COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS
TUESDAY, MAY 19, 2026

MINUTE ORDER NO. 31

SUBJECT: FISCAL YEAR 2025-26 THIRD QUARTER OPERATIONAL PLAN STATUS REPORT, BUDGET ADJUSTMENTS, AND AUTHORITY TO EXECUTE A GRANT AGREEMENT WITH FEEDING SAN DIEGO (DISTRICTS: ALL)

OVERVIEW

This report summarizes the status of the County of San Diego's (County) Fiscal Year 2025-26 Adopted Operational Plan, as measured by projected year-end fund balance from current year operations. The projected year-end balance for the General Fund is $25.2 million (or 0.3% of the General Fund budget). The projected year-end balance for all other funds combined is $61.3 million (2.0% of the other funds combined budget). For all budgetary funds combined, the projected year-end balance is $86.5 million (or 0.8% of the overall budget). The projected fund balance anticipates an overall positive expenditure variance and an overall negative revenue variance from the Fiscal Year 2025-26 Amended Budget. The projection assumes General Purpose Revenue (GPR) will perform better than estimated, and business groups will produce operating balances, except for Public Safety Group where a negative variance is projected due to higher than anticipated staffing costs associated with the implementation of Proposition 36 and cost overruns with the current medical contract for offsite hospital care, and revenue variances due to grant funded activities that will be deferred to the next fiscal year.

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

In the Public Safety Group (PSG), recommendations include appropriation and program revenue increases for staffing costs to support Proposition 36 (Prop 36), *The Homelessness, Drug Addiction, and Theft Reduction Act* implementation, information technology modernization projects, tenant improvements for Regional Auto Theft Task Force (RATT), staffing and operational costs related to Consumer Protection activities, staffing and operational costs associated with grant programs, County Service Area 69, payment to State Court Facilities Construction Fund, and for contractual psychological services for clients.

In the Land Use and Environment Group (LUEG), recommendations include appropriation adjustments for consultant contracts, road maintenance projects, for the Rainbow Water Quality Improvement Project, and for South Mission Road North Project 1.

In the Finance and General Government Group (FGG), recommendations include appropriation adjustments to recognize interest earned on Tax and Revenue Anticipation Notes (TRANs), one-time IT costs, for returned grant funds from the Community Enhancement and Neighborhood Reinvestment Program to be allocated to new projects, and for the land acquisition of Iron Mountain County Preserve.

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

- The transfer of appropriations for expanded funding of the Innovative Housing Trust Fund and for Feeding San Diego, based on the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) per direction given to the Chief Administrative Officer (CAO) during the January 28, 2026 (21) meeting.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

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

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

2. Increase the Sheriff's Office budget by $2,170,000 to support increases in overtime staffing costs due to Proposition 36 implementation and $2,000,000 in the District Attorney's Office to support information technology modernization projects based on available fund balance from Proposition 172. There will also be an increase to the budget in the Proposition 172 (Prop 172) Special Revenue Fund by $4,170,000 to support costs in the Sheriff's Office and the District Attorney's Office.
   - Establish appropriations of $4,170,000 in the Proposition 172 Special Revenue Fund, Operating Transfers Out, to the Sheriff's Office for increased staffing costs as a result of Proposition 36, *The Homelessness, Drug Addiction, and Theft Reduction Act* implementation ($2,170,000) and to support the District Attorney's Office one-time expenses for information technology modernization projects ($2,000,000), based on available fund balance from the Proposition 172 Special Revenue Fund. **(4 VOTES)**
   - Establish appropriations of $2,170,000 in the Sheriff's Office, Salaries & Benefits, to support increased costs as a result of Proposition 36, *The Homelessness, Drug Addiction, and Theft Reduction Act* implementation, based on an Operating Transfers In from the Proposition 172 Special Revenue Fund. (**4 VOTES)**
   - Establish appropriations of $2,000,000 in the District Attorney's Office, Services & Supplies, for one-time expenses associated with information technology modernization projects, based on an Operating Transfers In from the Proposition 172 Special Revenue Fund. (**4 VOTES)**

3. Increase the District Attorney's Office budget by $1,500,000 for one-time expenses for tenant improvements for Regional Auto Theft Task Force (RATT).
   - Establish appropriations of $1,500,000 in the District Attorney's Office, Services & Supplies, for one-time expenses associated with tenant improvements of the Regional Auto Theft Task Force (RATT) facility, based on available funds from fees collected pursuant to California Code, Vehicle Code - VEH Section 9250.14. **(4 VOTES)**

4. Increase the District Attorney's Office budget by $1,900,000 for staffing and operational costs related to Consumer Protection activities and investigations based on available current year funds from County Proposition 64 Consumer Fraud Fund.
   - Establish appropriations of $1,900,000 in the District Attorney's Office, Salaries & Benefits ($400,000), Services & Supplies ($800,000), and Capital Assets ($700,000) to support Consumer Protection activities and investigations based on available funds from County Proposition 64 Consumer Fraud Fund. **(4 VOTES)**

5. Increase the District Attorney's Office budget by $1,300,000 to support staffing and operational costs associated with grant programs from various State and federal funding sources.
    · Establish appropriations of $1,300,000 in the District Attorney's Office, Salaries & Benefits ($620,000), Services & Supplies ($680,000), to support provisional help and operational costs associated with competitively awarded grants, based on the State of California, Department of Insurance ($1,000,000) and Department of Justice, Bureau of Justice Assistance ($100,000), and Office on Violence Against Women ($200,000). **(4 VOTES)**

6. Establish appropriations in County Service Area 69 to transfer available fund balance from County Service Area 69 to the City of Santee and Lakeside Fire Protection District.
    · Establish appropriations of $500,000 in County Service Area 69, Contributions to Other Agencies, for the transfer of funds to the City of Santee and Lakeside Fire Protection District based on the available fund balance from County Service Area 69. **(4 VOTES)**

7. Increase the Courthouse Construction Special Revenue Fund budget by $215,000 for fines, forfeitures and penalties that were collected after final Hall of Justice debt service payment and must be remitted to the State Court Facilities Construction Fund.
    · Establish appropriations of $215,000 in the Courthouse Construction Special Revenue Fund, Other Charges, for payment to State Court Facilities Construction Fund, based on fines, forfeitures and penalties. **(4 VOTES)**

8. Increase the Office of the Public Defender's budget by $168,509 to support its Holistic Service Unit by embedding contracted services for one psychologist within the unit. The psychologist will provide integrated behavioral health services for clients experiencing mental health disorders by working collaboratively with attorneys, investigators, social workers, and substance abuse assessors to provide clinical evaluation, ongoing treatment recommendations, consultation and attorney training; the funding source is a State grant awarded by the Office of the State Public Defender.
    · Establish appropriations of $168,509 in Services & Supplies, for psychological services based on a State grant awarded by the Office of the State Public Defender on December 18, 2025. **(4 VOTES)**

9. Increase the budget by $34,797 in the Alta Loma Permanent Road Division No. 105 for road resurfacing maintenance.
    · Establish appropriations of $34,797 in the Department of Public Works (DPW) Permanent Road Division (PRD) No. 105 - Alta Loma Drive, Services & Supplies, for road maintenance based on available prior year fund balance within PRD No. 105 - Alta Loma Drive. **(4 VOTES)**

10. Increase the budget by $44,751 in the Zone A Alta Loma Permanent Road Division No. 105A for road resurfacing maintenance.
    · Establish appropriations of $44,751 in the Department of Public Works (DPW) Permanent Road Division (PRD) No. 105A - Zone A Alta Loma Drive, Services & Supplies, for road maintenance based on available prior year fund balance within Zone A Alta Loma Drive. **(4 VOTES)**

11. Transfer funds from the Department of Public Works (DPW) General Fund to Road Fund in the amount of $1,506,118 for construction of the Rainbow Water Quality Improvement Project.
    - Transfer appropriations of $1,506,118 within Department of Public Works General fund, Services & Supplies to Operating Transfers Out; *and* establish appropriations of $1,506,118 in the Road Fund, Services & Supplies, for the Rainbow Water Quality Improvement Project, based on Operating Transfer In from General Fund. **(4 VOTES)**

12. Transfer funds from the Department of Public Works General Fund to Road Fund in the amount of $1,157,975 for construction of the South Mission Road North Project 1.
    - Transfer appropriations of $1,157,975 within Department of Public Works General fund, Services & Supplies to Operating Transfers Out; *and* establish appropriations of $1,157,975 in the Road Fund, Services & Supplies, for the South Mission Road North Project 1, based on an Operating Transfer In from General Fund. **(4 VOTES)**

13. Increase the budget in Finance Other to recognize the interest earned on Tax and Revenue Anticipation Notes (TRANs) funds, which will be applied towards the TRANs obligation payment.
    - Establish appropriations of $7,158,888 in Finance Other, Other Charges, based on unanticipated interest earned and premium received to apply towards the TRANs obligation payment. **(4 VOTES)**

14. Increase the Treasurer-Tax Collector's budget for one-time IT costs related to the decommission of the physical data center.
    - Establish appropriations of $1,600,000 in the Treasurer-Tax Collector's Office, Services & Supplies, based on over-realized Property Tax System Administration ($1,300,000) and Banking Pool ($300,000) revenues for one-time IT costs related to the decommission of the physical data center. **(4 VOTES)**

15. Allow returned grant funds of $8,285 from the Community Enhancement Program and $65,164 from the Neighborhood Reinvestment Program to be allocated to new projects by establishing appropriations in the respective grant program budgets in the current fiscal year.
    - Establish appropriations of $8,285 in the Community Enhancement Program budget Org 12900 ($4,930 for District 3, $3,302 for District 4 and $53 for District 5), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**
    - Establish appropriations of $65,164 in the Neighborhood Reinvestment Program budget ($98 for District 1 in Org 15650, $22,805 for District 2 in Org 15655, $9,589 for District 3 in Org 15660, $28,344 for District 4 in Org 15665, and $4,328 for District 5 in Org 15670), Other Charges, based on unused portions of prior year allocations so the funds can be allocated to other projects. **(4 VOTES)**

16. This recommendation is a technical adjustment that reclassifies departmental maintenance and capital spending plans based on capitalization thresholds. The result is a net increase of budget in the Major Maintenance Capital Outlay Fund (MMCOF) of $8,425,399.
    - Transfer appropriations within departments between Services & Supplies and Operating Transfers Out, as noted in Appendix D, in the net amount of $8,425,399 for major maintenance projects listed in Appendix D that were subsequently reclassified, based on capitalization thresholds, for financial reporting purposes; and establish, transfer and cancel appropriations, as noted in Appendix D for a net increase of $8,425,399. **(4 VOTES)**

17. Transfer funds from Finance Other, which was approved by the Board of Supervisors (Board) on March 3, 2026 (13), to the Multiple Species Conservation Plan (MSCP) Acquisition Fund for the purchase of Iron Mountain County Preserve, approved by the Board on April 22, 2026 (6).
    - Transfer appropriations of $2,000,000 from Finance Other, Services & Supplies, to Contribution to Capital Outlay Fund, Operating Transfers Out; *and* establish appropriations of $2,000,000 in MSCP, to properly record the purchase of Iron Mountain County Preserve land acquisition, based on an Operating Transfer In from the General Fund from previously approved Unlocked Reserves. **(4 VOTES)**

Transfers Within Budgetary Funds and/or Cancellation of Appropriations (Recommendations 18 through 21):

18. Transfer project costs from the Department of Parks and Recreation to the Department of Public Works for the temporary pipe extension at Saturn Boulevard.
    - Transfer appropriations of $2,500,000 from Department of Parks and Recreation, Services & Supplies, to Department of Public Works, Services & Supplies to fund construction of a temporary pipe extension at Saturn Boulevard, based on previously approved Unlocked Reserves.

19. Transfer appropriations from Finance Other to the Assessor/Recorder/County Clerk (ARCC) to properly record one-time costs related to the County's property tax systems.
    - Transfer appropriations of $12,000,000 from Finance Other, Services & Supplies, to the Assessor/Recorder/County Clerk, Services & Supplies, to properly record one-time costs for the County's property tax system based on previously approved use of Unlocked Reserves.

20. Transfer appropriations of $217,260 from Finance Other to the Department of Parks and Recreation (DPR) for one-time start-up costs for the Bonsall Community Park.
    - Transfer appropriations of $217,260 from Finance Other, Services & Supplies, to Department of Parks and Recreation, for one-time start-up costs for the Bonsall Community Park based on one-time General Purpose Revenue previously allocated to and no longer needed for other land use projects.

21. Cancel the remaining budget of Capital Projects that are anticipated to be completed or cancelled by the end of the Fiscal Year. The remaining funds will be returned to the original funding sources.
    - Cancel appropriations and related revenue of up to $3,488,656.08 as noted in Schedule C for Capital Projects that will be completed/cancelled and closed by the end of Fiscal Year 2025-26. This is composed of $3,488,656.08 in the Capital Outlay Fund.

Recommendation on use of Unlocked Reserves based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning
(Recommendations 22 through 23):

22. Transfer appropriations of $23,222,944 for the use of Unlocked Reserves in Fiscal Year (FY) 2025-26 based on the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) per direction given to the CAO during the January 28, 2026 (21) meeting. This item will transfer appropriations based on operational savings with no impact to existing services or the General Fund.

- Transfer and allocate appropriations of $23,222,944 to Housing and Community Development Services, Services & Supplies, for expanded funding of the Innovative Housing Trust Fund ($22,222,944) including production and preservation of affordable housing and to Self-Sufficiency Services, Services & Supplies, for Feeding San Diego ($1,000,000) to support hunger-relief efforts in San Diego County, based on Unlocked Reserves. This transfer and allocation of appropriations is based on operational savings within Behavioral Health Services, with appropriation capacity and related funding that is not anticipated to be used. As a result, there is no impact to services or the General Fund and no increase in the overall budget. The use of Unlocked Reserves is recommended based on San Diego County Administrative Code Section 113.1 for time-sensitive operational expenditures. This follows Board direction to develop proposals to utilize Unlocked Reserves for FY 2025-26 in coordination with and with the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee), and to present recommended appropriations to the Board for consideration as part of the quarterly budget adjustments.

23. Authorize the Chief Administrative Officer, or designee, upon successful negotiations, to execute a grant agreement with Feeding San Diego in an amount of up to $1,000,000 to support hunger relief efforts, and find, in accordance with Government Code section 26227, that such program is necessary to meet the social needs of the population.

EQUITY IMPACT STATEMENT
After the Board of Supervisors (Board) 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 of San Diego (County) services and to identify disparities, develop meaningful outcomes, and create a County government culture of equity, belonging, and racial justice.

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

FISCAL IMPACT
Funds associated with today's recommendations are partially included in the Fiscal Year (FY) 2025-26 Operational Plan. If approved, in the General Fund these actions will result in an increase to the overall budget of $17,870,846, transfers between budgetary funds of $10,783,975, transfers within budgetary funds of $37,940,204, and no cancellation of appropriations. The funding sources for the increases are unanticipated interest earned and premium received on Tax and Revenue Anticipation Notes (TRANs) funds ($7,158,888), available fund balance from Proposition 172 Special Revenue Fund ($2,170,000 & $2,000,000), County Proposition 64 Consumer Fraud Fund ($1,900,000), over-realized Property Tax

System Administration and Banking Pool revenues ($1,600,000), fees collected pursuant to California Code, Vehicle Code - VEH Section 9250.14 ($1,500,000), grants from State of California, Department of Insurance, Department of Justice, Bureau of Justice Assistance, and Office on Violence Against Women ($1,300,000), State grant awarded by the Office of the State Public Defender ($168,509), unused portions of prior year allocations for Neighborhood Reinvestment Program ($65,164), and unused portions of prior year allocations for Community Enhancement Program ($8,285). The transfer and allocation of appropriations identified in Recommendation 22 ($23,222,944) are based on operational savings within Behavioral Health Services and the one-time use of Unlocked Reserves. Based on San Diego County Administrative Code Section 113.1 no more than 25% can be used in one fiscal year which equates to $95,421,241. In the FY 2025-26 First Quarter Operational Plan Status Report, $14,248,297 was appropriated for one-time lump sum payments and in the FY 2025-26 Second Quarter Operational Plan Status Report, $56,150,000 was appropriated for Tijuana River Valley and various appropriations based on the advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning (Subcommittee) per direction given to the Chief Administrative Officer during the January 28, 2026 (21) meeting. In Recommendation 22, $23,222,944 of Unlocked Reserves will be appropriated, which will leave a remaining balance of Unlocked Reserves in FY 2025-26 of $1,800,000. If approved, Recommendation 23 will result in one-time costs of up to $1,000,000 to support hunger relief efforts, based on the use of Unlocked Reserves.

In all other funds combined, these actions will result in a net increase to the overall budget of $14,565,384, transfers between budgetary funds of $2,305,517, and cancellation of appropriations of $9,231,876. The funding sources for the increases are Operating Transfer In from the General Fund ($10,783,975), available fund balance from Proposition 172 Special Revenue Fund ($4,170,000), Operating Transfers In from various non-General Fund ($2,305,517), available County Service Area 69 ($500,000) fund balance, fines, forfeitures and penalties ($215,000), available prior year PRD No. 105A - Zone A Alta Loma Drive fund balance ($44,751), and available prior year PRD No. 105 - Alta Loma Drive fund balance ($34,797). These are offset by decreases in U.S. Environmental Protection Agency grant ($3,452,972) and General Purpose Revenue ($35,684).

BUSINESS IMPACT STATEMENT
N/A

ACTION:
Noting for the record that this item was heard on May 20, 2026; ON MOTION of Supervisor Montgomery Steppe, seconded by Supervisor Aguirre, the Board of Supervisors took action as recommended.

AYES: Aguirre, Anderson, Lawson-Remer, Montgomery Steppe, Desmond

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