

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MAY 23, 2023**

MINUTE ORDER NO. 35

**SUBJECT: FISCAL YEAR 2022-23 THIRD QUARTER OPERATIONAL PLAN STATUS
REPORT AND BUDGET ADJUSTMENTS (DISTRICTS: ALL)**

OVERVIEW

This report summarizes the status of the County's Fiscal Year 2022-23 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 \$17.8 million (or 0.2% of the General Fund budget), and \$115.9 million (or 1.2% of the Overall budget) for all budgetary funds combined. The projected fund balance anticipates an overall positive expenditure variance and an overall negative revenue variance from the Fiscal Year 2022-23 Amended Budget. The projection assumes General Purpose Revenue will perform better than estimated, and all business groups will produce operating balances except for the Health and Human Services Agency due to the contribution to Innovative Housing Trust Fund and deferral of payments from Federal Emergency Management Agency (FEMA) revenue which will be covered by overall variance in County General Fund and all business groups staying within the legal appropriation limit. The General Fund projections for 3rd Quarter have changed from a projected fund balance amount of \$73.5 million in the 2nd quarter to the projected amount of \$17.8 million in the 3rd Quarter. The primary change is due to the additional deferral of payments from FEMA. Anticipated amounts of \$86.0 million from FEMA originally anticipated to be received by December 31, 2023 are now anticipated to be received in calendar year 2024. The projected balance for all other funds combined is \$98.1 million (3.4% of the other funds combined 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 (GC) 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), the recommendation includes appropriation adjustments to purchase four ambulances and equipment to support fire and emergency medical services, align funding for debt service payment, to purchase items in Jails Commissary Enterprise Fund; and in the Medical Examiner's Office for unanticipated decedent transportation costs and supplemental contracted toxicology support.

In the Health and Human Services Agency (HHSA), recommendations include an appropriation adjustment for the County Public Health Laboratory project.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments for the Ramona Airport Tower Transient Apron Rehabilitation Project, for Joint Exercise of Powers Agreement Improvements at Joan MacQueen Middle School, to support construction of the Calavo Park Project, for the Smuggler's Gulch Improvement Project and to support additional Geotech and design requests of the Otay Lakes Park Sewer System Project, and to support increased costs of construction for Sweetwater Summit Regional Park Campground Expansion Phase 2.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments to support increased fuel costs and for anticipated legal settlements.

In the Capital Program, recommendations include appropriation adjustments for projects that are anticipated to be completed and closed at the end of the fiscal year.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Accept the Fiscal Year 2022-23 third quarter report on projected year-end results.

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

2. Establish appropriations of \$3,965,000 in San Diego County Fire, Services & Supplies (\$1,850,000), for contracted services, equipment and supplies to provide additional ambulance services, and Capital Assets Equipment (\$2,115,000), to purchase four ambulances and equipment to support fire and emergency medical services in the San Diego County Fire Protection District based on Operating Transfer In from San Diego County Fire Protection District (SDCFPD).
(4 VOTES)
3. Cancel appropriations of \$150,000 in Criminal Justice Facility Construction Fund, Operating Transfers Out, based on revenue from fines, forfeitures and penalties; *and* establish appropriations of \$150,000 in the Courthouse Construction Special Revenue Fund, Operating Transfers Out, for debt service payment based on unanticipated revenue from fines, forfeitures and penalties.
(4 VOTES)
4. Establish appropriations of \$650,000 in the Jail Commissary Enterprise Fund, Services & Supplies, for commissary items based on anticipated receipts. **(4 VOTES)**
5. Establish appropriations of \$2,200,000 in DPW Airport Enterprise Fund (AEF), Fixed Assets, to provide funds for the Ramona Airport Tower Transient Apron Rehabilitation Project based on unanticipated revenue from the Federal Aviation Administration (\$1,980,000) and available prior year Airport Enterprise Fund fund balance (\$220,000). **(4 VOTES)**
6. Establish appropriations of \$185,000 in Park Land Dedication Ordinance (PLDO) Area 27 Alpine Fund, Services & Supplies, to finalize payment for the outstanding invoice to Alpine Union School District for improvements at Joan MacQueen Middle School based on available prior year PLDO Area 27 Alpine Fund fund balance. **(4 VOTES)**
7. Establish appropriations of \$2,000,000 in Park Land Dedication Ordinance (PLDO) Area 20 Spring Valley (\$735,210), Spring Valley Improvement Impact Fee (\$1,161,640), and Spring Valley In Lieu Fee (\$103,150), Operating Transfers Out, based on available prior year PLDO Area 20 Spring Valley, Spring Valley Improvement Impact Fee, and Spring Valley In Lieu Fee Fund fund balance; *and* establish appropriations of \$2,000,000 in the Capital Outlay Fund for Capital Project 1022858 Calavo Park, to support construction of the project, based on Operating Transfer In from Parkland Dedication Fund. **(4 VOTES)**

8. Establish appropriations of \$3,250,000 in Capital Outlay Fund to provide funding for Capital Project 1025467 Smuggler's Gulch Improvement Project at Tijuana River Valley Regional Park based on grant funding awarded by the State Water Resources Control Board. **(4 VOTES)**
9. Establish appropriations of \$3,000,000 in the Department of General Services Fleet Internal Service Fund (ISF) Parts and Fuel, Services & Supplies, to support increased fuel costs based on unanticipated revenue from client departments. **(4 VOTES)**
10. Establish appropriations of \$6,756,850 in the County Health Complex Fund for Capital Project 1024604, County Public Health Laboratory, based on Epidemiology and Laboratory Capacity Enhancing Detection Expansion Grant Funding (\$4,900,000) and Advanced Molecular Detection Program Grant Funding (\$1,856,850). **(4 VOTES)**
11. Establish appropriations of \$12,000,000 in the Public Liability ISF, Services & Supplies for several major unanticipated legal settlements based on available Public Liability ISF fund balance. **(4 VOTES)**
12. Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix D, in the net amount of \$29,322,277 for major maintenance projects listed in Appendix D that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; *and* establish and cancel appropriations, as noted in Appendix D for a net increase of \$29,322,277 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 13 through 16):

13. Transfer appropriations of \$600,000 from the Public Safety Group, Services & Supplies to Medical Examiner, Services & Supplies, for unanticipated decedent transportation costs (\$315,000) and supplemental contracted toxicology support (\$285,000).
14. Transfer appropriations of \$161,892 within the Capital Outlay Fund and related Operating Transfer In from the General Fund to provide funding for Capital Project 1021152 Otay Lakes Park Sewer System to support additional Geotech and design requests based on transfer from Capital Project 1022650 Otay Lakes County Park Recreation Amenities (\$33,361) and 1021894 Otay Valley Regional Park Bike Skills Course (\$128,531).
15. Transfer appropriations of \$116,520.77 within the Capital Outlay Fund and related Operating Transfer In from the General Fund to provide funding for Capital Project 1023065 Sweetwater Summit Regional Park Campground Expansion Phase 2 to support increased costs for construction of the project based on transfer from Capital Project 1022612 Lincoln Acres Park Acquisition and Expansion.
16. Cancel appropriations and related revenue of up to \$4,103,390.20 as noted in Schedule C for Capital Projects that will be completed and closed by the end of Fiscal Year 2022-23. This is composed of \$1,962,958.40 in the Capital Outlay Fund, and \$2,140,431.80 in the Justice Facility Construction Fund.

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 2022-23 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of \$3,965,000, transfers within budgetary funds of \$28,281,678 and no cancellation of appropriations. The funding sources for the increase is Operating Transfers In from San Diego County Fire Protection District.

In all other funds combined, these actions will result in a net increase to the overall budget of \$57,260,736, transfers within budgetary funds of \$1,919,012, and cancellation of appropriations of \$6,758,543. The funding sources for the net increase are Operating Transfers In from the General Fund (\$23,507,276), available Public Liability Internal Service Fund (ISF) fund balance (\$12,000,000), Epidemiology and Laboratory Capacity Enhancing Detection Expansion Grant (\$4,900,000), State Water Resources Control Board (\$3,250,000), revenue from client departments (\$3,000,000), available prior year Park Land Dedication Ordinance fund balance (\$2,185,000), Operating Transfers In from Parkland Dedication Fund (\$2,000,000), Federal Aviation Administration (\$1,980,000), Advanced Molecular Detention Program Grant (\$1,856,850), Operating Transfers In from various non-General Fund (\$1,719,199), Miscellaneous Revenues (\$650,000) and available prior year Airport Enterprise Fund fund balance (\$220,000). These are offset by a decrease in Community Development Block Grant (\$7,589).

BUSINESS IMPACT STATEMENT

N/A

ACTION:

ON MOTION of Supervisor Vargas, seconded by Supervisor Anderson, the Board of Supervisors took action as recommended.

AYES: Vargas, Anderson, Lawson-Remer, Desmond

ABSENT: (District 4 Seat Vacant)

State of California)
County of San Diego) §

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Board of Supervisors.

ANDREW POTTER
Clerk of the Board of Supervisors



Signed
by Andrew Potter

