

**COUNTY OF SAN DIEGO**  
**NOTES TO SCHEDULES A and B**  
**Fiscal Year 2020-21 3rd Quarter**

**GENERAL NOTES**

*Projected Fund Balance*

Projected fund balance as presented in this report is defined as the projected excess of revenues over expenditures as a result of current fiscal year operations. Schedule A presents projections by business group and department by fund or fund type.

*Management Reserves*

Besides the General Fund Reserve, which is comprised of unassigned General Fund fund balance, County business groups may establish Management Reserves. Management Reserves are appropriations that are established at the group or department level for unanticipated needs or planned future one-time expenses. Schedule B shows a summary of the General Fund's projected fund balance by group/agency that distinguishes between projected management reserve balances and operating balances.

*Variance Reporting*

Departments project variances from the Operational Plan based either on revised expectations or on actual revenues/expenditures to date. The significant variances from plan (greater than \$500,000) in total expenditures, total revenue, net variance, or object variance are discussed below and categorized by fund.

**PUBLIC SAFETY GROUP**

**General Fund**

*Public Safety Group Executive Office/Contribution for Trial Courts*

A positive variance of \$5.2 million is projected for the Public Safety Group Executive Office.

A positive expenditure variance of \$0.1 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to lower than anticipated costs for temporary staff, \$0.7 million in Services & Supplies due to lower than anticipated expenditures in facility maintenance and contracted services, partially offset by a negative variance of \$1.1 million in Expenditure Transfer & Reimbursements to Finance Other due to lower than anticipated expenses previously mentioned.

A positive revenue variance of \$5.1 million is projected. A positive variance of \$0.9 million in Fines, Forfeitures & Penalties due to higher than anticipated receipts from trial court fines and \$4.2 million in Charges for Current Services due to higher than anticipated receipts from traffic school fees.

#### *District Attorney*

A positive variance of \$0.9 million is projected for the District Attorney's Office.

A positive expenditure variance of \$6.4 million is projected in Salaries & Benefits due to normal attrition and modified positions, and positions held vacant due to economic impacts of the COVID-19 pandemic.

A negative revenue variance of \$5.5 million is projected. A positive variance of \$4.3 million in Intergovernmental Revenues is due to unanticipated increases in grant funding from the California Department of Insurance for multiple insurance fraud prosecution programs, Victims of Crime Act for the victim services program, and CARES Act Coronavirus Relief Funding; a positive variance of \$0.1 million in Charges for Current Services is due to unanticipated revenue for crime prevention task forces; offset by a negative variance of \$9.9 million in Other Financing Sources due to lower than anticipated salary and benefits expenditures funded by Proposition 172, the Local Public Safety Protection and Improvement Act of 1993.

#### *Sheriff*

A positive variance of \$20.6 million is projected for the Sheriff's Department.

A positive expenditure variance of \$19.5 million is projected. A positive variance of \$11.5 million in Salaries & Benefits is due to vacancies, attrition, under-filled positions and lower than anticipated costs for temporary staff and overtime. A positive variance of \$10.2 million in Services & Supplies is primarily for one-time costs of \$9.3 million that will be rebudgeted in the Fiscal Year 2021-22 CAO Recommended Operational Plan and Change Letter for the replacement of the Jail Information Management System (JIMS), the Records Management System, and the Computer Aided Dispatch system (\$7.3 million), IT storage connection hardware (\$0.5 million) and the Regional Communication System (RCS) site relocation/development projects (\$1.5 million), and \$0.9 million due to lower than anticipated costs in the Cal-ID program, and expenditures in various accounts supporting operations such as professional & specialized services, contracted services, and travel offset by increased contract and materials costs related to the COVID-19 pandemic. A positive expenditure variance of \$0.4 million in Capital Assets Equipment is due to lower than anticipated costs for the Cal-ID program. A negative expenditure variance of \$2.6 million is in Expenditure Transfer & Reimbursement for the rebudget of Costs Applied in the General Fund which partially offsets the JIMS replacement project.

A positive revenue variance of \$1.1 million is projected. A net positive variance of \$6.6 million in Intergovernmental Revenues is due to over-realized revenue for reimbursement from the CA Department of Corrections and Rehabilitation for inmate housing costs during a pause in jail intake at State facilities in response to the COVID-19 pandemic and over-realized federal revenue for reimbursement of CARES Act CRF expenditures, partially offset by lower than anticipated revenue from the State Homeland Security Grant Program, in State Aid Other for reimbursement of costs to provide a jail-based competency program and reduced Proposition 69 DNA Identification Fund revenue which

supports DNA analysis in the crime laboratory and in Aid from Governmental Agencies for reimbursement of costs for School Resource Officers due to school closures. A net positive variance of \$0.7 million is projected in Charges for Current Services primarily due to over-realized revenue from Trial Court Security Subaccount, partially offset by lower than anticipated revenue from jail bed leasing and civil service process fees. A positive variance of \$0.1 million in Licenses Permits and Franchises is due to higher than anticipated collections from license fees. A negative variance of \$4.1 million is projected in Other Financing Sources due to decreases in transfers from the Inmate Welfare Fund and Jail Commissary Enterprise Fund associated with vacant positions, reduced penalty assessment revenue and for the rebudget of revenue from the Criminal Justice Facility Construction Fund and the Proposition 172 Special Revenue Fund for IT projects. A negative variance of \$1.6 million is projected in Fines, Forfeitures and Penalties due to lower than anticipated costs for the Cal-ID program and lower than anticipated overtime costs to be reimbursed from Sheriff's Warrant Automation Trust Fund revenue. A negative variance of \$0.6 million is projected in Miscellaneous Revenues due to RCS site relocation/development projects that will be rebudgeted, offset by increased in Network Operating Cost revenue and over-realized revenue for reimbursement of costs associated with the Unsheltered Feeding Program.

#### *Child Support Services*

A positive variance of \$1.1 million is projected for the Department of Child Support Services.

A positive expenditure variance of \$0.8 million is projected. A positive variance of \$1.5 million in Salaries & Benefits is due to vacant and modified positions, \$2.8 million in Services & Supplies primarily due to lower than anticipated expenses in various accounts supporting operations such as information technology services, \$0.2 million in Capital Assets Equipment due to delay of vehicle purchases by the Bureau of Public Assistance Investigations, offset by a negative variance of \$3.7 million in Expenditure Transfer & Reimbursements due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for services reimbursed by Health and Human Services Agency.

A positive revenue variance of \$0.3 million is projected. A positive variance of \$0.2 million in Intergovernmental Revenues is due to higher than anticipated State and Federal revenue and a positive variance of \$0.3 million in Charges for Current Services is due to higher than anticipated incentive revenue received from the California Department of Child Support Services, partially offset by a negative variance of \$0.2 million in Miscellaneous Revenues due to lower than anticipated expenses related to the Title IV-D Child Support Services Digital Marketing Grant.

#### *Probation*

A positive variance of \$1.9 million is projected for the Probation Department.

A positive expenditure variance of \$3.6 million is projected. A positive variance of \$3.6 million is projected in Services & Supplies primarily due to a lower than anticipated use

of contracted services due to the COVID-19 Public Health Order causing both a decline in adult referrals and interruptions in the ability to provide certain services.

A negative revenue variance of \$1.7 million is projected. A negative variance of \$0.8 million in Intergovernmental Revenues is due to lower than anticipated revenue from Title IV-E Foster Care Program (\$0.9 million) and the Community Corrections Subaccount (\$0.7 million), partially offset by over-realized revenue from the Coronavirus Relief Fund (\$0.5 million), the Mental Health Training Grant (\$0.2 million) and the Board of State and Community Corrections allocation for Standards and Training for Corrections (\$0.1 million). A negative variance of \$0.9 million is projected in Charges for Current Services due to the termination of the collection of fees for youths on probation and lower than anticipated revenue from the collection of fees for adults on probation.

#### *San Diego County Fire*

A positive variance of \$3.1 million is projected for San Diego County Fire.

A positive expenditure variance of \$4.4 million is projected. A positive variance of \$0.2 million in Salaries & Benefits is due to vacant positions, \$3.0 million in Services & Supplies is due to lower expenditures related to the Ember Resistant Vent Program (\$1.8 million), the rebudget in the Fiscal Year 2021-22 CAO Recommended Operational Plan of the Ember Resistant Vent Program (\$1.1 million), and the purchase and installation of Mobile Data Computers (\$0.1 million). A positive variance of \$1.2 million in Capital Assets Equipment is due to lower expenditures related to fire apparatus purchases.

A negative revenue variance of \$1.3 million is projected. A negative variance of \$2.1 million in Intergovernmental Revenues is due to lower than anticipated reimbursements from the Community Development Block Grant and Assistance to Firefighter grant, and \$2.5 million in Miscellaneous Revenues associated with the Ember Resistant Vent Program and the rebudgets of items described above. A positive variance of \$3.3 million in Charges for Current Services is due to unanticipated revenue from the Jamul Indian Village and Assistance by Hire agreements.

### **Special Revenue Funds**

#### *Sheriff's Inmate Welfare Fund*

A positive variance of \$3.2 million is projected for the Inmate Welfare Fund.

A positive expenditure variance of \$4.1 million is projected. A positive variance of \$3.1 million in Services & Supplies is primarily due to the impact of the COVID-19 pandemic in professional and specialized services associated with contracts for educational services resulting from cancelled classes, and lower than anticipated expenditure needs associated with suspended activities and programs. A positive variance of \$1.0 million in Operating Transfers Out is associated with vacant positions in the General Fund.

A negative revenue variance of \$0.9 million is projected in Other Financing Sources due to a decrease in the operating transfers from the Sheriff's Jail Commissary Enterprise Fund from lower than anticipated proceeds generated by Commissary sales.

#### *Penalty Assessment*

A positive variance of \$0.6 million is projected for the Penalty Assessment Special Revenue Fund.

No expenditure variance is projected.

A positive revenue variance of \$0.6 million is projected. A positive variance of \$0.8 million in Fines, Forfeitures & Penalties is due to higher than anticipated receipts from penalty assessments offset by a negative variance of \$0.2 million in Revenue from Use of Money & Property due to lower than anticipated interest on deposits.

#### *Proposition 172*

A positive variance of \$61.9 million is projected for Proposition 172 (Prop 172) Special Revenue Fund.

A positive expenditure variance of \$9.9 million is projected due to a lower than expected amount transferred to General Fund departments.

A positive revenue variance of \$52.0 million is projected in Intergovernmental Revenues due to higher than anticipated sales tax receipts in the current fiscal year and under-accrual in the prior fiscal year.

Prop 172 was approved by California voters in 1993 to create a permanent one-half cent sales tax for public safety purposes and was intended to provide funding sources to qualifying public safety programs. The projected decrease of sales tax receipts due to the impact of consumers and businesses reacting to the COVID-19 pandemic was not as adverse as originally projected.

#### *Sheriff's Asset Forfeiture Program*

A positive variance of \$2.3 million is projected in the Sheriff's Asset Forfeiture Program (US Department of Justice, US Treasury Department and State).

A positive expenditure variance of \$1.9 million is primarily projected in Services & Supplies (\$1.7 million) and Capital Assets Equipment (\$0.1 million) due to lower than anticipated costs for law enforcement projects and in Operating Transfers Out (\$0.1 million) due to a decrease in planned expenditures to be reimbursed in the General Fund.

A positive revenue variance of \$0.4 million is primarily projected in Fines, Forfeitures & Penalties (\$0.2 million) due to increased asset forfeiture from State seizures and in Intergovernmental Revenues (\$0.2 million) based on increased asset forfeiture from US Department of Justice seizures.

## **Enterprise Fund**

### *Sheriff's Jail Commissary Enterprise Fund*

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

A positive expenditure variance of \$1.7 million is projected. A positive variance of \$0.4 million in Services & Supplies is primarily due to savings in professional and specialized services associated with phone time sales, and purchase of commissary items from a pause in commissary operations due to the COVID-19 pandemic. A positive variance of \$1.2 million is in Operating Transfers Out to the Inmate Welfare Fund due to a decrease in the transfer of commissary proceeds from lower than anticipated revenues, and lower amounts transferred to the General Fund due to vacant positions.

A negative revenue variance of \$1.7 million is projected in Miscellaneous Revenues due to decreases in projected phone time and commissary sales resulting from a decreased population due to the adoption of a revised bail schedule in response to the pandemic and pause in commissary operations due to the COVID-19 pandemic.

## **Special District Funds**

### *San Diego County Fire Protection District*

A net positive variance of \$0.5 million is projected for San Diego County Fire Protection District.

A positive expenditure variance of \$0.4 million is projected. A positive variance of \$0.3 million in Services & Supplies is due to lower than anticipated fire station operational costs and \$0.1 million in Operating Transfers Out is due to lower than anticipated use of temporary staff in San Diego County Fire.

A positive revenue variance of \$0.1 million is projected in Charges for Current Services due to higher than anticipated revenue from service agreements.

### *San Diego County Fire Protection District East Otay Mesa (EOM) CFD 09-01 Tax A*

A positive variance of \$0.5 million is projected for San Diego County Fire Protection District EOM CFD 09-01 Special Tax A.

No expenditure variance is projected.

A positive revenue variance of \$0.5 million is projected in Taxes Current Property due to higher than anticipated permit fee collections.

## **HEALTH AND HUMAN SERVICES AGENCY (HHSA)**

### **General Fund**

#### *HHSA Overall Summary*

An overall positive variance of \$35.0 million is projected for HHSA. This includes a negative expenditure variance of \$372.4 million tied to COVID-19 response cost projections. The negative variance will be partially covered by the \$187.0 million additional appropriations previously approved by the Board on April 6, 2021 (05) for Emergency Rental Assistance Program (ERAP) and Great Plates Delivered program. HHSA's projection anticipates a positive revenue variance of \$407.4 million primarily tied to additional American Rescue Plan Act (ARPA), Federal Emergency Management Agency (FEMA), and State emergency response funding to supplement CARES Act revenues to continue response efforts through the end of the fiscal year. In addition, the increased federal funds will replace previously allocated one-time unassigned General Fund fund balance to support COVID-19 response efforts.

#### *Administrative Support*

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

No overall variance is projected for Administrative Support.

A negative expenditure variance of \$4.9 million is projected and includes a positive variance of \$0.2 million in Salaries & Benefits to align with current spending trends, and a negative variance of \$5.1 million in Services & Supplies. The negative variance of \$5.1 million in Services & Supplies consist of \$10.1 million negative variance primarily tied to the continuation of the County's T3 Strategy of Test, Trace and Treat to support COVID-19 emergency response efforts offset by a positive variance of \$5.0 million due to a delay in one-time facility projects.

A positive revenue variance of \$4.9 million is projected and includes positive variances of \$5.4 million in Intergovernmental Revenues and \$0.2 million in Miscellaneous Revenue due to additional sponsorship funding partially offset by a negative variance of \$0.7 million in Charges for Current Services to the align with anticipated spending. The positive variance of \$5.4 million in Intergovernmental Revenue of an \$18.0 million increase primarily in federal funding for COVID-19 emergency response efforts is offset by a negative variance of \$7.6 million in one-time federal and State funds tied to savings in one-time projects, and \$5.0 million in social services administrative revenues reallocated to Self-Sufficiency Services.

### *Aging & Independence Services*

An overall positive variance of \$0.5 million is projected for Aging & Independence Services.

A negative expenditure variance of \$79.1 million is projected and includes a negative variance of \$0.5 million in Salaries & Benefits due to an increase in temporary help to support the Great Plates Delivered program and \$80.0 million in Services & Supplies offset by a positive variance of \$1.4 million savings in Operating Transfers Out due to reduced funding needs for the In-Home Supportive Services (IHSS) Public Authority related to anticipated operational savings in the program with no impact to services. The \$80.0 million negative variance in Services & Supplies is mainly driven by emergency food services tied to COVID-19 response efforts which will be covered by the additional \$80.0 million in appropriations approved by the Board on April 6, 2021 (05).

A positive revenue variance of \$79.6 million includes \$79.4 million in Intergovernmental Revenues and \$0.2 million in Miscellaneous Revenue tied to increased funding for the San Diego Veterans Independence Services program. The positive variance of \$79.4 million in Intergovernmental Revenues mainly consists of \$81.4 million in federal and State funding for emergency food services tied to COVID-19 response efforts, offset by a \$2.0 million decrease primarily to align with reduced expenditures projected in the IHSS Public Authority program.

### *Behavioral Health Services*

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

An overall positive variance of \$0.3 million is projected for BHS.

A positive expenditure variance of \$30.4 million includes positive variances of \$1.2 million in Salaries & Benefits due to attrition and vacant positions, \$27.9 million in Services & Supplies and \$1.3 million in Expenditure Transfer & Reimbursements associated with costs provided through various Memorandums of Understanding (MOU) with the Probation Department. The \$27.9 million positive variance in Service & Supplies includes savings of \$32.0 million primarily in contracted services associated with various alcohol and drug treatment and mental health programs due to procurement delays and decreased service delivery costs, partially offset by a negative variance of \$4.1 million for temporary staffing costs largely due to increased need at the SDCPH and the Edgemoor Distinct Part Skilled Nursing Facility.

A negative revenue variance of \$30.1 million consists of negative variances of \$27.5 million in Intergovernmental Revenues, \$1.6 million in Charges for Current Services tied to lower utilization of forensic evaluation services provided to the Superior Court and lower collection of DUI fees due to the pandemic, and \$1.0 million for Miscellaneous Revenue due to lower than anticipated recoupment of contracted services payments tied



to prior year adjustments. The \$27.5 million negative variance in Intergovernmental Revenues is primarily tied to the alignment of behavioral health program revenue with anticipated spending as noted above and prior year adjustments.

#### *County Child Welfare Services*

No overall variance is projected for County Child Welfare Services (CWS).

A negative expenditure variance of \$3.7 million is projected and includes a negative variance of \$2.0 million in Salaries & Benefits primarily tied to increased service demands resulting in increased overtime costs, and temporary staffing costs, and \$1.4 million in Services & Supplies, and \$0.3 million in Other Charges mainly tied to increased caseloads in foster care assistance programs offset by a decreased trend in adoptions assistance. The increase includes the extension of benefits for foster youth who would have otherwise aged out of the extended foster care system if not for pandemic emergency orders, offset by a decreased trend in adoptions assistance. The \$1.4 million negative variance in Services & Supplies is primarily due to COVID response efforts, such as services to support the increased number and acuity of youth in CWS during the pandemic.

A positive revenue variance of \$3.7 million is projected and includes \$4.7 million in Intergovernmental Revenues offset by a negative variance of \$0.6 million in Charges for Current Services due to a lower collection estimate for child abuse and adoption fees, \$0.3 million in Revenue From Use of Money & Property to align revenue collection trends for the use of the San Pasqual Academy property, and \$0.1 million in Miscellaneous Revenues primarily due to lower than anticipated recovery of prior year overpayment to contractors. The positive variance of \$4.7 million in Intergovernmental Revenues consists of positive variances of \$6.2 million in social services administrative revenues to align with anticipated federal and State funding and \$1.8 million in anticipated supplemental federal funding for COVID-19 emergency response efforts offset by a negative variance of \$3.3 million in federal assistance payment revenue primarily tied to updated caseload projections for adoptions assistance.

#### *Housing & Community Development Services*

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

An overall positive variance of \$22.3 million is projected for HCDS.

A negative expenditure variance of \$97.0 million is projected and includes a negative variance of \$0.8 million in Salaries & Benefits primarily due to increased staffing needs to support ERAP, a positive variance of \$6.3 million in Services & Supplies, a negative variance of \$99.3 million in Other Charges and a negative variance of \$3.2 million in Expenditure Transfer and Reimbursements due to lower than anticipated contracted costs to administer the County's Hotel/Motel Voucher program. The positive variance of \$6.3 million in Services & Supplies includes savings of \$9.7 million tied to programs addressing homelessness in the unincorporated area due to a longer than anticipated

timeline to get clients housing ready due to the impacts of the pandemic, \$5.0 million tied to funds reserved for the Local Housing Trust Fund grant which did not materialize, and \$2.5 million primarily tied to savings in Multi-Year projects due to implementation overlap across fiscal years offset by \$10.9 million in operational costs tied to ERAP. The negative variance of \$99.3 million in Other Charges includes \$100.2 million tied to ERAP payments to eligible households offset by a positive variance of \$0.9 million in Multi-Year Projects primarily due to the transition of clients from the HOME Homeless Tenant Based Rental Assistance (TBRA) to the Section 8 Housing Choice Voucher Program and a revised funding allocation for the HOPWA TBRA. The Board previously approved \$107.0 million in additional appropriations on April 6, 2021 (05) which will cover the negative expenditure variances tied to ERAP.

A positive revenue variance of \$119.3 million includes \$115.5 million in Intergovernmental Revenues, \$3.4 million in Miscellaneous Revenues primarily to align with the anticipated loan disbursement for the Innovative Housing Trust Fund and \$0.4 million in Other Financing Sources tied to repayment of housing loans previously administered by the Housing Authority. The \$115.5 million positive variance in Intergovernmental Revenue includes \$112.3 million in federal funding to support housing & homelessness programs tied to COVID-19 emergency response efforts and \$16.6 million in ARPA funding to support the County's rental assistance program previously funded with unassigned General Fund fund balance offset by \$13.4 million in federal and State revenue to align with anticipated spending tied to non-pandemic response related costs.

#### *Public Health Services*

A positive variance of \$7.9 million is projected for Public Health Services (PHS).

A negative expenditure variance of \$216.0 million is projected and includes negative variances of \$56.7 million in Salaries & Benefits primarily due to additional temporary staffing and overtime costs for COVID-19 emergency response efforts, \$159.6 million in Services & Supplies tied to COVID-19 emergency response efforts, partially offset by positive variances of \$0.3 million in Other Charges due to acuity of treatment in the California Children Services program.

A positive revenue variance of \$223.9 million is projected and includes \$230.4 million in Intergovernmental Revenues and \$0.1 million in Miscellaneous Revenues primarily tied to increased collection in permit fees, partially offset by negative variances of \$6.3 million in Charges for Current Services and \$0.3 million in Fines, Forfeitures and Penalties due to lower than anticipated Emergency Medical Services penalties based on revenue collection trends. The \$230.4 million positive variance in Intergovernmental Revenue is primarily tied to federal revenues for COVID-19 emergency response efforts. The negative variance of \$6.3 million in Charges for Current Services is primarily tied to Intergovernmental Transfer (IGT) revenue initially budgeted for glideslope funding for Salaries & Benefits cost which are now partially being funded through federal pandemic response revenues.

### *Self-Sufficiency Services*

A positive variance of \$4.0 million is projected for Self-Sufficiency Services.

A negative expenditure variance of \$2.1 million is projected and includes negative variances of \$0.5 million in Salaries & Benefits due to a lower than anticipated attrition level, \$2.3 million in Services & Supplies primarily associated with the expansion of the Info Line of San Diego (2-1-1) contract to provide support for COVID-19 response related activities, partially offset by a positive variance of \$0.7 million in Other Charges. The \$0.7 million positive variance in Other Charges includes positive variances of \$14.7 million primarily associated with revised estimates of caseload levels and growth trends in the California Work Opportunity and Responsibility to Kids (CalWORKs) and \$2.6 million in the General Relief program offset by negative variances of \$8.5 million tied to the one-time Golden State Stimulus payments for CalWORKs participants and \$8.1 million tied to the COVID-19 Positive Recovery Stipend program.

A positive revenue variance of \$6.1 million is projected and includes positive variances of \$5.9 million in Intergovernmental Revenues, \$0.2 million in Miscellaneous Revenues mainly due to the recoupment of payments in contracted services tied to prior year adjustments and \$0.1 million in Revenue From Use of Money & Property to align with revenue collection trends partially offset by a negative variance of \$0.1 million in Fines, Forfeitures & Penalties based on projected eligible expenditures for the Physician Emergency Services program. The positive variance of \$5.9 million in Intergovernmental Revenues is driven by an increase in federal funding for COVID-19 emergency response efforts and ARPA funding to replace unassigned General Fund fund balance previously set aside to help cover COVID-19 costs primarily offset by a decrease in CalWORKs revenue to align with revised caseload projections.

## **LAND USE AND ENVIRONMENT GROUP**

### **General Fund**

#### *Agriculture, Weights and Measures*

A positive variance of \$1.9 million is projected for the Department of Agriculture, Weights and Measures (AWM), including the University of California Cooperative Extension.

A positive expenditure variance of \$1.9 million is projected. A positive variance of \$1.5 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$0.4 million in Services & Supplies is due to delayed information technology projects for a finance dashboard and an Integrated Pest Control reporting application.

No significant revenue variance is projected. A \$0.6 million negative variance is projected in Licenses, Permits, and Franchises as a result of the Board-directed deferral of fees due to the COVID-19 public health emergency. A \$0.1 million negative variance is projected in Charges for Current Services as a result of reduced activities also due to the COVID-19 public health emergency. This is offset by a positive \$0.7 million variance in Intergovernmental Revenues as a result of CARES Act revenue.

#### *Environmental Health and Quality*

A positive variance of \$5.4 million is projected for the Department of Environmental Health and Quality (DEHQ) of which \$1.9 million is projected to be transferred to the DEHQ Committed Reserves in Quarter 1 of Fiscal Year 2021-22.

A positive expenditure variance of \$7.0 million is projected. A positive variance of \$4.1 million in Salaries & Benefits is due to staff vacancies, COVID-19 employee reassignment savings and under-filled positions. A positive variance of \$2.7 million in Services & Supplies due to \$2.4 million in the Vector Control program mostly due to a reduction in payments for the Vector Habitat Remediation Program and fewer required larvicide purchases, \$0.2 million in consultant contracts due to delays in the East Otay Mesa California Environmental Quality Act (CEQA) study, and \$0.6 million in positive expenditure variances spread over various accounts impacted by the Governor's Stay At Home Order, including travel and training, office expenses and supplies; this is offset by \$0.5 million in excess costs in Information Technology projects due to Accela upgrade costs and peripheral equipment purchases. A positive variance of \$0.2 million in Capital Assets Equipment is due to delayed purchases in the Urban Area Security Initiative Grant.

A negative revenue variance of \$1.6 million is projected. The negative variance of \$4.4 million in Charges for Current Services related to \$3.1 million in Vector Control Trust Fund revenue, \$1.0 million in Third Party Reimbursements related to the Hazardous Materials Trust Fund, \$0.1 million in Other Governmental Health Fees due to delays in the East Otay Mesa project, and \$0.2 million in the Work Safe Stay Healthy contract associated with staff vacancies noted above. This is offset by a positive variance of \$1.8 million in

Licenses, Permits & Franchises due to permit fee invoice deferrals payments and, \$1.0 million in Intergovernmental Revenues due to CARES Act funding.

#### *Department of Parks and Recreation*

A positive variance of \$0.3 million is projected for the Department of Parks and Recreation.

A positive expenditure variance of \$2.4 million is projected. A positive expenditure variance of \$1.4 million is projected in Salaries & Benefits due to staff vacancies. A positive variance of \$1.0 million in Services & Supplies is projected due to delayed grant projects due to COVID-19 health order closures.

A negative revenue variance of \$2.1 million is projected. A negative variance of \$1.1 million in Charges for Current Services primarily due to park and campsite closures related to the COVID-19 public health order. A negative variance of \$1.0 million is projected (\$0.7 million in Intergovernmental Revenues and \$0.3 million in Miscellaneous Revenues) due to delayed grant projects due to COVID-19 health order closures.

#### *Planning & Development Services*

A positive variance of \$1.1 million is projected for the Department of Planning and Development Services.

A positive expenditure variance of \$1.0 million is projected. A positive expenditure variance of \$0.2 million is projected in Salaries & Benefits due to staff vacancies. A positive variance of \$0.7 million in Services & Supplies as a result of a decrease in consultant costs for land development projects. A positive variance of \$0.1 million in Expenditure Transfer & Reimbursements is due to higher than anticipated services provided to other General Fund departments.

A positive revenue variance of \$0.1 million is projected. A positive variance of \$3.4 million in Licenses Permits & Franchises is due to higher than anticipated building permit applications partially offset by a negative variance of \$3.0 million in Charges for Current Services due to a decline in billable activities related to service to development projects and a negative variance of \$0.3 million in Miscellaneous Revenues due to lower than anticipated fire fee waiver applications received.

#### *Public Works – General Fund*

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

A positive expenditure variance of \$1.4 million is projected. A positive variance of \$0.9 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$0.5 million in Services & Supplies is due to savings related to stormwater inspection contract support and support services from other County departments and funds.

A negative revenue variance of \$1.4 million is projected. A negative variance of \$0.6 million is projected in Intergovernmental Revenues due to schedule changes for maintenance projects and a negative variance of \$0.8 million in Charges for Current Services due to the staff vacancies noted above.

## **Special Revenue Funds**

### *Public Works - Road Fund*

A positive net variance of \$17.2 million is projected for the Department of Public Works Road Fund.

A positive expenditure variance of \$7.5 million is projected. A positive variance of \$6.3 million in Salaries & Benefits is due to staff vacancies and under-filled positions. A positive variance of \$1.2 million in Services & Supplies is due to construction and consultant savings from completion of the Dehesa/Harbison Canyon, Clemmens Lane Sidewalk and Aviation Road projects (\$0.4 million); reduced inter-departmental costs due to staff vacancies (\$0.2 million); lower vehicle, minor equipment, and office supply costs due to teleworking (\$0.2 million); reduced need for environmental permits (\$0.3 million); and less than anticipated landscaping costs (\$0.1 million).

A positive revenue variance of \$9.7 million is projected. A positive variance of \$0.5 million in Taxes Other Than Current Secured is projected due to increased staff labor on TransNet projects; a positive variance of \$0.7 million in Licenses Permit & Franchise Fees due to actuals received from San Diego Gas & Electric; a positive variance of \$0.1 million in Revenue from Use of Money & Property due to over realized interest income; and a positive variance of \$10.3 million in Intergovernmental Revenues is projected. The positive variance in Intergovernmental Revenues is due to \$11.9 million in unanticipated Highway User Tax Account (HUTA) and SB-1 gas tax funding based on actual revenue received. This is offset by negative variances of \$1.6 million due to federally funded project schedule revisions. A negative variance of \$1.0 million in Charges for Current Services is due to schedule revisions for Sanitation District projects (\$0.5 million), re-establishing historic survey monuments for the general public (\$0.3 million), General Fund projects due to vacant positions (\$0.3 million), and reduced funding for Airports projects (\$0.4 million) partially offset by the positive variance of \$0.5 million due to unanticipated revenue from a utility agreement (\$0.3 million), unanticipated revenue from the Transportation Impact Fee for a prior year project (\$0.1 million) and additional work on the Permanent Road Divisions (\$0.1 million). A negative variance of \$0.9 million in Miscellaneous Revenues due to completion of the Dehesa/Harbison Canyon Tribal-funded project (\$0.3 million) and delays on the Valley Center S-Curve project (\$0.6 million).

### *Public Works – Inactive Waste Site Management*

No variance is projected for the Inactive Waste Site Management Fund.

A positive expenditure variance of \$0.4 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to staff vacancies and a positive variance of \$0.3 million in Services & Supplies mostly due to contracted services for lower than anticipated non-routine maintenance and support services from other County departments and funds.

A negative revenue variance of \$0.4 million is projected. A negative variance of \$0.7 million is projected in Intergovernmental Revenues due to the delay of the San Pasqual clean closure project. This is offset by a positive variance of \$0.3 million projected in Charges for Current Services due to increased transfers from the Environmental Trust Fund due to unrealized grant revenue.

#### *Public Works - Waste Planning & Recycling*

A positive variance of \$1.6 million is projected for the Waste Planning & Recycling Fund.

A positive expenditure variance of \$1.6 million is projected. A positive variance of \$0.1 million in Salaries & Benefits is due to staff vacancies and a positive variance of \$1.5 million in Services & Supplies (contracted services for public outreach events that have been canceled) is due to the COVID-19 public health emergency.

No significant revenue variance is projected.

#### *Park Land Dedication Ordinance*

A positive variance of \$2.7 million is projected for the Park Land Dedication Ordinance.

No significant expenditure variance was realized.

A positive revenue variance of \$2.7 million is projected in Licenses, Permits, & Franchises from Park Land Dedication (\$2.6 million) fees due to unanticipated land development activity and in Revenue from Use of Money & Property (\$0.1 million) due to over realized interest income.

#### *San Diego County Library*

A positive net variance of \$7.9 million is projected for the San Diego County Library.

A positive expenditure variance of \$3.2 million is projected. A positive variance of \$1.0 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$1.9 million in Services & Supplies is due to lower-than-expected automotive fuel (\$0.1 million), office expenses (\$0.2 million), minor equipment (\$0.2 million), IT related costs (\$0.5 million), utilities costs (\$0.1 million), facilities management (\$0.9 million), major maintenance projects (\$0.1 million) and special departmental expenses (\$0.4 million) due to the limited hours of operation at the library branches during the current COVID-19 public health emergency; these positive variances in Services & Supplies are offset by a negative variance of \$0.6 million for contracted services due to increased spending for digital library. A positive variance of \$0.1 million in Other Charges is due to a postponement in procuring a sprinter van. A positive variance of \$0.4 million in Capital Assets Equipment

is due to delays in implementing the cashiering system and procurement of a laptop kiosk. The positive expenditure variances are offset by a negative variance of \$0.2 million in Operating Transfers Out due to an anticipated increase in a major maintenance capital project.

A positive revenue variance of \$4.7 million is projected. A positive variance of \$2.5 million is projected in Taxes Current Property due to estimated assessed value growth and \$3.1 million in Intergovernmental Revenues from property taxes associated with former redevelopment areas due to the expected steady growth in assessed values. This is partially offset by negative variances of \$0.4 million in Charges for Current Services due to less than expected demand for public printing and other library services and \$0.5 million in Miscellaneous Revenues due to lower than anticipated private donations.

## **Internal Service Fund**

### *Public Works – Internal Service Funds*

A positive variance of \$6.5 million is projected in the Department of Public Works Equipment Internal Service Funds.

A positive expenditure variance of \$6.1 million is projected. A positive variance of \$5.0 million in Capital Assets Equipment is due to purchasing delays for vehicle replacements and the capitalization of equipment purchases. A positive variance of \$1.1 million in Services & Supplies is due to a decrease in fleet operational costs as a result of staff teleworking and usage of County fleet vehicles decreased.

A positive revenue variance of \$0.4 million is projected in Other Financing Sources (\$0.3 million) due to unanticipated revenue from the Gain on Sale of Fixed Assets from the auction of aging vehicles and in Revenue from Use of Money & Property (\$0.1 million) due to over realized interest income.

## **Special District Funds**

### *Public Works - San Diego County Sanitation District*

A positive variance of \$11.3 million is projected for the San Diego County Sanitation District.

A positive expenditure variance of \$11.5 million is projected. A positive variance of \$0.9 million in Services & Supplies is due to staff vacancies, under-filled positions, and associated support costs in the Wastewater Enterprise Fund, which provides staffing for the Sanitation District, and a positive variance of \$10.6 million in Capital Assets/Land Acquisition due to savings from completed Capital Improvement Projects.

A negative revenue variance of \$0.2 million is projected in Revenue from Use of Money & Property due to less than anticipated interest on deposits.



### *Public Works – Permanent Road Divisions*

A positive variance of \$5.5 million is projected for the Permanent Road Divisions.

A positive expenditure variance of \$5.3 million is projected in Services & Supplies due to completion of prioritized work and lack of need for emergency repairs.

A positive revenue variance of \$0.2 million is projected in Charges for Current Services (\$0.05 million) based on current revenues from special taxes and assessments paid by property owners; in Taxes Current Property (\$0.1 million) from the ad valorem tax roll; and in Revenue from Use of Money & Property (\$0.05 million) due to higher than anticipated interest earnings.

## **Enterprise Funds**

### *Public Works - Airport Enterprise Fund*

A positive net variance of \$3.3 million is projected for the Airport Enterprise Fund.

A positive expenditure variance of \$2.6 million is projected. A positive variance of \$0.5 million in Salaries & Benefits is due to staff vacancies. A positive variance of \$2.0 million is projected in Services & Supplies due to security services contract awarded less than anticipated (\$0.7 million), delay in consultant contract awarded (\$0.5 million), lower charges to the fire suppression contract due to reduced need of firefighter personnel (\$0.4 million), delays in the purchase of vehicle (\$0.2 million), lower IT services costs due to a delay in implementation of an asset management system (\$0.1 million) and other various accounts (\$0.1 million) impacted by the Governor's Stay At Home Order, including travel and training, office expenses and printing supplies. A positive variance of \$0.1 million is projected in Capital Assets Equipment due to the deferred Gillespie and Fallbrook generator acquisitions offset by Ramona tower equipment acquisitions.

A positive revenue variance of \$0.7 million is projected. A positive variance of \$0.2 million is projected in Revenue from Use of Money & Property due to an increase in rent and fuel flowage. A positive variance of \$3.1 million in Residual Equity Transfers In is due to the leasehold improvements of seven hangar buildings, previously built and owned by Sky Harbor, that were transferred to County Airports. These positive revenue variances are offset by a negative variance of \$2.6 million in Intergovernmental Revenues and is projected due to the Federal Aviation Administration grant not being awarded for the Cajon Air Center taxiway capital project.

*Public Works – Wastewater Management Enterprise Fund*

A positive variance of \$0.4 million is projected for the Wastewater Management Enterprise Fund.

A positive expenditure variance of \$1.1 million is projected. A positive variance of \$0.7 million in Salaries & Benefits is due to staff vacancies and \$0.4 million in Services & Supplies is due to lower than anticipated costs for support services from other County departments.

A negative revenue variance of \$0.7 million is projected in Charges for Current Services due to reduced work for maintenance in the San Diego County Sanitation District due to the staff vacancies identified above.

## **FINANCE AND GENERAL GOVERNMENT GROUP**

### **General Fund**

#### *Assessor/Recorder/County Clerk*

An overall positive variance of \$6.7 million is projected for the Assessor/Recorder/County Clerk (ARCC).

A positive expenditure variance of \$4.6 million is projected. Anticipated positive variances of \$1.6 million in Salaries & Benefits due to normal attrition and departmental vacancies and \$3.0 million in Services & Supplies including delay of one-time Microfilm Conversion/Duplication, Restoration and Treatment for ARCC Archive Film, e-recording and truncation of official records, which will be completed in Fiscal Year 2021-22.

A positive revenue variance of \$2.1 million is projected. Anticipated positive variance of \$2.3 million in Charges for Current Services includes \$7.9 million mostly due to projected increases in Recording Document Fees and Duplicating and Filing Fees, and \$1.9 million in over-realized property tax administrative revenue, offset by a negative variance of \$6.1 million due to the delay in one-time projects to be reimbursed from Recorder Trust Funds as mentioned above and \$1.4 million in Marriage Ceremonies, Vital Certificates, Filing Documents and Notary Filing Fees. Anticipated negative variance of \$0.2 million in Licenses Permits & Franchises is due to less than anticipated number of marriage licenses issued.

#### *Auditor & Controller*

An overall positive variance of \$1.2 million is projected for the Auditor & Controller.

A positive expenditure variance of \$0.1 million is projected primarily in Salaries & Benefits savings due to vacant and modified positions.

A positive revenue variance of \$1.1 million is projected. Anticipated positive variances of \$1.0 million in Intergovernmental Revenues from the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the COVID-19 pandemic response efforts and \$0.1 million in Charges for Current Services due to anticipated over-realized revenue associated with property tax and other administration fees for services provided by the Auditor & Controller.

#### *Chief Administrative Office*

An overall positive variance of \$4.9 million is projected for the Chief Administrative Office.

A positive expenditure variance of \$4.8 million is projected in Services & Supplies primarily due to \$4.6 million for the newly created Office of Equity and Racial Justice (OERJ) for services to establish the County's needs supporting enterprise equity and racial justice activities and \$0.2 million variance for outside audit contracts support.

A positive revenue variance of \$0.1 million is projected in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for the COVID-19 pandemic response.

*County Communications Office*

An overall positive variance of \$0.8 million is projected for the County Communications Office.

A positive expenditure variance of \$0.1 million is projected. Anticipated positive variances include \$0.1 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies and \$0.3 million in Capital Assets Equipment due to delays in purchase of one-time equipment. This is offset by anticipated negative variance of \$0.3 million tied to Expenditure Transfer & Reimbursement less than anticipated reimbursement by HHSA for communications support services which will be leveraged for CARES Act revenue.

A positive revenue variance of \$0.7 million is projected. Anticipated positive variance of \$1.0 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for the COVID-19 pandemic response, offset by a negative variance of \$0.3 million in Licenses Permits & Franchises due to anticipated revenue realization delays associated with offsetting one-time public, educational, or governmental expenditures.

*County Counsel*

An overall positive variance of \$1.3 million is projected for the Office of County Counsel.

A positive variance of \$1.3 million is projected. Anticipated positive variances include \$1.3 million in Salaries & Benefits due to normal staff attrition and departmental vacancies, and \$0.1 million in Services & Supplies due to a decrease in various operational expenses tied to COVID-19 restrictions and teleworking of staff, offset by a negative variance of \$0.1 million in Expenditure Transfer & Reimbursements due to less than anticipated staff costs for legal services provided to the Department of Environmental Health and Quality.

No significant revenue variance is projected. Anticipated positive variance of \$0.5 million in Intergovernmental Revenues due to revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by a negative variance of \$0.5 million in Charges for Current Services primarily due to a decrease in staff costs for legal services provided to the internal service funds and a decrease in public administrator/public guardian legal services matters.

*Department of Human Resources*

An overall positive variance of \$1.9 million is projected for the Department of Human Resources.

A positive expenditure variance of \$0.6 million is projected. Anticipated positive variances include \$0.5 million in Salaries & Benefits primarily due to normal attrition of staff and departmental vacancies and \$0.1 million in Services & Supplies primarily due to reduced workers' compensation administration costs.

A positive revenue variance of \$1.3 million is projected. Anticipated positive variance includes \$2.5 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, offset by a negative variance of \$1.2 million in Miscellaneous Revenues due to lower administration costs for anticipated services charged to the Employee Benefits Internal Service Fund.

#### *Registrar of Voters*

An overall positive variance of \$4.0 million is projected for the Registrar of Voters.

A positive expenditure variance of \$2.2 million is projected. Anticipated positive variances include \$2.0 million in Services & Supplies due to savings from the June 2021 Special General 79th State Assembly District Election and \$0.2 million in Capital Assets Equipment due to savings in the procurement of additional mail extraction equipment.

A positive revenue variance of \$1.8 million projected. Anticipated positive variances include \$1.0 million in Intergovernmental Revenues due to projected reimbursement for the purchase of equipment related to the Voting System and reimbursement of COVID-19 related expenses from the November 2020 Presidential General Election as a result of the Governor's Executive Orders (EO-N-64-20 and EO-N-67-20) and \$0.8 million in Charges for Current Services due to estimated reimbursements from local jurisdictions participating in the November 2020 Presidential General Election.

#### *Finance and General Government Executive Office*

An overall positive variance of \$3.4 million is projected for the Finance and General Government Group Executive Office.

A positive expenditure variance of \$3.0 million is projected in Services & Supplies due to IT projects that are anticipated to span across multiple fiscal years.

A positive revenue variance of \$0.4 million is projected. Anticipated positive variances include \$0.4 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response and \$0.1 million in Charges for Current Services due to reimbursement from the Superior Courts for support costs, offset by a negative variance of \$0.1 million in Revenue from Use of Money & Property tied to decreased collection of revenue for Cedar & Kettner parking contracts.

#### *Treasurer Tax Collector*

No significant overall variance is projected for the Treasurer-Tax Collector.

A positive expenditure variance of \$1.5 million is projected. Anticipated positive variances of \$0.6 million in Salaries & Benefits are due to normal attrition of staff and departmental

vacancies and \$0.9 million in Services & Supplies due to delays in one-time information technology (IT) projects.

A negative revenue variance of \$1.5 million is projected in Charges for Current Services due to variance in Banking Services Pooled Revenue as an offset from Salaries & Benefits and delayed IT projects as noted above.

### ***Internal Service Funds (ISF)***

#### ***Employee Benefits ISF***

An overall positive variance of \$4.1 million is projected for the Employee Benefits ISF.

A positive expenditure variance of \$1.0 million is projected in Services & Supplies due to decreases in overall workers compensation claims, offset by increases tied to the impact of COVID-19 pandemic on unemployment insurance claims.

A positive revenue variance of \$3.1 million is projected primarily due to anticipated federal stimulus revenue to partially offset increases noted above.

#### ***Public Liability Internal Service Fund***

An overall positive variance of \$0.5 million is projected for the Public Liability Internal Service Fund.

A positive expenditure variance of \$0.8 million is projected in Services & Supplies due to a positive variance of \$0.6 million tied to staff cost reimbursements for coordinated program services and a positive variance of \$0.2 million in professional and specialized services.

A negative revenue variance of \$0.3 million is projected primarily in Revenue from Use of Money & Property due to under-realized interest earned on the fund.

#### ***Purchasing and Contracting ISF***

An overall positive variance of \$6.2 million is projected for the Purchasing and Contracting Internal Service Fund.

A positive expenditure variance of \$3.2 million is projected. Anticipated positive variances include \$0.8 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$0.1 million in Services & Supplies due to property disposal contract projected savings and internal legal advice services, \$0.1 million in Other Charges due to the delays in the contract management IT project, and \$2.2 million in Capital Assets/Land Acquisition due to the capitalization of the Contract Lifecycle Management System (CLMS).

A positive revenue variance of \$3.0 million is projected. Anticipated positive variance includes \$3.9 million in Charges for Current Services due to higher than expected County

spending on contracts, partially offset by negative variance of \$0.9 million in Intergovernmental Revenues due to adjusted prior year CARES Act revenue accrual.

#### *Facilities Management ISF*

An overall positive variance of \$0.1 million is projected for the Facilities Management ISF.

A positive expenditure variance of \$4.2 million is projected. Anticipated positive variances include \$2.2 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$1.9 million in Services & Supplies primarily due to lower than anticipated pass-through expenses related to maintenance and contracted services, and \$0.1 million in Other Charges due to lower than anticipated depreciation charges.

A negative revenue variance of \$4.1 million is projected. Anticipated negative variances include \$6.5 million in Charges for Current Services due to lower than anticipated reimbursement for project management, real estate and maintenance services related to the expenditure savings mentioned above and \$0.2 million in Miscellaneous Revenues due to less than anticipated lease commissions, offset by positive variances of \$1.9 million in Intergovernmental Revenues due to unanticipated revenue from the CARES Act for reimbursement of operational expenses related to the COVID-19 pandemic response, \$0.6 million in Other Financing Sources due to an increase in Operating Transfers In from the Major Maintenance ISF related to higher than anticipated maintenance services, and \$0.1 million from Revenue from Use of Money & Property due to higher than anticipated lease payments.

#### *Fleet Management ISF*

An overall positive variance of \$2.1 million is projected for the Fleet Management ISF.

A positive expenditure variance of \$10.8 million is projected. Anticipated positive variances include \$1.5 million in Salaries & Benefits due to normal attrition of staff and departmental vacancies, \$7.5 million in Services & Supplies primarily due to lower than anticipated fuel and vehicle parts purchases, and projected savings in garage operations and support, and \$1.8 million in Other Charges due to lower than anticipated depreciation charges based on actual timing and value of vehicle and equipment replacement.

A negative revenue variance of \$8.6 million is projected. Anticipated negative revenue variance of \$11.1 million in Charges for Current Services is due to lower than anticipated reimbursements based on vacant and billable positions and decreased expenditures in fuel and parts purchases, and depreciation resulting from operational adjustments related to the COVID-19 pandemic, partially offset by positive variances of \$2.1 million in Residual Equity Transfer In due to higher than anticipated true up payments for active vehicles and \$0.4 million in Other Financing Sources due to higher than anticipated auction proceeds.

## **GENERAL PURPOSE REVENUE & COUNTYWIDE EXPENSES**

A positive variance of \$118.0 million is projected in General Purpose Revenue (GPR) and \$52.3 million positive variance is projected in General County Expenses.

### **General Purpose Revenue**

The County's General Purpose Revenue is directly influenced by the state of the economy. San Diego's economy has seen some recovery from the effects of COVID-19 pandemic. Employment showed gains in Farm, Construction, Manufacturing, Financial Activities, Professional & Business Services, Educational & Health Services, Leisure & Hospitality, Other Services and Government; while Mining and Logging and Information showed no gains; only Trade, Transportation & Utilities showed employment losses; overall employment showed a gain from January 2021 to February 2021. The region's unemployment rate has gone down in February 2021 compared to the previous month. Median home prices in San Diego for Single Family Homes were higher by 3.8% and for Existing Attached Homes by 4.8% in the third quarter of Fiscal Year 2020-21 compared to the prior quarter. Per the Kiplinger's Economic Outlook (April 9, 2021), GDP is expected to grow by 6.2% or more this year because of the additional fiscal stimulus coming from Congress. Job growth will remain strong the rest of the year, as economic activity resumes in the wake of the pandemic. The 10-year rate is currently at 1.7%, and is expected to rise to at least 2% by the end of the year. The rise in the 10-year rate will also push up mortgage rates from 3.1% currently to 3.5% by the end of the year. The upward drift may cause some panic home-buying, as buyers rush to lock in a low mortgage rate, giving an extra boost to rising home prices. The Federal Reserve at its most recent Federal Open Market Committee meeting recommitted itself to keeping short-term interest rates near zero for the foreseeable future, which likely means into 2023 or 2024. Gasoline prices jumped 6.6% in February and drove overall prices up 0.4% for the month. It was expected that fuel prices would bounce back as the economy gets back to normal. Home prices will continue to boom amid a shortage of inventory and high demand. Retail sales are expected to jump in March and April thanks to the stimulus checks that were sent out.

The County's GPR related to property tax revenues improved, supported by the increase in assessed values. For FY 2020-21, the economic indicators discussed previously and the trends summarized below, are followed by a discussion on significant revenue account variances from budget:

- San Diego's monthly unemployment rate fell to 7.2% in February 2021, down from 8.0% the previous month. In comparison, this is below the state's rate of 8.4% in February 2021 and 9.2 in January 2021.
- Consumer spending, as measured by taxable sales, will increase mainly due to increase in consumer online spending and due to the additional stimulus checks recently distributed. During the 3rd Quarter of 2020-21, unadjusted local point of sale tax revenue decreased in the unincorporated area by 1.12% and in the Southern



California Region by 0.42%; while it increased in the statewide level by 0.42% and in the San Diego regional level by 1.21% compared to last quarter December 2020.

- The positive indicators in the housing market continue in the County.
  - Increase in median housing prices for Single Family Homes (up 3.8%) and for Existing Attached Homes (up 4.8%) for the third quarter of Fiscal Year 2020-21 compared to the previous quarter December 2020.
  - Notices of Default for January-March 2021 were down 69% compared to the same period in 2020.
  - Foreclosure activity decreased 80% in January-March 2021 compared to the same period in 2020.

#### *Current Property Taxes All Categories*

The four categories of Current Property Taxes (i.e., Property Taxes Current Secured, Property Taxes Current Supplemental, Property Taxes Unsecured, and Property Taxes Current Unsecured Supplemental) combined are estimated to show a net positive variance to budget of \$40.8 million.

- *Property Taxes Current Secured*

Current Secured Property Taxes are projected to be \$38.8 million higher than budget due primarily to higher than anticipated assessed value (AV) growth.

The budgeted current secured property taxes assumed a local secured assessed value increase of 3.75%, but the actual assessed value (AV) increased by 5.33% (gross less regular exemptions). (Note: The 5.33% increase represents the change in the assessed value for only the secured roll. This is higher than the countywide overall increase published by the Assessor/Recorder/County Clerk on July 15, 2020 of 5.18%, which includes all assessed value components, secured and unsecured).

- *Property Taxes - Current Unsecured*

Current Unsecured Property Taxes are projected to be \$1.3 million above budget due to higher than budgeted growth in assessed valuation, primarily driven by the increase in the Consumer Price Index at 2.0%. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

- *Property Taxes Current Supplemental*

Current Supplemental Property Taxes are projected to be \$0.7 million higher than budget due to an increase in collection based on a decrease in delinquency rate from 4.0% to 1.4%. The projection for this revenue is based on charges and collections trend estimates related to new construction and anticipated turnover through Fiscal Year 2019-20.

### *Taxes Other Than Current Secured*

Taxes Other Than Current Secured are anticipated to be \$22.1 million above budget.

- *Property Tax Prior Secured Supplemental*  
Property Tax Prior Secured Supplemental are projected to be \$0.6 million higher than budget due to an increase in collection based on a decrease in delinquency rate from 4.0% to 1.4%.
- *Real Property Transfer Taxes*  
Real Property Transfer Taxes are projected to be \$0.5 million below budget based on prior year receipts as well as data regarding current year change in ownership and the anticipated level of new construction.
- *Teeter Tax Reserve Excess*  
Teeter Tax Reserve Excess is projected to be \$9.5 million higher than budget. The budget of \$0 was based on the assumption that all penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals and current year receipts up to March, Teeter Tax Reserve Excess will receive \$9.5 million in revenues in the current Fiscal Year.
- *Sales and Use Taxes*  
Sales and Use Taxes are projected to be \$6.0 million higher than budget. This is mostly due to the Wayfair decision in the County Pools and recoveries in most categories except Fuel & Service Stations and Restaurants & Hotels due to re-opening of businesses back in June 2020.
- *Transient Occupancy Tax*  
Transient Occupancy Tax is projected to be \$2.2 million higher than budget. The budget was based on the COVID-19 impact closely resembling the great recession, but current year receipts is higher than expected.
- *Other Tax – Aircraft*  
Other Tax Aircraft is projected to be \$0.7 million higher than budget due to higher than expected current year receipts.
- *Property Tax in Lieu of Vehicle License Fees*  
Property Tax in Lieu of Vehicle License Fees (VLF) is projected to be \$11.3 million higher than budget due to higher than budgeted growth in assessed valuation.
- *Teeter Property Tax Prior Year and Cumulative Prior Years*  
Teeter Property Tax Prior Year and Cumulative Prior Years are projected to be \$7.7 million lower than budget. The decrease was based on a lower delinquency rate at the end of Fiscal Year 2019-20 (from a projected 3.1% to an actual of 1.4%) making the Teeter receivable lower which resulted in lower revenues to be collected in the current fiscal year.

#### *Licenses, Permits, and Franchises*

Licenses, Permits, and Franchises is projected to be \$0.01 million lower than budget due to lower than expected Franchise Fee receipts.

#### *Revenue from Use of Money & Property*

Interest on Deposits is projected to be \$5.4 million higher than budget. The increase is due to a higher projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

#### *Fines, Forfeitures and Penalties*

Fines, Forfeitures and Penalties are projected to be \$7.6 million higher than budget. The budget of \$8.2 million was based on the assumption that most of the penalties and interest will be waived due to the COVID-19 pandemic, but collections for penalties and interest still continued through the end of Fiscal Year 2019-20. Based on prior year actuals, Fines, Forfeitures and Penalties will receive \$15.8 million in revenues in the current Fiscal Year. Revenues in this account reflect the 10% penalty that is assessed on late current secured and unsecured property tax payments.

#### *Intergovernmental Revenue*

A positive variance of \$42.0 million is projected in Intergovernmental Revenue primarily due to pass-through distributions, and residual balance estimates in Aid from Redevelopment Successor Agencies. The pass-through distributions are continuing to go higher due to continued growth in the project areas.

#### *Charges for Current Services*

Charges for Current Services is projected to be \$0.5 million higher than budget due to higher than expected revenue from A-87 billings to departments.

#### *Miscellaneous Revenue*

Miscellaneous Revenue is projected to be \$0.5 million lower than budget due to the Treasury newly enacted rule to allow employees to roll over unused 2020 and 2021 Flexible Spending Account balances.

## **General County Expenses**

### *Countywide General Expense*

A positive variance of \$51.8 million is projected in Countywide General Expense.

A positive expenditure variance of \$29.5 million is projected. A positive variance of \$29.5 million is projected in Services & Supplies. This includes the Countywide Stabilization (\$25.0 million) which was appropriated to replenish the General Fund Reserve per *Administrative Code Section 113.1 General Fund Balances and Reserves*, and for information technology projects that are anticipated to extend beyond the current fiscal Year (\$4.5 million).

A positive revenue variance of \$22.3 million is projected that includes a positive variance of \$2.3 million in Miscellaneous Revenues from various settlement receipts, California Municipal Finance Authority receipts and from escheatment. There is a positive variance of \$20.0 million projected in Intergovernmental Revenue due to a reimbursement from the American Rescue Plan Act (ARPA) for the Small Business Stimulus Grant (SBSG) program which was originally funded with General Fund fund balance.

### **Contributions to Capital**

A positive variance of \$0.5 million is projected in Contributions to Capital.

A positive expenditure variance of \$0.5 million is projected. This includes a positive variance of \$0.5 million in Operating Transfers Out due to lower than anticipated expenses related to capital projects that are closed or being cancelled by the end of Fiscal Year 2020-21.

The following capital projects were closed or canceled (including the amount of related appropriations canceled):

- RICC Caltrans Replacement Property Ramon Acquisition (\$2,515.75)
- RICC Caltrans Replacement Property Julian Acquisition (\$46,678.74)
- Borrego Springs Park (\$283,130.65)
- Fire Authority Training Facility Lease (\$73,044.78)
- Morrison Pond Interpretive Loop Trail Signage (\$5,476.41)
- North Coastal HHSA Facility (\$13,863.25)
- Rainbow Heights Radio Site Infrastructure Replacement (\$43,662.69)
- Borrego Springs Sheriff Station (\$55,908.48)
- Steele Canyon Artificial Turf (\$7,328.56)

## **Capital Program Funds**

### *Edgemoor Development Fund*

There is zero variance projected for the Edgemoor Development Fund.

A positive expenditure variance of \$0.3 million is projected in Services and Supplies due to lower than anticipated Internal Service Fund and major maintenance expenditures.

A negative revenue variance of \$0.3 million is projected. A negative variance \$0.6 million for Federal HHS 93.778 Medical Assistance Program revenue due to a lower than anticipated medical rate for reimbursement. The State calculation of the Medi-Cal Utilization Ratio used to calculate federal SB 1128 reimbursement was lowered which reduced the amount of revenue available to offset Distinct Park Skilled Nursing Facility debt financing costs. This is partially offset by a positive variance of \$0.3 million related to unanticipated interest earnings based on the daily average cash fund balances.