



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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Fifth District

DATE: March 11, 2025

14

TO: Board of Supervisors

SUBJECT

**FISCAL YEAR 2024-25 SECOND QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2024-25 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 \$31.0 million (or 0.4% of the General Fund budget). The projected balance for all other funds combined is \$44.7 million (1.4% of the other funds combined budget). For all budgetary funds combined, the projected balance is \$75.7 million (or 0.7% of the overall budget). The projected fund balance anticipates an overall positive expenditure variance and an overall negative revenue variance from the Fiscal Year 2024-25 Amended Budget. The projection reflects the unused portion of the appropriation for contingency pursuant to Government Code §29084, assumes General Purpose Revenue will perform better than estimated, and business groups will produce operating balances, except for Public Safety Group.

Transfers and revisions to the amended budget can be made by formal action of the Board of Supervisors in accordance with the California County Budget Act, Government Code Section 29125. Increases to the overall budget require 4 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 4 votes even if the overall budget is not increased.

In the Public Safety Group (PSG), recommendations include appropriation adjustments in the Sheriff's Office due to increased operational costs such as care support for the incarcerated, internal service fund costs in facilities management, property insurance, and public liability and in the Public Defender's Office increased costs in psychiatric evaluations, facility management internal services and leased space cost. The increased operational costs in the Sheriff's Office and Public Defender's Office are being addressed with additional appropriations supported by overrealized revenue this fiscal year, and will be resolved with today's recommendations. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan.

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In the Health and Human Services Agency (HHS), recommendations include appropriation adjustments to transfer unanticipated fund balances of CSA 17 San Dieguito Ambulance Fund & CSA 69 Heartland Paramedic Fund from the old funds to the new funds.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments for the purchase of replacement vehicles and equipment, for the Goldentop Road Water Quality Improvement Project, for the Campo Road Reconfiguration project, to support personnel and operations costs incurred by the North County Fire Protection District, for Calavo Park, for various Parks projects and for Sweetwater Lane County Park Energy Upgrade.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments for the Community Enhancement program, and for special elections to fill the vacant seat of Board of Supervisor First District ~~and for the Cannabis Equity Grant for Local Jurisdictions program and related administrative expenses.~~

Today's recommendations seek authority to establish and transfer appropriations in order to ensure efficient use of County resources and to maintain a structurally balanced budget.

**RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER**

1. Accept the Fiscal Year 2024-25 second quarter report on projected year-end results.

**Increases to the Overall Budget and/or Transfers Between Budgetary Funds
(Recommendations 2 through ~~17~~16):**

2. Establish appropriations of \$24,500,000 in the Sheriff's Office, Salaries & Benefits, to support increased operational costs in medical care support for the incarcerated, internal service fund costs such as facilities management, property insurance, and public liability that resulted in the reallocation of salaries and benefits appropriations at that time, based on over-realized General Purpose Revenue. **(4 VOTES)**
3. Establish appropriations of \$1,800,000 in the Public Defender's Office, Salaries & Benefits, to support increased costs in psychiatric evaluations, facility management internal services and lease space cost, that resulted in the reallocation of salaries and benefits appropriations, based on over-realized General Purpose Revenue. **(4 VOTES)**
4. Establish appropriations of \$140,000 in County Service Area (CSA) 17 San Dieguito Ambulance Fund (14065), Operating Transfers Out, and establish appropriations of \$140,000 in CSA 17 Fund (14995), Services & Supplies, to transfer unanticipated fund balance from old CSA 17 San Dieguito Ambulance Fund (14065) to new fund CSA 17 Fund (14995), based on the available prior year fund balance in the old fund. **(4 VOTES)**
5. Establish appropriations of \$240,000 in CSA 69 Heartland Paramedic Fund (14190), Operating Transfers Out, and establish appropriations of \$240,000 in the CSA 69 Fund (14996), Services

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& Supplies, to transfer unanticipated fund balance from old CSA 69 Heartland Paramedic Fund (14190) to new fund CSA 69 Fund (14996), based on the available prior year fund balance in the old fund. **(4 VOTES)**

6. Establish appropriations of \$5,500,000 in the Department of Public Works (DPW) Internal Service Funds (ISF) Equipment Acquisition Road Fund, Capital Assets Equipment, for the purchase of replacement vehicles and equipment, based on available prior year DPW ISF Equipment Acquisition Road Fund fund balance. **(4 VOTES)**
7. Establish appropriations of \$1,500,000 in the DPW ISF Equipment Acquisition Liquid Waste Fund, Capital Assets Equipment, for the purchase of replacement vehicles, based on available prior year DPW ISF Equipment Acquisition Liquid Waste Fund fund balance. **(4 VOTES)**
8. Transfer appropriations of \$916,000 within DPW General Fund, Services & Supplies to Operating Transfers Out; *and* establish appropriations of \$916,000 in the DPW Road Fund, Services & Supplies, for the Goldentop Road Water Quality Improvement Project, based on an Operating Transfer In from the General Fund. **(4 VOTES)**
9. Establish appropriations of \$3,075,000 in the DPW Road Fund, Services & Supplies, for the Campo Road Reconfiguration project, based on a grant from SANDAG Housing Acceleration Program (\$2,500,000) and Regional Transportation Congestion Improvement Program (\$575,000). **(4 VOTES)**
10. Establish appropriations of \$18,791 in Community Facilities District (CFD) No. 2013-01 Horse Creek Ridge Maintenance - Special Tax C fund, Services & Supplies, to support personnel and operations costs incurred by the North County Fire Protection District, based on available prior year CFD No. 2013-01 Horse Creek Ridge Maintenance – Special Tax C Fund fund balance. **(4 VOTES)**
11. Establish appropriations of \$15,239 in CFD No. 2019-01 Meadowood Fire – Special Tax C fund, Services & Supplies, to support personnel and operations costs incurred by the North County Fire Protection District, based on available prior year CFD No. 2019-01 Meadowood Fire – Special Tax C fund balance. **(4 VOTES)**
12. Cancel appropriations of \$1,301,000 in Parkland Dedication Ordinance (PLDO) Area 20 Spring Valley; *and* establish appropriations of \$1,216,000 in PLDO Spring Valley Improvement Impact Fees, Operating Transfer Out, based on available prior year PLDO Spring Valley Improvement Impact Fees Fund fund balance; *and* establish appropriations of \$85,000 in PLDO Spring Valley in Lieu Fees, Operating Transfer Out, based on available prior year PLDO Spring Valley in Lieu Fees Fund fund balance. Funding for Capital Project 1022858 Calavo Park is included in Fiscal Year 2024-25 Operational Plan. This recommendation will add appropriations to the PLDO accounts as the funding sources for the project. **(4 VOTES)**

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13. Transfer appropriations of \$30,700 from Department of Parks and Recreation, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out. This will enable a swap in revenue of \$30,700 in the Capital Outlay Fund for Capital Project 1027068 TJ River Valley Spooners Mesa Stormwater Improvement project (\$17,400), for Capital Project 1026654 Calavo Park Community Garden Project (\$9,000), and for Capital Project 1025464 Collier Park Community Garden Project (\$4,300) from ARPA to Operating Transfer In from the General fund. There is no change to projects total budget. **(4 VOTES)**
14. Establish appropriations of \$14,397 in the Community Enhancement Program budget (\$8,000 for District 1, \$4,584 for District 3, and \$1,813 for District 5 in Org 12900), Contribution to Other Agencies, based on the return of unused portions or prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**
15. Approve the use of \$6,600,000 of FY 2024-25 Appropriation for Contingency; *and* transfer appropriations of \$6,600,000 from Finance Other, Services & Supplies, to the Registrar of Voters, Salaries & Benefits (\$3,300,000) and Services & Supplies (\$3,300,000), for costs associated with two elections to fill the vacant seat of Board of Supervisors First District, based on General Purpose Revenue. **(4 VOTES)**
- ~~16. Establish appropriations of \$1,413,134.46 in the Chief Administrative Office—Office of Equity and Racial Justice, Services & Supplies, for the Cannabis Equity Grant for Local Jurisdictions program and related administrative expenses, based on a grant from the California Governor’s Office of Business and Economic Development. **(4 VOTES)**~~
16. Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix C, in the net amount of \$1,483,447 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 decrease of \$1,483,447 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)**

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations ~~1817~~ through ~~1918~~):**

17. Transfer appropriations of \$500,000 within the Capital Outlay Fund and related Operating Transfer In from the General Fund, to provide funding for Capital Project 1023728 Sweetwater Lane County Park Energy Upgrade, based on the transfer from Capital Project 1023065 Sweetwater Summit Regional Park Campground Expansion Phase II.
18. Transfer appropriations of \$15,000,000 in Contributions to Capital Outlay, Operating Transfers Out, from Capital Project 1020254, San Diego County Animal Shelter to Capital Project 1024604, County Public Health Laboratory. This will enable a swap in revenue of \$15,000,000 from proceeds from the 2023 Public Health Lab and Capital Improvements

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Certificates of Participation to General Fund fund balance for the County Public Health Laboratory. There is no change to either project's total budget.

EQUITY IMPACT STATEMENT

After the Board of Supervisors adopts 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, 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 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.

FISCAL IMPACT

Funds associated with today's recommendations are partially included in the Fiscal Year 2024-25 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of ~~\$27,727,531~~ \$26,314,397, transfers between budgetary funds of \$7,993,020, transfers within budgetary funds of \$15,916,000, and no cancellation of appropriations. The funding sources for the increases are over-realized General Purpose Revenue (\$26,300,000), ~~grant from the California Governor's Office of Business and Economic Development (\$1,413,134)~~ and unused portions of prior year allocations for Community Enhancement Program (\$14,397).

In all other funds combined, these actions will result in a net increase to the overall budget of \$10,301,583, transfers between budgetary funds of \$121,127, transfers within budgetary funds of \$500,000, and cancellation of appropriations of \$3,040,147. The funding sources for the net increase are available prior year DPW ISF Equipment Acquisition Road Fund fund balance (\$5,500,000), SANDAG Housing Acceleration Program (\$2,500,000), available prior year DPW ISF Equipment Acquisition Liquid Waste Fund fund balance (\$1,500,000), available prior year Parkland Dedication Ordinance (PLDO) Spring Valley Improvement Impact Fees Fund fund balance (\$1,216,000), Operating Transfers In from various non-General Fund (\$580,000), Regional Transportation Congestion Improvement Program (\$575,000), available prior year CSA 17 & 69 fund balance (\$380,000), available prior year PLDO Spring Valley in Lieu Fees Fund fund balance (\$85,000), available prior year CFD No. 2013-01 Horse Creek Ridge Maintenance – Special Tax C Fund fund balance (\$18,791) and available prior year CFD No. 2019-01 Meadowood Fire – Special Tax C Fund fund balance (\$15,239). These are offset by decreases in available prior year PLDO Area 20 Spring Valley fund balance (\$1,301,000), Operating Transfers

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In from the General Fund (\$415,619), Operating Transfer In from the Library Fund (\$321,128), and American Rescue Plan Act (ARPA) (\$30,700).

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 \$31.0 million is based on the estimate that expenditures will be approximately \$111.0 million less than the Fiscal Year 2024-25 Amended Budget and revenues will be a net \$80.0 million less than the Fiscal Year 2024-25 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 \$44.7 million.

The General Fund year-end fund balance projection includes COVID-19 response costs primarily funded through American Rescue Plan Act (ARPA) funds and anticipates receipt of additional Federal Emergency Management Agency (FEMA) revenue to cover costs incurred. Total FEMA costs are currently estimated at \$438.7 million. This includes \$436.3 million of costs incurred from the beginning of the pandemic through May 11, 2023, when FEMA eligibility ended, and \$2.4 million for Fiscal Year 2024-25 for allowable administrative costs to manage the grant beyond the FEMA eligibility date. To date, a total of \$293.5 million in FEMA reimbursement payments have been received and projections anticipate receiving an additional \$6.4 million by December 31, 2025, for prior year efforts. The remaining balance of \$138.8 million, which includes the 10% withhold amount as part of the FEMA close out process, is anticipated to be received in future fiscal years. County staff continue to actively monitor federal actions and legislation, which may impact FEMA reimbursements or other federal revenues, and evaluating the potential impacts of these actions.

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. 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.

GENERAL FUND EXPENDITURE VARIANCES

The projected lower than budgeted expenditures generating an overall positive expenditure variance of \$111.0 million in the General Fund are primarily attributable to the following:

- \$28.5 million in projected overall positive Salary & Benefits appropriation variance. As of January 13, 2025, the vacancy rate (including newly added positions) was 6.5% (1,328 of 20,491 positions).

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- In PSG, the projected overall positive expenditure variance of \$2.4 million is due to attrition, vacancies and modified positions. A projected negative variance in Sheriff's Office will be mitigated by an adjustment that will provide \$24.5 million in appropriations based on over-realized General Purpose Revenue and a projected negative variance in the Public Defender's Office will be partially mitigated by an adjustment that will provide \$1.8 million in appropriations based on over-realized General Purpose Revenue. These shortfalls are attributed to increased operational costs that resulted in the reallocation of Salaries & Benefits appropriations during the development of the Fiscal Year 2024-25 Operational Plan. The vacancy savings did not materialize for these departments due to lower department vacancy rates so additional appropriations are needed to cover the reallocation of Salaries & Benefits. The increased operational costs in the Sheriff's Office and Public Defender's Office are proposed to be addressed with additional appropriations supported by overrealized revenue this fiscal year, and will be resolved with today's recommendations. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan. In HHSA, the projected overall positive expenditure variance of \$17.3 million is attributed to longer timeframes to hire staff, including hard to recruit classifications and vacancies due to attrition.
- In LUEG, the projected overall positive expenditure variance of \$7.2 million is primarily due to vacancies and under-filled positions.
- In FGG, the projected overall positive expenditure variance of \$1.6 million is primarily unanticipated vacancies and staff attrition.
- \$59.8 million in projected positive appropriation variance in Services & Supplies across the County.
 - In PSG, projected overall positive expenditure variance of \$4.5 million primarily in the Department of Child Support Services due to lower than anticipated expenses related to facility projects, information technology (IT), and contracted services, and in San Diego County Fire due to lower contracted services resulting from delays in obtaining Environmental Historical Preservation report approval from FEMA for Home Hardening projects.
 - In HHSA, projected overall positive variance of \$30.7 million in various departments. This consists of positive variances in:
 - Behavioral Health Services (BHS) primarily due to contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days;
 - Public Health Services (PHS) primarily from procurement delays associated with identification and timing of lab equipment delivery, installation, and validation testing, lesser use of contracts in Immunizations program to align with projected spending with the grant resources and workplan, and in contracted temporary staffing costs associated with the demobilization of COVID-19 associated activities;

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- Aging & Independence Services (AIS) tied to lesser use in contracted services in Home Safe and California Department of Aging (CDA) programs by utilizing internal County staffing to support the programs and the roll out of Modernizing Older California Act (MOCA) programs over future fiscal years, an adjustment to align the budget to the anticipated In-Home Support Services (IHSS) Maintenance of Effort (MOE) for IHSS Individual Providers, and due to the phased implementation needed to accommodate the increasing number of participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program;
- Child and Family Well-Being (CFWB) associated with contracted services for transitional housing programs experiencing challenges in the rental market and group home costs as the program continues its transition into an eligible facility.

These are offset by a negative variance in Self-Sufficiency Services (SSS) primarily due to increases in contracted services based on revised allocations for CalWORKs Housing Support Program due to California Department of Social Services redistribution of unspent prior year funding.

- In LUEG, projected overall positive variance of \$11.8 million primarily in the Department of Planning & Development Services (PDS) primarily due to schedule changes to one-time only IT projects and reduced consultant contract spending and delayed spending related to grants, in LUEG Executive Office due to grant project related to air purifier that will no longer be managed through the LUEG Executive Office and will be managed by the Air Pollution Control District, and in Department of Environmental Health and Quality (DEHQ) due to a reduction in contract costs as a result of contracts not being awarded.
- In FGG, projected overall positive variance of \$12.8 million primarily in Assessor/Recorder/County Clerk (ARCC) due to delay or cancellation of trust fund funded projects, in Registrar of Voters (ROV) due to delays associated with an IT project for a new voter registration system and lower than anticipated ballot printing costs and in Board of Supervisors due to lower than anticipated one-time expenses.
- A projected positive appropriation variance of \$9.4 million in Other Charges primarily (HHS) in SSS tied to Participant Benefits programs mainly in Child Care Stage 1 due to revised projected caseloads and in EBT Skimming mainly tied to estimated EBT Fraud payments, in CFWB mainly to align with the revised projected caseloads in assistance programs, and in Housing & Community Development Services (HCDS) primarily in HOME Tenant Based Rental Assistance (TBRA) due to lower-than-anticipated referral and a gradual transition in enrolling newly eligible participants under the Transitional Aged Youth (TAY) program.
- \$8.4 million budgeted for appropriations for contingency pursuant to Government Code §29084 is projected to be unspent at year-end in Capital Asset/ Land Acquisition.
- A projected positive appropriation variance of \$5.8 million in Capital Assets Equipment in HHS primarily in PHS associated with longer than anticipated delivery of equipment, and in FGG primarily in ARCC due to the postponement of the acquisition of the vitals

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mobile and the replacement of the fire suppression system in the East County Office (ECO) Archives.

- A projected negative appropriation variance of \$2.5 million in Expenditure Transfer & Reimbursements in FGG primarily in ROV due to delayed IT project and in County Counsel due to less than anticipated reimbursements for staff costs in the health services area.
- A projected positive appropriation variance of \$1.6 million in Operating Transfers Out in HHSA primarily in AIS due to reduced funding needs for the IHSS Public Authority related to anticipated operational needs in the program with no impact to services.

GENERAL FUND REVENUE VARIANCES

The projected under-realized revenue of \$80.0 million includes positive variances totaling \$9.6 million and negative variances of \$89.6 million. In many instances, the negative revenue variances are directly associated with the positive expenditure variances described above, that is, the County does not receive the supporting revenue when a cost is not incurred.

The projected positive revenue variance of \$9.6 million is primarily attributable to the following categories:

- Taxes Other Than Current Secured are anticipated to be \$31.6 million above budget, and of this amount, \$26.3 million total will be appropriated in Sheriff's Office (\$24.5 million) and in Public Defender's Office (\$1.8 million), resulting in an adjusted projection of \$5.3 million.
 - The amounts appropriated in the Sheriff's Office and the Public Defender's Office are due to increased costs that resulted in the reallocation of Salaries & Benefits appropriations during the development of the Fiscal Year 2024-25 Operational Plan. The vacancy savings did not materialize for these departments due to lower department vacancy rates. The increased operational costs in the Sheriff's Office and Public Defender's Office will be resolved with today's recommendations, supported by overrealized revenue. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan.
 - The revenue variances in Taxes Other Than Current Secured are mainly in Sales and Use Taxes mostly boosted by a state audit correction made to recover previously misallocated revenues as well as significant increase in business-industry related revenue, in Property Tax in Lieu of Vehicle License Fees (VLF) due to higher than budgeted growth in assessed valuation, in Teeter Taxes based on a higher collection of receivables from prior fiscal year and projected returned excess Teeter Tax Reserve requirement, in Property Tax Prior Secured Supplemental due to the increase in supplemental billings compared to prior year, in Other Tax Aircraft, Property Tax Prior Secured and Property Tax Prior Year Unsecured Supplemental due to higher than budget based on year-to-date current year actuals going higher than expected, and in Document Transfer Taxes due to projected home prices remaining high despite having projected lower sales volume.

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- Taxes Current Property (\$4.3 million) primarily in Current Secured Property Taxes due to greater than anticipated assessed value growth and in Current Unsecured Property Taxes due to projected higher revenue based on prior year receipts.

The projected negative revenue variance of \$89.6 million is primarily attributed to:

- Intergovernmental Revenues (\$56.1 million)
 - In HHSA, primarily tied to aligning projected spending and includes reductions in Behavioral Health Realignment and Mental Health Services Act funding offset by increases in federal funding tied to anticipated billable service units under payment reform, in COVID-19 Expanding Laboratory Capacity and in COVID Health Disparities grant to align with projected spending, in Immunization Action Plan (IAP) grant to align with workplan, in Future of Public Health due to revised allocation estimate, and in California Children's Services (CCS) tied to prior year revenue adjustments, in Realignment based on estimated receipts and in social services administrative revenues to align with anticipated federal and State funding and projected expenditures, tied to reduced expenditures in the IHSS MOE and IHSS Public Authority program, tied to the ending of one-time Community Health Workers Resilient grant and Health Disparities grant, due to Future of Public Health (FOPH) revenue aligning with the State's revised allocation and lower-than-anticipated COVID-19 Expanding Laboratory Capacity grant funding, in CalSAWs revenue based on estimated receipts, and in federal revenue primarily to align with projected costs associated with the HOME Tenant Based Rental Assistance (TBRA).
 - In LUEG, primarily due to delays in grant related projects, in grant project and associated revenue to be managed by the Air Pollution Control District, and due to less than anticipated reimbursements related to state contracts.
 - In PSG, primarily due to lower grant reimbursements related to the expenditures from delays in obtaining Environmental Historical Preservation report approval from FEMA for Home Hardening projects, due to lower than anticipated State and federal reimbursement revenue related to expenditure savings related to facility projects, IT, and contracted services, and due to lower than expected eligible case activities funded by CARE Act and staff attritions during mid-year funded by Justice Assistance Grant and state mandated reimbursements.
- Charges for Current Services (\$21.9 million) primarily in Recorder Trust Funds revenues due to delay, cancellation, or postponement of the acquisition of the vitals mobile and the replacement of the fire suppression system in the ECO Archives, due to a decline in billable activities for land development, project planning, and building projects due to staff vacancies, tied to a decrease in Intergovernmental Transfer (IGT) revenue primarily due to decrease in census enrollment days for Medi-Cal and due to less than anticipated services requested by customers.
- Revenue from Use of Money & Property (\$6.9 million) primarily due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

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- Fines, Forfeitures & Penalties (\$2.9 million) primarily due to lower costs for the Cal-ID program.
- Miscellaneous Revenues (\$0.9 million) primarily due to lower expenditures in Regional Communication System (RCS) projects and due to the recoupment of payments in contracted services from prior year adjustments.
- Licenses, Permits & Franchises (\$0.5 million) primarily due to under-realized permit payment revenue resulting from less staff to perform services.
- Other Financing Sources (\$0.4 million) due to lower transfers from the Incarcerated Peoples' Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions.

Adjustments to the Fiscal Year 2024-25 Amended Budget

Transfers and revisions to the amended budget can be made by formal action of the Board of Supervisors 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 4716):**

Recommendation 2

This recommendation will establish appropriations of \$24,500,000 in Sheriff's Office, Salaries & Benefits. During the Fiscal Year 2024-26 Operational Plan budget build, the Sheriff reallocated savings anticipated from vacancies to offset increased operational costs in medical care support for the incarcerated, internal service fund costs such as facilities management, property insurance, and public liability. The vacancy savings have not materialized, so additional appropriations are needed to cover the reallocation of Salaries & Benefits. The increased operational costs in the Sheriff's Office will be resolved with today's recommendations. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan. The funding source is based on over-realized General Purpose Revenue.

Recommendation 3

This recommendation will establish appropriations of \$1,800,000 in Public Defenders Office, Salaries & Benefits. During the Fiscal Year 2024-26 Operational Plan budget build, the Public Defender Office reduced Salaries & Benefits costs to fund increased costs in psychiatric evaluations resulting from higher evaluation costs required for these types of evaluations by external consultants, facility management internal services costs and increases in lease space cost. The vacancy savings have not materialized so additional appropriations are needed to cover the

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reallocation of Salaries & Benefits. The Public Defender's Office originally projected a negative expenditure variance of \$3.9 million in Salaries & Benefits. The adjustment of \$1,800,000 will partially mitigate the shortfall based on over-realized General Purpose Revenue to support Salaries & Benefits costs. The department will continue to monitor salary and benefit costs as well contract costs and case related activities in order to mitigate the remaining negative variance. The increased operational costs in the Public Defender's Office will be resolved with today's recommendations. Ongoing funding strategies for these costs have been identified, and will be included in the upcoming Fiscal Year 2025-26 CAO Recommended Operational Plan. The funding source for the \$1,800,000 is based on over-realized General Purpose Revenue.

Recommendations 4 & 5

In Fiscal Year 2021-22, the Board approved the reorganization to transfer Emergency Medical Services (EMS) under San Diego County Fire (Public Safety Group) to enhance the alignment of the integrated functions of San Diego County Fire and EMS. These recommendations will transfer the remaining fund balances of \$140,000 from old fund (14065) to new fund (14995) for County Service Area 17 and \$240,000 from old fund (14190) to new fund (14996) for County Service Area 69. The remaining fund balance was generated due to prior year adjustment associated with the reclassification of deferred revenue from the old funds.

Recommendation 6

If approved, this recommendation will establish appropriations of \$5,500,000 in the Department of Public Works (DPW) Internal Service Funds (ISF) Equipment Acquisition Road Fund for the purchase of vehicles and equipment that were not available during the previous budget planning cycle. The funding source is available prior year DPW ISF Equipment Acquisition Road Fund fund balance.

Recommendation 7

If approved, this recommendation will establish appropriations of \$1,500,000 in the DPW ISF Equipment Acquisition Liquid Waste Fund for increased costs of vehicles and purchase of units that were not budgeted due to availability. The funding source is available prior year DPW ISF Equipment Acquisition Liquid Waste Fund fund balance.

Recommendation 8

This recommendation will establish appropriations of \$916,000 in the DPW Road Fund to fund the construction for the Goldentop Road Water Quality Improvement Project. Capital project bid pricing is anticipated to be higher than currently budgeted. If approved, this request will establish the appropriations to ensure funding is available when the construction is anticipated to be awarded. The total estimated project is \$1,962,500 and is anticipated to be completed by October 2025. This funding source is available prior year general fund fund balance from FY 2023-24.

Recommendation 9

On June 24, 2020 (12), the Board of Supervisors adopted a resolution authorizing LUEG departments to apply and accept grant funds for the implementation of projects and programmatic activities in support of the County's vision and strategic initiatives, through the end of Fiscal Year

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2024-25. In October 2024, Planning & Development Services received award notification for the SANDAG Housing Acceleration Program (HAP) grant. This recommendation will establish appropriations of \$3,075,000 in the Department to Public Works Road Fund to fund the Final Design and Engineering for the Campo Road Reconfiguration project. If approved, this request will establish the appropriations to ensure funding is available when the design and engineering is anticipated to be awarded. The total estimated project cost is \$3,075,000 and is anticipated to be completed by March 2026. The funding source is grant from the SANDAG HAP (\$2,500,000) and Regional Transportation Congestion Improvement Program (\$575,000).

Recommendation 10

This recommendation will establish appropriations of \$18,791 in Community Facilities District (CFD) No. 2013-01 Horse Creek Ridge Maintenance - Special Tax C fund, Services & Supplies, based on available prior year CFD No. 2013-01 Horse Creek Ridge Maintenance – Special Tax C fund balance to support personnel and operations costs incurred by the North County Fire Protection District. On February 26, 2014 the Board authorized the levy of a special tax C to pay for associated fire services within CFD No. 2013-01 Horse Creek Ridge Maintenance by the North County Fire Protection District. These costs include engineers’ salaries and benefits and operations costs.

Recommendation 11

This recommendation will establish appropriations of \$15,239 in CFD No. 2019-01 Meadowood Fire – Special Tax C fund, based on available prior year CFD No. 2019-01 Meadowood Fire – Special Tax C fund balance to support personnel and operations costs incurred by the North County Fire Protection District. On April 10, 2019 the Board authorized the levy of a special tax C to pay for associated fire services within CFD No. 2019-01 Meadowood Fire by the North County Fire Protection District. These costs include personnel salaries and benefits and operations costs.

Recommendation 12

This recommendation changes the funding source for Capital Project 1022858 Calavo Park and will cancel appropriations of \$1,301,000 in Parkland Dedication Ordinance (PLDO) Area 20 Spring Valley, establish appropriations of \$1,216,000 in PLDO Spring Valley Improvement Impact Fees, Operating Transfer Out, based on available prior year PLDO Spring Valley Improvement Impact Fees Fund fund balance, and establish appropriations of \$85,000 in PLDO Spring Valley in Lieu Fees, Operating Transfer Out, based on available prior year PLDO Spring Valley in Lieu Fees Fund fund balance. Funding for Capital Project 1022858 Calavo Park is included in FY 2024-25 Operational Plan. This recommendation will add appropriations to the PLD accounts as the funding sources for the project. The estimated total cost of the Capital project is \$19,204,000 and the anticipated completion date is Summer 2025.

Recommendation 13

This recommendation will transfer appropriations of \$30,700 within the Department of Parks and Recreation, Services & Supplies to Operating Transfers Out. This will enable a swap in revenue of \$30,700 in the Capital Outlay Fund for Capital Project 1027068 TJ River Valley Spooners Mesa Stormwater Improvement project (\$17,400), for Capital Project 1026654 Calavo Park Community

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Garden Project (\$9,000), and for Capital Project 1025464 Collier Park Community Garden Project (\$4,300) from ARPA to Operating Transfer In from the General fund. There is no change to projects total budget This recommendation is needed due to disallowed American Rescue Plan Act (ARPA) costs.

Recommendation 14

This recommendation establishes appropriations of \$14,397 in the Community Enhancement Program budget (\$8,000 for District 1, \$4,584 for District 3, and \$1,813 for District 5 in Org 12900), Contribution to Other Agencies, based on unused portions of prior year allocations that were returned in the current fiscal year. This will allow the recently returned funds to be allocated to other projects.

Recommendation 15

On December 20, 2024, the Board of Supervisors was notified that First District Supervisor Nora Vargas would not be assuming her next term, vacating the seat effective January 6, 2025. The San Diego County Charter gives the Board of Supervisors the authority and responsibility to take action to fill the vacant position within thirty days either by appointment, by appointment until a special election, or by calling a special election. On January 14, 2025, the Board of Supervisors voted 4-0 to call a special election for April 8, 2025, and if necessary, a general election for July 1, 2025, to determine the candidate to fill the vacant seat. The proposed appropriation increase will cover the estimated costs of conducting two elections according to the current Vote Center model, and will be based on General Purpose Revenue. The Fiscal Year 2024-25 Operational Plan includes Contingency Reserve appropriations for purposes such as this, and must be approved by a Board of Supervisors four/fifths vote for proposed uses, pursuant to California Government Code section 29125.

Recommendation 16

~~On December 10, 2024 (26), the Board of Supervisors authorized the Office of Equity and Racial Justice to apply for and accept grant funding from the California Governor's Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions. On January 24, 2025, the Office of Equity and Racial Justice received a notification of grant award in the amount of \$1,413,134.46. Funds for this program are to be used for direct grants to social equity applicants, with a 10% allowance for County staff administrative costs and 10% allowance for technical assistance.~~

Recommendation 17 16

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 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

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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 decrease of appropriations in the MMCOF of \$1,483,447, which includes a transfer of savings from a nearly completed Parks MMCOF project (in the same area) to the Capital Outlay Fund and reclassification of major maintenance projects which are supported by existing department budgets.

**Transfers Within Budgetary Funds and/or Cancellation of Appropriations
(Recommendations ~~18~~17 through ~~19~~18):**

Recommendation ~~18~~17

This recommendation will transfer appropriations of \$500,000 within the Capital Outlay Fund and related Operating Transfer In from the General Fund, to provide funding for Capital Project 1023728 Sweetwater Lane County Park Energy Upgrade, based on the transfer from Capital Project 1023065 Sweetwater Summit Regional Park Campground Expansion Phase II. The estimated total cost of the Sweetwater Lane project is \$2,500,000 and the anticipated completion date is December 2025.

Recommendation ~~19~~18

This recommendation will swap in revenues to ensure that all of the proceeds from the 2023 Public Health Lab and Capital Improvements Certificates of Participation (2023 COPs) are used within applicable deadlines related to the tax-exempt status of the 2023 COPs and facilitate accurate financial reporting. All related required adjustments for the two capital projects. \$15,000,000 of existing proceeds from the 2023 COPs will be repurposed for the San Diego County Animal Shelter Project. \$15,000,000 of General Fund fund balance from the San Diego County Animal Shelter Project will be moved to the County Public Health Lab (PHL). There is no change to either capital project total budget.

The PHL currently under construction includes a 52,000 square foot laboratory and parking structure. The new laboratory will feature new and expanded service delivery, including whole genome sequencing, molecular surge, Covid-19 testing services, tuberculosis testing services, and a robust Biosafety Level 3 (BLS-3) program. The PHL will be able to provide laboratory services regionwide, serve the unique needs of a border region, and serve as a potential partnering hub for the California Department of Public Health, Centers for Disease Control and Prevention, and nearby jurisdictions. The parking structure was completed in Fall 2024 and PHL construction is expected to be completed in Spring 2025. The total budget for Capital Project 1024604, County Public Health Laboratory will remain at \$127,000,000.

The San Diego County Animal Shelter project will add a 21,000 square foot facility in Santee to offer animal intake and care during local disaster events, to serve as an emergency response deployment hub, and to facilitate adoptions, spay/neuter efforts, and vaccinations of animals. The total budget for Capital Project 1020254, San Diego County Animal Shelter, will remain at

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\$37,573,133. Construction for the San Diego Animal Shelter is in progress and is estimated to be completed in Spring 2026.

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 2025-2030 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)

Schedule A

Schedule B

Notes to Schedules A and B

Appendix C: MMCOF Adjustments (Rec #1716)