenues will be a net \$98.6 million less than the FY 2025-26 Amended Budget. The Amended Budget consists of the Adopted Budget plus encumbrances carried over from the prior year, plus approved year-to-date changes. The projected balance for all other funds combined is a net of \$24.1 million.

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

GENERAL FUND EXPENDITURE VARIANCES

The projected second quarter positive expenditure variances in the General Fund of \$108.8 million are primarily due to positive variances in Services & Supplies (\$83.2 million), Other Charges (\$20.4 million), Capital Assets Equipment (\$7.5 million), and Salaries & Benefits (\$1.8 million) offset by negative variances in Expenditure Transfer & Reimbursements (\$3.4 million), Operating Transfers Out (\$0.5 million), and in Capital Assets Software (\$0.1 million). Expenditure variances are described in detail in the Notes to the General Fund Variances.

GENERAL FUND REVENUE VARIANCES

The projected second quarter negative revenue variances in the General Fund of \$98.6 million are primarily due to negative variances in Intergovernmental Revenues (\$105.6 million), Charges For Current Services (\$11.4 million), Revenue From Use of Money & Property (\$6.3 million), and Other Financing Sources (\$0.6 million) offset by positive variances in Taxes Other Than Current Secured (\$15.2 million), Taxes Current Property (\$9.5 million), Licenses Permits & Franchises (\$0.4 million), and Miscellaneous Revenues (\$0.4 million). Revenue variances are described in detail in the Notes to the General Fund Variances.

Adjustments to the Fiscal Year 2025-26 Amended Budget

Transfers and revisions to the amended budget can be made by formal action of the Board of Supervisors (Board) in accordance with the California County Budget Act, Government Code 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 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 12):**

Recommendation 2

On July 7, 2020 (1), the Board approved the formation of the San Diego County Fire Protection District (SDCFPD). The SDCFPD provides critical fire protection, emergency medical and response services to residents in our unincorporated communities. To maintain the necessary fire fighter safety and response capabilities, the SDCFPD must purchase necessary equipment and apparatus to provide these life-saving services. This request will establish appropriations of

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\$6,000,000 in the San Diego County Fire, for the purchase and replacement of three Type 1 fire engines, two ambulances, one water tender, two patrol vehicles, five pickup trucks, and various fire equipment based on the Operating Transfer In, from the SDCFPD. These purchases will replace existing equipment and apparatus' no additional staffing will be required.

Recommendation 3

On June 25, 2024 (9), the Board approved Capital Project 1026822, San Diego Fire Training Tower for \$150,000 in appropriations for planning. On June 24, 2025 (6), the Board appropriated \$1,500,000 for the design and construction for a total project cost of \$1,650,000 based on an Operating Transfer In from San Diego County Fire Protection District for a five-story prefabricated fire training tower with exterior fire escape at the San Diego County Fire Training Center. A training tower is an essential resource for firefighter training as it provides a controlled environment to simulate real-life structural fire scenarios, enhancing skills in fire suppression, rescue operations, ventilation strategies, and ladder operations/high-rise rescues. A training tower also improves wildfire training by preparing firefighters to better protect homes and mitigate fire spread, ultimately enhancing regional wildfire resilience. The hands-on experience provided through the training tower is vital for improving efficiency and ensuring readiness to real-life emergencies. The Training Tower will also bolster the region's overall emergency response capacity, making communities safer and more resilient.

If approved, today's recommendation will increase the San Diego Fire Training Tower project budget by \$2,850,000 based on an Operating Transfer In from SDCFPD Fire Mitigation (\$2,000,000) and the Contributions to Capital Outlay Fund (\$850,000) for a total project cost is \$4,500,000. The funding sources are Fire Mitigation Fees (\$1,650,000), available SDCFPD Fire Mitigation fund balance (\$2,000,000) and Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection (\$850,000). Assistance-by-Hire agreement with the California Department of Forestry and Fire Protection and available SDCFPD fund balances were identified after the Fiscal Year 2024-25 closing to fully fund this project. These additional funds will fully cover the costs for the training tower project and include the additional \$850,000 for a restroom and showers as the site currently is served only by limited portable toilets. In addition, a corresponding recommendation is included in today's SDCFPD request to the Board which is necessary for this item to move forward. Construction is anticipated to begin July 2026 and be completed July 2027.

Recommendation 4

On October 8, 2024 (2) the Board authorized Office of Emergency Services (OES) to accept grant funds from the U.S. Department of Homeland Security Urban Area Security Initiative (UASI). The Board also authorized OES to sign any extension, amendments, administer and distribute grant funds in the County of which the Department of Animal Services (DAS) is a recipient. As a result, DAS was initially allocated \$250,000 to purchase mobile livestock emergency sheltering supplies and associated trailers for equipment transport. On May 29, 2025, the DAS received notification of an additional allocation through OES of \$211,504 in UASI grant funds for a total allocation of \$461,504. This recommendation will establish appropriations of \$211,504 for the purchase of mobile livestock emergency sheltering supplies, bullet proof vests and triage tents to enhance emergency preparedness and response capabilities for animal care during disasters, based on UASI grant funds.

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Recommendation 5

In December 2025, DAS received award notification of grant funds from the PetSmart Charities and America Society for the Prevention of Cruelty on Animals (ASCPA). This recommendation will establish appropriations of \$112,000 in DAS for temporary staff to support community outreach and adoptions events, supporting the goal of increased in-store adoptions and greater public awareness. The funding sources are grant funds from PetSmart Charities (\$25,000) and the ASCPA (\$87,000).

Recommendation 6

This recommendation will establish appropriations of \$229,419 in the Permanent Road Division No. 55 – Rainbow Crest Drive for road maintenance. This is due to an increase in the estimated road project costs, which were determined at the time of budget. The additional funding is needed to cover the full cost of the project as provided by the vendor. The funding source is available prior year fund balance within Permanent Road Division No. 55 – Rainbow Crest Drive.

Recommendation 7

This recommendation will establish appropriations of \$1,500,000 in Agriculture, Weights and Measures (AWM) for workspace improvements to the pest detection program and plant pest diagnostics lab. The workspace improvements enhance safety, efficiency and productivity of staff. AWM's Pest Detection Program and Plant Pest Diagnostic Lab are essential to California's pest prevention network and is our county's last line of defense against the introduction and spread of invasive agricultural pests works to safeguard the food supply, agricultural trade, and the environment. Timely detection and identification of these pests allow for prompt response before they multiply and spread, becoming challenging and costly to eradicate. This is a strategic investment in enhancing employee safety and engagement while protecting the food supply and supporting the local \$1.7 billion agricultural industry. The use of over realized funds, which may only be used for eligible agricultural programs, to finance these specialized workspace improvements eliminates the need for future emergency capital requests, prevents costly invasive agricultural pest outbreaks, and strengthens AWM's capacity for operational effectiveness and efficiency to meet state mandates. This request supports critical infrastructure upgrades that will enhance AWM's capacity to safeguard the food supply, agricultural trade, and the environment.

Recommendation 8

The County Library's outreach events are supported by a combination of regular library staff and temporary personnel, supplementing standard operating hours. Each branch requires a minimum staffing level to maintain daily operations, which is met through both permanent and temporary staff and management of the schedule, so all shifts are filled. Expanded outreach and community initiatives outside the branches are managed by these same resources. When vacancies or staff absences occur, coverage is provided through reassignment of permanent staff, overtime, or additional temporary staffing. Over the last two fiscal years, the County Library has expanded the level of outreach by more than 100 events, with a strong focus on school-based outreach, community events, and partnerships with organizations like County Parks and cultural groups. In developing the FY 2025-26 budget for the County Library, the increased level of outreach and utilization of temporary staff while maintaining operations was not reflected, resulting in insufficient appropriations in the County Library's salary and benefits budget. To align with updated cost projections and sustain current outreach levels, additional appropriations must be

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added. This recommendation will accommodate the continued level of outreach in Fiscal Year 2025-26, and the additional appropriations of \$3,200,000 in Salaries & Benefits will be funded by over realized revenue from the County Library's Property Taxes Current Secured.

Recommendation 9

On October 23, 2024 (07), the Board adopted resolutions authorizing Land Use and Environment Group Department Directors and/or their designee(s) to submit, negotiate, and execute all documents necessary to secure grants and apply for non-profit, local, state and federal grant funds for their respective projects until June 30, 2030. On December 19, 2025, the Department of Parks and Recreation (DPR) received a Notice of Award from the State of California Parks and Recreation Division of Boating and Waterways. The grant of \$450,000 will provide funding for MMCOF 7940 Lake Morena Dock Rehabilitation and Boat Launch Ramp Extension for the design, permitting, and construction of improvements to Geezer Cove and Horseshoe Cove boat launching facilities at Lake Morena Park located at 2550 Lake Morena Drive, Campo, CA 92123. The scope of work will include American Disability Act (ADA) compliant access to the boat launch facilities at Geezer Cove and Horseshoe Cove at Lake Morena Park to accommodate the changing water levels within Lake Morena. This grant funding along with the \$300,000 already secured for the repair of the dock will cover the ADA improvements that are necessary to make the boat launch facilities ADA compliant. The funding source is State of California Parks and Recreation, Division of Boating and Waterways Grant Fund. The total project cost is \$750,000. The estimated completion date for this project is February 1, 2028.

Recommendation 10

Public, Educational, or Governmental (PEG) funds are derived from cable franchise fees and can be used for capital expenses that support local government public programming, including communication tools and technology. These amounts were not included in the FY2025-26 Operational Plan because project scope and PEG funding eligibility were determined and finalized in the current fiscal year.

The first project at the County Operations Center Chambers will modernize the audio/visual and video production equipment to support public meetings, news conference broadcast and streaming capabilities. Total project cost is estimated at \$1,700,000, of which \$1,500,000 is PEG eligible. The remaining \$200,000 will be funded using existing Shared Major Maintenance funds in Finance Other. The project is estimated to be completed within three months from the start date with the goal to complete by end of 2026.

A second project at the County Administration Center will provide audio/visual and video technology in designated conference rooms to allow for streaming and taped video news conferences and other events. This will provide high-quality broadcasting of County boards/commissions/ committee meetings, press conferences, and additional County programming needs. Total project cost is estimated at \$1.4 million and is entirely based on PEG funding. Project timelines are currently being developed and the goal is to have this project completed by end of 2026.

An additional \$200,000 of PEG funds will be used to purchase equipment and technology that supports the County Television Network. If approved, this recommendation will establish total

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appropriations of \$3,100,000 in the County Communications Office based on PEG funds based on the items above.

Recommendation 11

This recommendation establishes appropriations of \$5,554 in the Community Enhancement budget Org 12900 (\$425 for District 1, \$1,438 for District 2, \$1,234 for District 3, and \$2,457 for District 5) based on unused portions of prior year allocations that were returned by grantees in the current fiscal year. This will allow the recently returned funds to be allocated to other projects.

This recommendation establishes appropriations of \$30,000 in the Neighborhood Reinvestment Program budget (District 1 Org 15650), \$186 in the Neighborhood Reinvestment Program budget (District 3 Org 15660), \$1,449 in the Neighborhood Reinvestment Program budget (District 4 Org 15665), and \$276 in the Neighborhood Reinvestment Program budget (District 5 Org 15670) based on unused portions of prior year allocations that were returned by grantees in the current fiscal year. This will allow the recently returned funds to be allocated to other projects.

Recommendation 12

This recommendation will result in a net increase of appropriation in the Maintenance Capital Outlay Fund (MMCOF) of \$839,555, which is supported by existing department budgets. 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 Chief Financial Officer shall make required adjustments to departmental operating budgets and within the MMCOF or the Major Maintenance Internal Service Fund. 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.

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations 13 through 1849):**

Recommendation 13

This recommendation will allow for technical adjustments needed to utilize American Rescue Plan Act (ARPA) funds and retain flexibility in meeting program needs within the approved ARPA Framework. There is no change to projects' total budget. Funding source is available one-time General Fund fund balance in Health and Human Services Agency (HHSA).

The transfer of appropriations of \$58,300 to swap revenue sources for water infrastructure and community food production projects that were funded by ARPA, from the funding source of GPR freed up by HHSA reporting ARPA eligible costs to Treasury, to cover unreported salaries and benefits costs. The three capital projects are: TJ River Valley Spooners Mesa Stormwater Improvement project, Calavo Park Community Garden Project, and Collier Park Community Garden Project.

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Recommendation 14

This recommendation will cancel appropriations of \$239,922.64 from the Multiple Species Conservation Program Acquisition Fund and transfer to DPR Services & Supplies to properly record non-capital expenditures for pre-acquisition costs of due diligence activities related to property that was not acquired in Capital projects: 1026287 Marston Parcels Acq, 1026288 Lawrence Welk Avedian Acq, 1027042 Rancho Guejito Acq, 1027043 Campo Martin Acq, 1027044 Lost Valley Campground Acq, 1027569 Vantol Dye Road Acq, and 1023370 Ocean Breeze Land Imp. These expenditures did not meet the criteria for capitalization pursuant to County of San Diego Administrative Manual policy 0050-02-01, Control of Capital Assets and Minor Equipment.

Recommendation 15

This recommendation will transfer appropriations of \$22,000 from the DPR, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out to enable a swap in revenue of \$22,000 in the Capital Outlay Fund for Capital Project 1026074 Tijuana River Valley Regional Park Rehabilitation Project to Operating Transfer In from the General Fund. There is no change to project total budget. Funding source is available prior year General Fund fund balance in the DPR, based on FY 2024-25 year-end savings that were realized from a service contract that was completed ahead of schedule and at a lower cost. The swap in revenue is needed to cover certain costs based on the State Water Resources Control Board granting agency eligibility guidelines. The total project cost is \$2,000,000. The estimated completion date for this project is December 2026.

Recommendation 16

This recommendation will transfer appropriations of \$30,000 from Capital Project 1021149 FY17/18 Parks Playground Equipment to Capital Project 1021902 Heise Park Playground Equipment, to provide funding for the increased construction costs resulting from construction change order due to existing field conditions. These unforeseen site conditions require importing base material for the construction of an accessible playground slide feature. Capital Project 1021149, FY17/18 Parks Playground Equipment, is nearing completion, with \$30,000 remaining and available for transfer to Capital Project 1021902, Heise Park Playground; therefore, this recommendation is submitted for Q2 FY 2025-26. Total project cost is \$330,000. The estimated completion date for this project is Spring 2026.

Recommendation 17

~~On February 28, 2023 (14) and January 24, 2023 (11), District 2 and District 4 awarded the DPR a total of \$20,000 from the Community Enhancement Program for preliminary planning and conceptual design of the San Diego Regional Firefighter Memorial. It is now the intent that this effort will be led by a nonprofit organization. Returning the funds back to the Community Enhancement Program will allow them to be re-awarded.~~

Recommendation 1718

On September 9, 2025 (23), the Board of Supervisors (Board) adopted changes to the Administrative Code relating to General Fund Balances and Reserves that became effective on October 9, 2025. On January 28, 2026 (15), the Board directed the Chief Administrative Officer (CAO) to include the following items within the Unlocked Reserves Framework: \$2,500,000 for

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the capital costs to construct a temporary pipe extension at Saturn Boulevard, \$2,000,000 for the long-term health study, and \$250,000 for a retrospective health study. In addition, on January 28, 2026 (16), the Board directed the CAO to add the Air Improvement Relief Effort (AIRE) program to the Unlocked Reserves framework and negotiate a Memorandum of Agreement (Agreement) providing \$4,000,000 to the San Diego Air Pollution Control District for expansion of its air purifier distribution program in the Tijuana River Valley. This recommendation will transfer appropriation capacity of \$8,750,000 from Public Health Services to the Groups and their corresponding departments for the Tijuana River sewage crisis including Saturn Boulevard infrastructure and epidemiological health study, and air purifiers, based on Board direction related to use of Unlocked Reserves to address conditions in the Tijuana River Valley. These transfers of appropriations are based on Public Health Services operational savings and have no impact to services or the General Fund.

Recommendation ~~1819~~

The current Fiscal Year 2025-26 Operational Plan does not include funding for the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure. On October 21, 2025 (20), the Board directed the CAO to identify funding for a procurement to map, catalog, and database the unincorporated area's most vulnerable infrastructure and return to the Board to establish appropriations of \$2,500,000 for the procurement in the Office of Emergency Services (OES) during the first quarter operational status letter based on funding identified. On December 9, 2025 (24), during the first quarter operational plan status report, the Board directed the CAO to continue to pursue funding in the OES for the procurement to map, catalogue, and database the unincorporated area's most vulnerable infrastructure and report back to the Board if funding is identified.

This recommendation will transfer appropriation capacity of \$2,500,000 from Public Safety Executive Office to OES for the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, based on over-realized General Purpose Revenue. These transfers are based on Public Safety Executive Office operational savings and have no impact to services.

**Recommendation on use of Unlocked Reserves based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning
(Recommendation 1920):**

Recommendation 1920

On September 9, 2025 (23), the Board of Supervisors (Board) adopted updates to the San Diego County Administrative Code relating to General Fund Balances and Reserves. These changes were designed to implement one-time resources to mitigate potential current and future budget impacts. The Board directed the Chief Administrative Officer (CAO) to create a proposed framework for use of these resources, known as Unlocked Reserves. The Administrative Code limits how much of the Unlocked Reserves can be used in a single fiscal year to 25% of the total amount determined at the time the Unlocked Reserves were established, which was \$381 million.

On January 28, 2026 (21), the Board further directed the CAO to develop proposals for the use of Unlocked Reserves in FY 2025–26, in coordination with and with the advice and guidance of the

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Ad Hoc Subcommittee on Sustainable Fiscal Planning. This recommendation implements that direction by proposing appropriations of \$47,400,000, supported by Unlocked Reserves, for areas including Housing, Vulnerable Populations, Sustainability, and Infrastructure, based on the advice and guidance of the Subcommittee.

This recommendation will transfer and use existing appropriations that are not planned to be used in FY 2025-26, based on operational savings in various County departments and have no impact on services or the General Fund. The use of Unlocked Reserves is consistent with San Diego County Administrative Code Section 113.1 and addresses time-sensitive operational needs while advancing Board priorities. For further details, reference Appendix D, which specifies the transfer and allocation of appropriations in various departments. This supports the fiscal and budgetary adjustments to implement the programs listed.

There may be future Board action required depending on the item. Any authority required in order to expend funds for the programs listed will be brought forward to the Board by the CAO as needed and in cooperation with owning departments. If all of the items are approved, this will leave \$25,000,000 million in the Unlocked Reserves amount for the current fiscal year.

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 2026-2031 Strategic Plan by fully committing to use County resources to meet the highest priority needs of residents.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Schedules A and B

Notes to Schedules A and B

Notes to the General Fund Variances

Appendix C: MMCOF Adjustments

Appendix D: Unlocked Reserves