County Executive Office

May 13, 2009

The Honorable Board of Supervisors

County of Santa Barbara

105 E. Anapamu Street

Santa Barbara, California 93101

Dear Chairman Centeno and Board Members:

The Fiscal Year 2009-10 Operating Plan, which includes the Recommended Budget, is submitted for your consideration, possible amendment and adoption. The County budget is balanced in accordance with the definition of a balanced budget adopted by the Board of Supervisors: *"Available funding sources shall be at least equal to recommended appropriations; and as a general rule, the year-end undesignated General Fund balance should not be used to fund ongoing operations, but could be used to fund designations such as the Strategic Reserve and the General Fund Contingency."*

As illustrated in Figure 1, the Fiscal Year 2009-10 Recommended Expenditure Budget for all funds (Total Expenditures) is $780.6 million, which represents an increase of $10.1 million, or 1.3% more than the Fiscal Year 2008-09 Estimated Actual and $9.0 million or 1.1% less than the Fiscal Year 2008-09 Adopted Budget. The number of County employees, as measured by Full Time Equivalents (FTE), decreases by 146.4 FTE or 3.5% from the Fiscal Year 2008-09 Adopted Budget.

Figure 1: Budget at a Glance

Budget at a Glance				
Dollars in Millions	2007-08 Actual	2008-09 Adopted	2008-09 Estimated	2009-10 Recommended
Total Revenues	$719.0	$749.4	$747.4	$753.4
Other Financing Sources	$108.2	$119.6	$114.8	$72.7
Total Sources	$827.2	$869.0	$862.2	$826.1
Total Expenditures	$730.7	$789.7	$770.5	**$780.6**
Designated for Future Use	$96.5	$79.3	$91.7	$45.5
Total Uses	$827.2	$869.0	$862.2	$826.1
Staffing FTEs	4,298	4,171	4,189	4,025

The ability to deliver a balanced budget to the Board amidst an economic downturn is possible, in part, due to the savings generated by the County's workforce during the 2008-09 Fiscal Year and additional reductions enacted by departments in developing the Fiscal Year 2009-10 Recommended Budget. In Fiscal Year 2008-09, County employees participated in 64-80 hours of furlough and/or delayed or reduced previously negotiated wage adjustments. Additionally, County executives and managers participated in a 64 hour furlough and management wages were frozen from January 2008 until at least January 2010. Together furloughs, health insurance savings, wage concessions, and wage freezes generated an estimated $10.1 million in cost reductions and prevented the elimination of an estimated 100 positions in Fiscal Year 2008-09. The County's executives and managers, who represent approximately 8.4% of the workforce, generated 22.5% of this total cost savings.

The use of reserves in both Fiscal Years 2008-09 and 2009-10 cushions and masks the severity of the reductions otherwise needed to take place. One time cliff-building use of revenues, fund balances, and redirects totaling $6.9 million have temporarily avoided staffing reductions that would have occurred in Fiscal Year 2009-10. Specifically, Probation, Public Health and Social Services use one-time Realignment fund balance that collectively totals $1.7 million. The Clerk-Recorder-Assessor releases $1 million from a departmental designation to avoid potential staffing reductions. A combination of one-time use of Strategic Reserve of $500,000 and salary designation of $239,000 results in the District Attorney maintaining 7 FTE consisting of deputy district attorney and support staff positions. In addition to the Strategic Reserve allocated to the District Attorney, another $500,000 is used from the Strategic Reserve to balance the budget and partially mitigate some service cutbacks that would have otherwise occurred. Several departments carry over furlough savings totaling about $3 million into the upcoming Fiscal Year to forestall layoffs and potential service level reductions.

Public Safety Prioritization

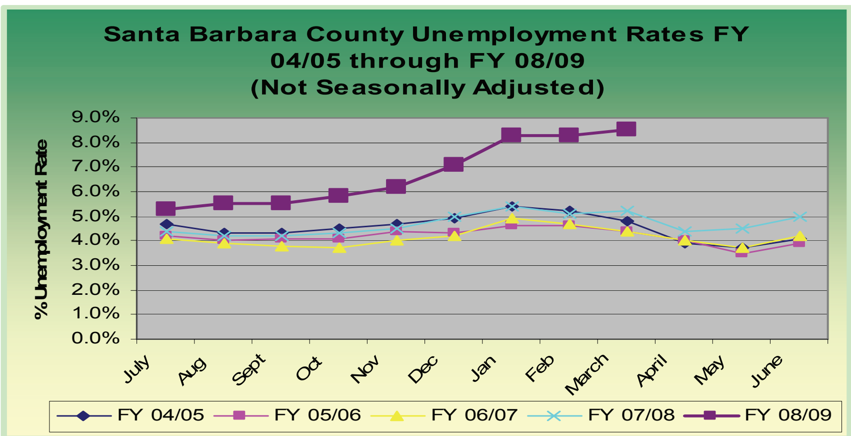
The Fiscal Year 2009-10 Recommended Budget prioritizes public safety. While all County departments were instructed to prepare a budget reflecting a 10% reduction in the General Fund contribution, the reduction was not implemented equally across all departments. Specifically, General Fund dollars were redirected to public safety departments: District Attorney, Probation, Public Defender and the Sheriff. (The Fire Department was not a recipient of the redirect to public safety functions as it receives a majority of its funding through dedicated property taxes to the Fire District as well as an increasing share of the Proposition 172 public safety sales tax.)

A detailed chart reflecting the differences between the potential reductions discussed during the budget workshops and the actual recommended reductions is included for reference as Figure 25 beginning on page A-26 of this section.

The economic context in which this budget was developed cannot be underestimated. The economic turmoil that ensued on the global, national, state and local levels during the autumn of 2008 has had immediate negative repercussions on the public and private sectors. Government in particular is faced with shrinking revenues at a time of growing demand for mandated services such as public assistance. California, for example, has grappled with, and continues to struggle with, a budget deficit that has ballooned to $42 billion due largely to declining revenues.

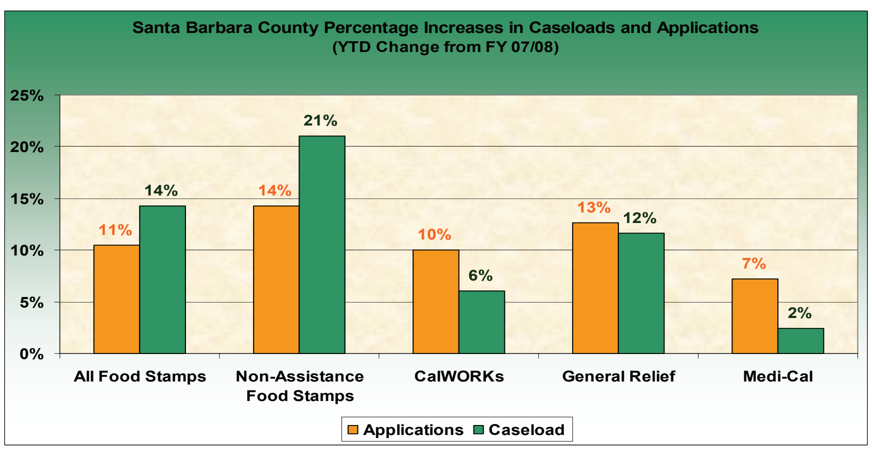
In turn, the County, as a legal subdivision of the State government, experiences the impacts of funding reductions made at the State level. Amidst the deteriorating revenues, unemployment figures continue to rise. As illustrated in Figure 2, the unemployment rate in Santa Barbara County was 8.5% in March 2009, up from 8.3% in February 2009, and above last year's estimate of 5.2%. This is the highest unemployment rate experienced in Santa Barbara County since January 1994. This compares with an unadjusted unemployment rate of 11.5% for California and 9.0% for the nation during the same period. While the overall County rate for March was 8.5%, the rate in some parts of the County was in the 10-20% range.

Figure 2: County Unemployment Rate



Coinciding with the rise in unemployment is the increased demand for public assistance services, which the County is required by law to provide, as illustrated in Figure 3.

Figure 3: Request for County Assistance

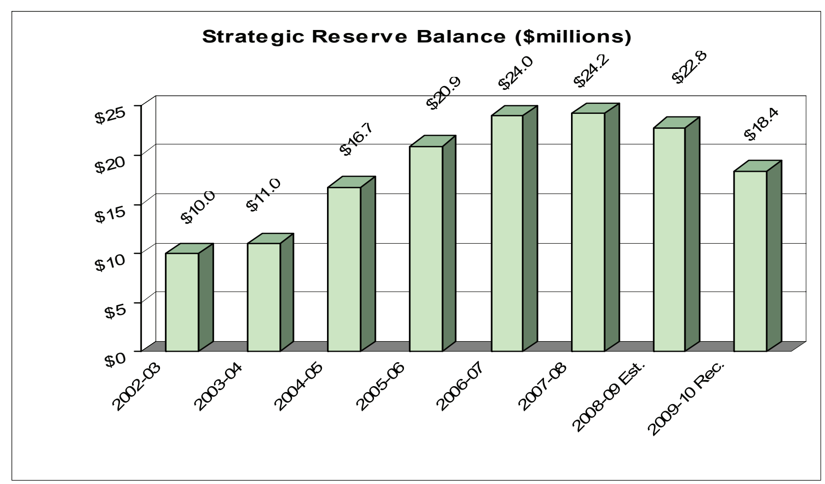


In light of the economic downturn, private sector institutions and individuals look to government in particular to implement solutions to stabilize the economy. The federal and State governments have responded by providing assistance to financial institutions, governments and individuals, including signing H.R. 1, the American Recovery and Reinvestment Act of 2009 ("ARRA"). ARRA strives to stimulate the economy and create jobs and is considered to be a landmark piece of legislation similar only to efforts undertaken during the Great Depression of the 1930**s.**

In general, economic conditions remain bleak and timing regarding a potential rebound in the economy is uncertain. However, the federal and State governments are attempting to make the development of clean and renewable energy the economic driver of such a rebound. The combined focus on climate change and associated clean energy technologies is a policy priority for the federal government. Similarly, the severe decline in the economy has stimulated federal policy on business (financing, method of service delivery, etc.) and redefining relationships such as government to government; government to private sector; government to individuals; and employees to employers.

The County staff developed solutions to balance the Fiscal Year 2009-10 Recommended Budget. Subject to the continued volatility of the economy, it will be increasingly difficult to balance the budget over the next several Fiscal Years if retirement costs remain unchecked, local revenues continue to decline and services remain constant. Utilizing the strategic reserve fund balance as a trade-off to enacting service level changes or implementing long-term solutions to fiscal constraints is unrealistic as the fund balance has been spent down in recent years (See Figure 4).

Figure 4: County's Strategic Reserve Balance



Preparation of the FY 2009-10 Operating Plan: Identifying Key Fiscal Challenges

In order to prepare for the development of the Fiscal Year 2009-10 Operating Plan, the Board of Supervisors held four public budget development workshops, which focused on the key short and long-term fiscal challenges facing the County, namely: revenues, retirement, five-year financial forecasts for the General Fund and six departmental funds, and potential service level reductions. These workshops demonstrated the decline in revenues and the associated potential service level impact, including impacts of 10% reduction in the General Fund contribution. As a cautionary note, while the Recommended Budget is balanced, the ability to balance the budget in future Fiscal Years will continue to be problematic as revenues are projected to remain flat or decrease and the proportionality of retirement costs as a percentage of expenditures grows.

These fiscal challenges are not unique to the County. On February 23, 2009, the White House convened a Fiscal Responsibility Summit to discuss the magnitude of the economic crisis and related topics including the costs of entitlement programs (Medicare, Medicaid and Social Security), the long-term financing of Social Security, the high cost of healthcare and inadequate health insurance coverage, tax reform and procurement and contracting reform. To reiterate, the County must also address issues of providing healthcare and retirement benefits to its employees, the costs of providing health and human services programs to clients and addressing the economic crisis as it pertains to generating and receiving revenues.

Revenues

The major categories of discretionary revenues available for use by the County to fund operations include property tax, sales and use tax, and transient occupancy tax. (Also see Section C for a detailed description and historical trend of these revenues.) Property taxes, which include secured, unsecured, supplemental and document transfer taxes, constitute 87% of all General Fund discretionary funds available to the County. Fiscal Year 2009-10 is based on budgeted decreases in these revenue sources, which negatively impact the County's ability to implement its goals, especially goal #3, which is a community that is economically vital and sustainable (see page A-17 on the County's goals).

As illustrated in Figure 5, collections of secured property taxes remain steady at this time. Yet, the percent of growth in the total assessed secured value is likely to decrease. As illustrated in Figure 6, the secured assessment roll growth peaked at 11.3% in Fiscal Year 2005-06 and steadily declined in light of lower market prices, re-assessed valuations and foreclosures, to an estimate of 1% growth in secured property tax for Fiscal Year 2009-10. The estimated actual growth may be as low as 0% given the latest available data and the possibility of continued downward valuations, which is not reflected in the proposed budget at this time. Consequently, the County has budgeted $3,100,000, or a 22.5% decrease, in supplemental property tax for Fiscal Year 2009-10.

Figure 5: Percentage of Secured Property Taxes Paid

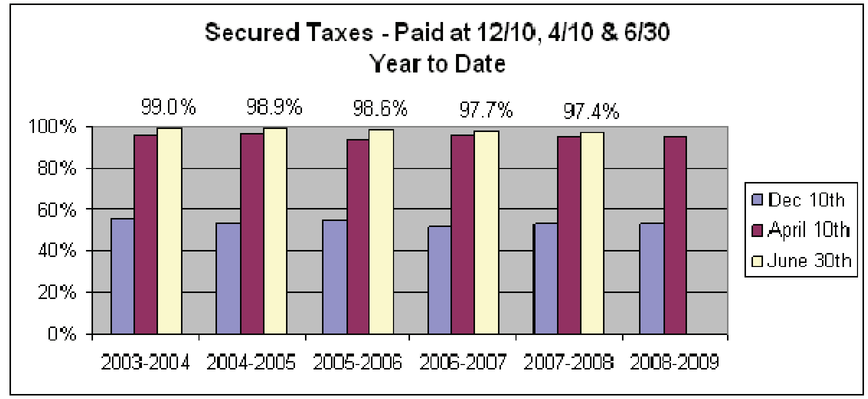
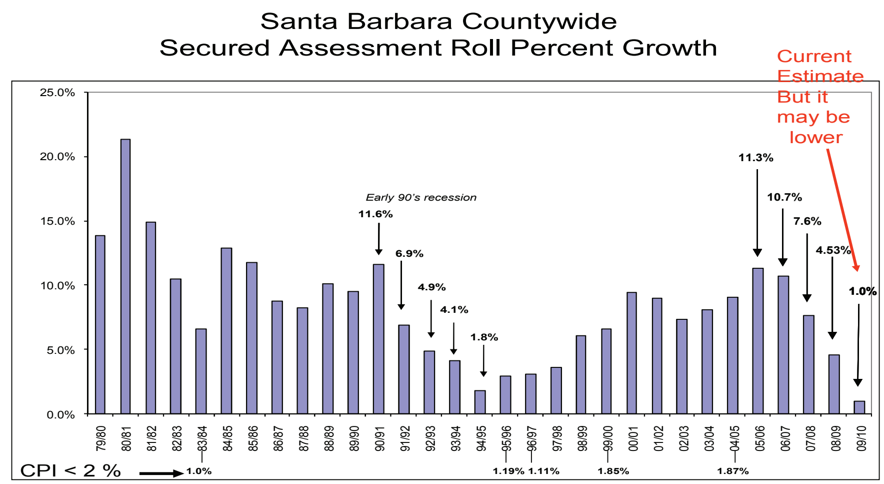


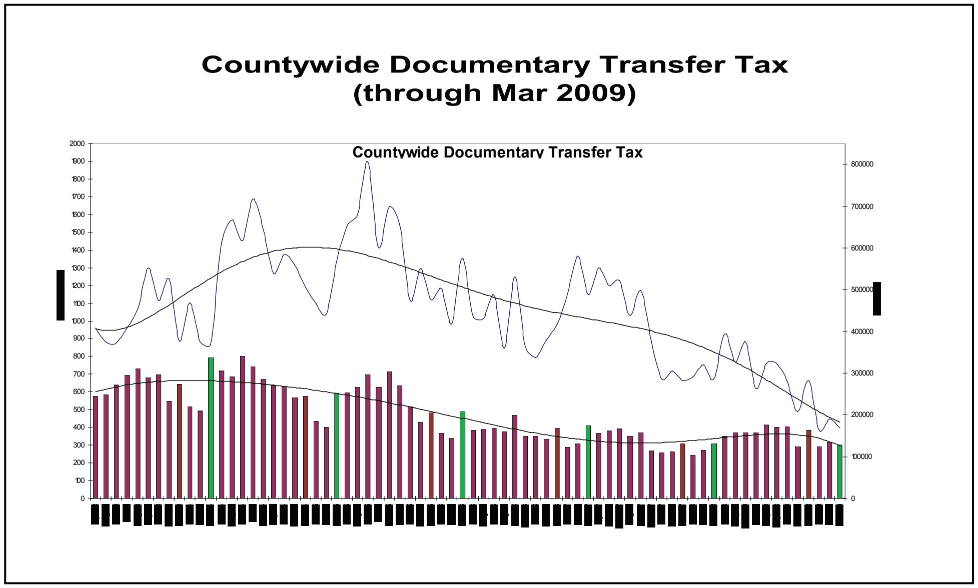
Figure 6: SBC Countywide Secured Assessment Roll Percent Growth



Another indicator of the condition of the real estate market is the documentary transfer tax, which is a tax applied on all transfers of real property based on the sales price of the property transferred. Figure 7 shows a decline in the transfer tax since the peak of sales in 2004 and 2005. The rate of growth is not expected to show significant growth until the latter part of 2010 or 2011, when the economy is expected to begin to recover, leading to growth in the market value of homes and higher numbers of sales. The County has budgeted for a 25.5% decline in this revenue source for Fiscal Year 2009-10.

Home foreclosures are intertwined with the national, State and local economies. The collapse of the mortgage lending and financial institutions is viewed largely as a consequence of the sub-prime mortgage and lending practices of these institutions. As the economy weakens, the assessed values of properties are reduced and fewer homes are sold. As illustrated in Figure 8, the recorded number of foreclosures has dramatically increased in the County, from 18 in 2004 to 1,853 in 2008. In March 2009, there were 313 recorded foreclosures. When foreclosed homes remain vacant, neighborhood conditions deteriorate and conditions of "blight" arise thereby impeding the County's ability to meet its goals, including: a safe and healthy community in which to live, work, and visit; a community that is economically vital & sustainable; and a high quality of life for all residents.

Figure 7: Countywide Documentary Transfer Tax



Economic activity in other housing-related sectors such as banking, construction and real estate has also decreased. Mirroring national trends, the County's construction permit applications have slowed substantially as illustrated in Figure 9. Additional information pertaining to housing and other local economic factors is included later in this narrative and in Section B.

Figure 8: Countywide Recorded Foreclosures

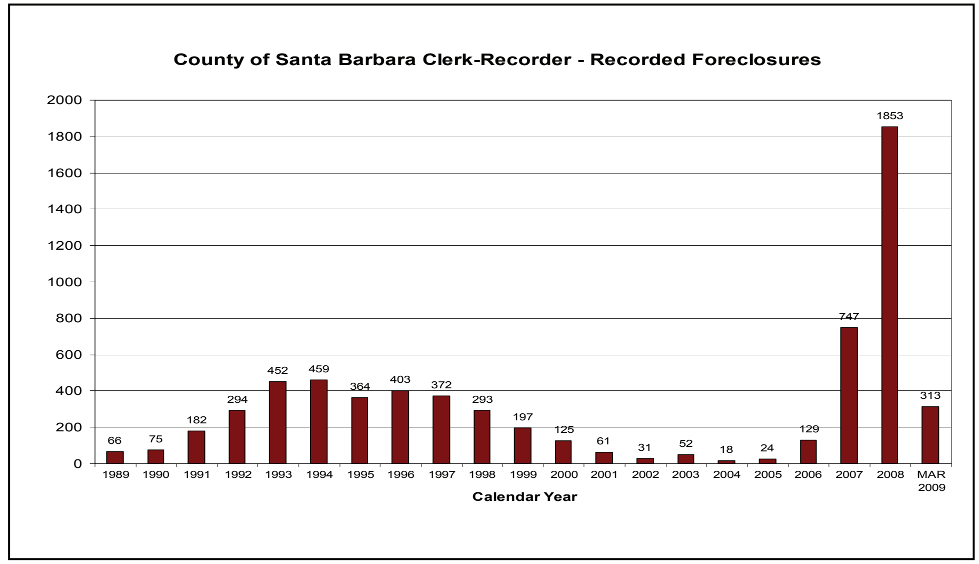
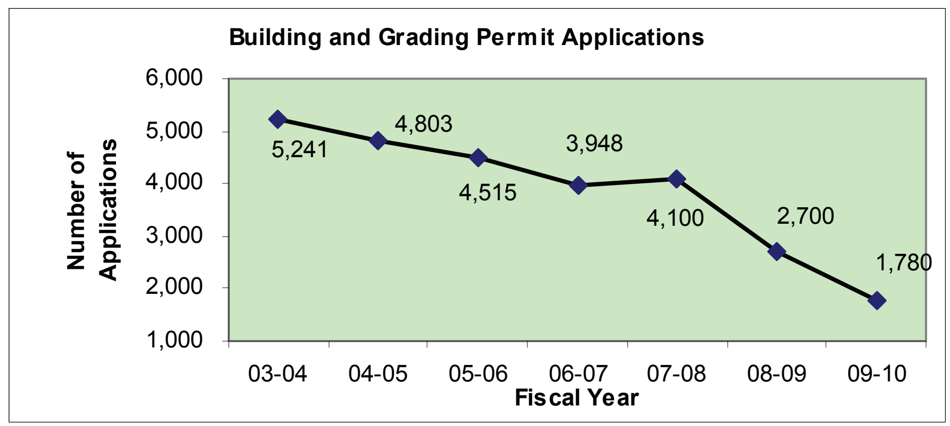


Figure 9: County Building and Grading Permit Applications over Time



As the economy weakens, individuals tend to spend less on taxable goods and services. The decline in corresponding sales and use tax revenues significantly impacts the ability of the State and local governments to balance their budgets and fund services. Sales and use tax, as well as personal income tax and corporate taxes, are the three primary sources of revenue for the State of California. Therefore, when sales and use taxes are lower than projected, the State may reduce spending, increase taxes or employ a combination of these two strategies. Any of these mechanisms are likely to impact the County as it is mandated to implement programs on behalf of the federal and State governments. As illustrated later in this document, the State has used a combination of spending reductions and revenue enhancements, including increasing the sales and use tax by 1% and vehicle license fee by .50% starting in April 2009.

With the recent statewide increase, the aggregate sales and use tax within the County is currently at 8.75%. While the County still has the authority to generate revenues via locally approved initiatives, local voters may be resistant to approving any additional tax for County-sponsored projects and programs, such as building a new jail.

The County received a conditional award of $56.3 million grant from the State for jail construction that require the County to contribute $23.9 million for capital costs and $13 million (plus an annual growth rate of 5.5%) for ongoing operational cost of the new jail. One feasible option for financing ongoing operations is through a ½ cent tax increase of the sales and use tax, which would generate approximately $30 million annually countywide. The ability to finance the jail ties to the County's goal of a safe and healthy community in which to live, work and visit.

Sales and use tax represents the second largest discretionary tax revenue for the County. While sales and use tax constitutes 8% of the County's General Fund (County Operations), specific County departments also receive portions of the sales and use tax dedicated to specific purposes. These departments include:

- Public Safety Departments of the District Attorney, Fire, Parks (ocean lifeguards), Probation, Public Defender and Sheriff receive sales and use taxes dedicated to the Proposition 172 Local Public Safety Protection Improvement Act. In April 2009, the State increased the amount of the vehicle license tax from .065% to 1.15% of a vehicle's value through 2011 (voter approval during a May 19, 2009 election may extend this increase to 2013). Of this amount, 0.15% will be directed to a new Local Safety and Protection Account and dedicated exclusively to local public safety programs to offset programmatic reductions to public safety programs.

- Public Works Transportation Division (Road Fund) receives a portion of State gas tax and a locally-approved sales tax known as "Measure D" to support road maintenance. "Measure D" was passed in 1989 and provides for ½ cent sales tax revenue over 20 years until June 2010. In November 2008, the voters of Santa Barbara County approved "Measure A" to, in effect, extend a ½ cent sales tax for road maintenance for 30 years.

- Alcohol, Drug and Mental Health Services, Public Health and Social Services also receive a portion of the sales and use tax known as Realignment. These departments also receive Realignment funds based on the motor vehicle license fees collected by the State.

The current Fiscal Year began with a moderate decline in statewide sales and use tax; however, the decrease accelerated dramatically, with receipts of -40.7% and -19.2% in January and March respectively. The average decline in statewide sales tax for the current Fiscal Year is -10.8%, which affects the General Fund sales tax discretionary revenue, public safety Proposition 172 revenue, Local Transportation fund revenue, Measure D revenue, and the Realignment funds. On average, these revenues, which are calculated through various formulas, are declining -6.7% to -10.8% (See section C for more detail). There is a possibility that the estimated actual for the current Fiscal Year, may drop even lower than estimated. The County has projected an 8%, or $8.6 million, decrease in the Fiscal Year 2008-09 Estimated Actual for departmental revenue from sales and use tax and an additional 5% decrease in Fiscal Year 2009-10, which represents a loss of $11.8 million over the prior year's budgeted amount.

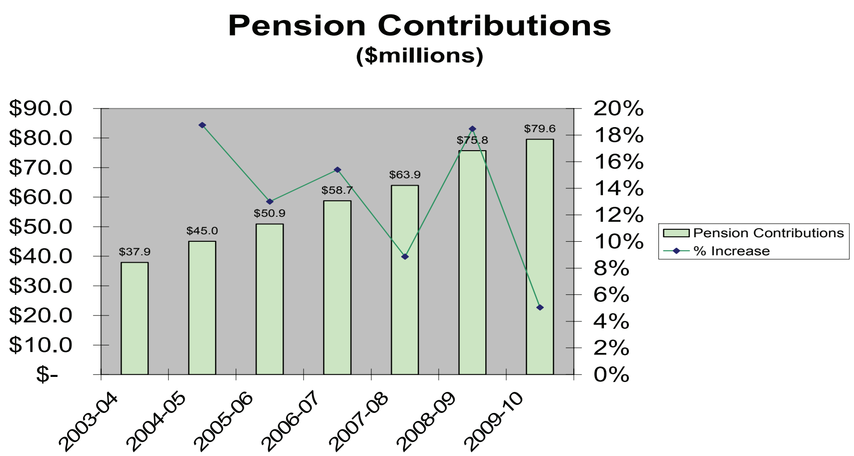
As noted in Section B, the County's proximity to Los Angeles and San Francisco, its mild climate, picturesque coastline with 110 miles of beaches, scenic mountains, and numerous parks make it an ideal tourist location. Accordingly, the County is dependent on sales and use tax and transient occupancy tax (TOT). TOT is a tax of 10% of the daily rent that is collected by the operator and then remitted to the jurisdiction in which the hotel is located. Similar to sales and use tax patterns, a decline of 8% in TOT emerged in October and November 2008. The County is estimating a 5% decrease in TOT for the current year and another 5% decrease in Fiscal Year 2009-10 from the estimate. A majority of the lodging establishments are located within the cities. Of the $34.5 million in TOT generated countywide in Fiscal Year 2007-08, $27.3 million was generated within incorporated cities and $7.2 million was generated within the unincorporated County. The community of Montecito generated 55% of the unincorporated County's share of the TOT. In 2008, following extensive public hearings and project modifications to ensure conformance to community characteristics, the County Board of Supervisors approved a project to redevelop the existing Miramar Hotel, also located within Montecito. Details of visitor-related travel spending can be found in Section B.

Retirement

The State Retirement Act of 1937 governs the manner in which pensions are administered in the subject counties, which include Santa Barbara County. Per the provisions of the Act, the Santa Barbara County Employees' Retirement System (SBCERS) has a Board of Retirement (BoR) that is responsible for managing the County's pension plans. The County of Santa Barbara is the major plan sponsor within that system. Pension plans are funded from three sources: (1) Employee contributions, which are a percentage of employee pay; (2) employer contributions, which are a percentage of total payroll and (3) the returns on the investments made by the Retirement System.

Since Fiscal Year 2003-04, employer pension costs have increased between 5-19% a year. From Fiscal Year 2007-08 to Fiscal Year 2008-09, the rate of increase was 18%. Since then, the economic downturn has resulted in significant investment losses for pension plans including SBCERS. The Fiscal Year 2009-10 retirement cost is a 5% increase over the previous Fiscal Year, as illustrated in Figure 10. However, both the County's actuary and the SBCERS experts have independently projected that the County's pension costs will significantly increase in 2010-11. Using the current methods adopted by SBCERS, the potential contribution rate for Fiscal Year 2010-11 could be 39.37%, which would be an increase in cost of nearly $55 million countywide, or 69%, over the previous year's rate of 23.3%. The General Fund component of the rate increase would be an estimated $30 million.

Figure 10: County Pension Contributions over Time



Compensating for the losses sustained as part of the economic downturn require a combination of investment gains and County contributions. However, if a pension system loses 50% of its assets, it needs to achieve 100% return on investment to "bounce back" to its previous level of gains. The ability of the County to balance the budget in future years is contingent on designing a fiscally prudent and long-term solution to addressing retirement costs. The SBCERS Board of Retirement may consider changes in the actuarial method and assumptions or changes in the investment policy while the County Board of Supervisors may consider changes to the benefits structure or to the number of employees receiving benefits.

Retiree Health Benefits

In September 2008 the Board of Supervisors adopted a legally-compliant 401(h) for the Retiree Medical Program, which was subsequently also adopted by SBCERS. The 401(h) provides a legal funding mechanism for both the $15 and $4 components of the Retiree Medical Program. The $4 component is no longer a taxable cash supplement but is, rather, a pre-tax retiree medical subsidy that retirees can use to obtain reimbursement for IRS-eligible health-related expenditures. This component is compliant with IRS requirements.

The County is now directly funding the 401(h) plan at approximately 3% of payroll. This was made financially possible with the Retirement Board's transfer of assets from various reserve and contingency accounts into the core pension account, which reduced the County's employer contribution rate in Fiscal Year 2008-09. The Fiscal Year 2008-09 Estimated Actual cost of retiree health benefits countywide is $5.8 million, of which $3.2 million is attributed to General Fund departments. The Recommended Budget rises to $8.9 million, including $5.1 million for General Fund departments.

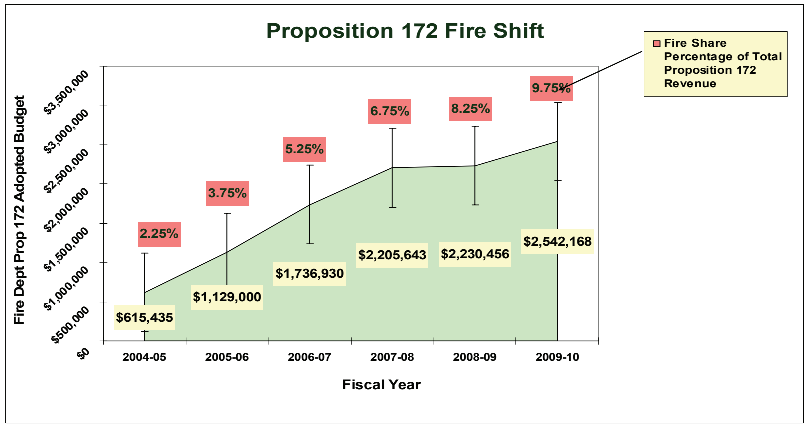
Five Year Forecasts of Select Departments

The five year forecast for the General Fund begins on page A-20 of this section. In addition to the costs and revenues affecting the General Fund, the long-term financial stability of the County is contingent on the fiscal health of several large departments.

The County Fire Department, as a dependent fire district, receives a direct allocation of the property taxes for fire operations. It is also allocated a portion of the Proposition 172 sales tax, and, as documented in the County's budget principles and illustrated in Figure 11, receives an additional 1.5% increase in Proposition 172 each year until reaching 9.75% in Fiscal Year 2009-10. The shift of Proposition 172 from the other public safety departments resulted from an agreement reached in 2004 to increase the Fire Department's portion of this tax over time. The General Fund has made up the difference in the Proposition 172 allocation to the other public safety departments.

The Fire Department's Fiscal Year 2009-10 Recommended Budget is static and, at $50.5 million, represents a $321,000 or 0.6% increase, in operating expenditures over the Fiscal Year 2008-09 Estimated Actual. Given the current and projected decreases in these revenue sources, combined with increased retirement and health insurance costs, sustained service levels for Fiscal Year 2009-10, the projected addition of the 3rd Battalion Chief post (or 3 new positions) for $800,000 in Fiscal Year 2010-11 and ongoing capital needs and equipment replacements, the Fire Department predicts a negative fund balance of $1.1 million by Fiscal Year 2010-11 and a balance of -$7.3 million by Fiscal Year 2012-13. Either the Fire Department will need to rethink its service delivery model or the General Fund will need to contribute to offset the Department's negative fund balance in future years. Potential actions by the Board of Supervisors to mitigate escalating retirement costs may assist this Department in reducing expenditures in future years.

Figure 11: Proposition 172 Shift for County Fire Department



The Public Works' Road Fund five year forecast is generally positive. The Fiscal Year 2009-10 Recommended Budget's operating expenditures increase by $3 million to $40.9 million from the prior year's Estimated Actual of $37.9 million. This 8% increase includes $1.7 million in construction costs for bridge and other road projects and $1.2 million for salaries and benefits expenditures. The Department predicts a change in fund balance of -$1.9 million in Fiscal Year 2012-13, resulting in a total fund balance of $6.3 million. The long-term forecast assumes stable State funding, an annual decrease in gas tax of 1% beginning in Fiscal Year 2009-10 and a 20% reduction in Measure A, the locally approved sales tax, beginning in Fiscal Year 2010-11.

Volatility in sales tax and gas prices as well as macro-level efforts to encourage the public to use alternative transportation and purchase fuel efficient vehicles may result in greater decreases to the gas tax and Measure A than projected. While the Department has anticipated the receipt of State funding for road repair and maintenance known as Proposition 42 and Proposition 1B and the corresponding General Fund contribution to meet the maintenance-of-effort requirement (currently $851,000 for Measure A and $442,000 for Proposition 42), this funding may change based upon future budgetary actions by the State. As illustrated in the narrative regarding the State budget, the State's ability to balance the budget has been challenging and the State has previously proposed the temporary suspension of Proposition 42 funds, delayed the scheduled payments of road funds and halted the release of Proposition 1B funds.

Public Works will receive $5.6 million for road repair and rehabilitation as part of the ARRA and efforts are underway in Congress to reauthorize transportation legislation that may fund road projects in future years. Without stable and sufficient funding, the Department will need to defer preventative maintenance, which negatively impacts the conditions of roads as measured by the pavement condition index and results in higher costs in the future to bring roads back into a state of pavement preservation. Other fiscal strategies to address any unforeseen decline in revenues include withholding local funding for initial response and restoration in the wake of disasters and delaying the replacement of equipment and vehicles to meet Air Resource Board emission requirements (see narrative on legislation impacting the County for more information on greenhouse gas emissions).

The paradox of declining revenues and increasing need for services is most evident in the Department of Social Services (DSS). Service and funding requirements are dictated by the federal and State governments and Realignment funds received from the State are contingent on both sales and use taxes and motor vehicle fees. Caseloads are on the rise in several of the different programs administered by the program, especially programs that provide assistance and relief when the economy is weak. Several pressing issues face the DSS in the next five years including: (1) increasing caseloads and demands on services, (2) depletion of both the Realignment Trust Fund and Special Revenue Fund balance and (3) expenditures pertaining to salaries and benefits consistent with negotiated increases outpacing revenues. If available fund balances are used to maintain current service levels in Fiscal Year 2009-10, the Realignment Trust Fund and Social Services Special Revenue Fund balances will be fully depleted by the end of the upcoming Fiscal Year. Beginning in Fiscal Year 2010-11, the DSS will either require $4.6 million from the General Fund per year to maintain current service levels or need to enact service level reductions to maintain a balanced budget. In order to meet the budget principle of reducing the General Fund contribution in Fiscal Year 2009-10 by 10%, or $1.1 million, as well as addressing the impacts of State funding loss, DSS will reduce staffing by 18 FTE, which are currently vacant positions. Increasing caseloads coupled with decreased staffing contribute to longer wait times for clients in such benefit programs as CalWORKs, Food Stamps, General Relief, and foster care assessments. However, federal funds may become available through ARRA to assist DSS in the administration of assistance programs.

The Public Health Department (PHD)'s financial forecast is also closely aligned with the federal and State governments. In addition to receiving Realignment revenue, the Department also received reimbursement from the governmental insurers Medicare and Medi-Cal. Medicare rates have been "capped" to the 2000 rate and have not kept pace with provider charges. Medi-Cal eligibility determination and benefit changes have been proposed in the Governor's amended Fiscal Year 2008-09 and 2009-10 State budget and decreases to providers' reimbursement rates are often considered as a budget balancing strategy by the State. The level of reimbursement has been one factor contributing to the decline in providers within the County willing to accept government insurance. The weakened economy has also resulted in an increased demand for services.

As healthcare costs continue to grow at a faster rate than revenues, the ability of PHD to address its structural deficit in Fiscal Year 2009-10 and beyond is challenged. In Fiscal Year 2009-10, despite additional departmental reductions of 12 FTE and approximately $1.2 million in order to meet a reduced General Fund contribution target and other State revenue and allocation reductions, PHD projects to use approximately $3 million from its designated reserves to fund clinic operations and other service levels. The impacts include reductions in programs that affect clients in Primary Care and Family Health and the Community Health Divisions with longer waiting time for services and medications, less support/oversight for projects, programs and community activities and reductions in health education programs as detailed in Figure 24 after page A-23 of this section. The Department's Recommended Budget's operating expenditures will increase by $1.5 million to $85.4 million from the prior year's Estimated Actual of $83.9million. This 2 % increase is primarily the result of $2.8 million in cost-of-living (COLA), merit adjustments, and benefit rate increases for licensed clinical professionals and other staff.

The five-year forecast indicates that the Special Revenue Fund is projected to be depleted and operating with a negative $2.9 million fund balance by Fiscal Year 2012-13 at these reduced levels of service, if additional structural changes, service reductions, and other actions are not taken to restore financial stability. This does not take into consideration the Department's planned investment in the implementation of an Electronic Medical Record, which is part of the federal health agenda and ARRA. The depletion of PHD's Special Revenue Fund has significant implications to the maintenance of the area's health care safety net.

As referenced in Figure 3 on page A-2, Medi-Cal applications to the Department of Social Services have increase by 7% over last year. Public Health has observed a decrease in providers accepting Medi-Cal as reimbursement rates lag behind the actual costs. In 2003, 77 providers accepted Medi-Cal patients. In 2008, 67 providers still accepted Medi-Cal patients, but only 34 providers accepted new patients and 21 of those providers work in either County clinics or non-profit community clinics. Thus, only 13 out of 67 providers accept new Medi-Cal patients, 6 are private pediatricians and 7 are primary care physicians. Alcohol, Drug and Mental Health

Services (ADMHS) has indicated that the percentage of mental health clients enrolled in Medi-Cal has declined over the years. The complexity of enrolling eligible applicants in Medi-Cal, determining benefits, providing services in accordance with federal and State requirements and finding providers which will accept Medi-Cal frustrates Social Services, Public Health and ADMHS.

The long-term financial health of ADMHS is dependent on addressing immediate short-term issues primarily related to billing practices. Similar to other departments, ADMHS is expecting a decrease in State Realignment and motor vehicle license fees in both the current and upcoming Fiscal Years. The Department is also confronted by timely reimbursements by the State for services as well as a settlement with the State regarding previously billed services. Current practice involves the State paying providers such as ADMHS 5-7 months after the service has been provided and a claim has been submitted by ADMHS to the State. The claims are submitted monthly for specific units of service that have interim rates assigned by or negotiated with the State. The final rate for each service provided is estimated through a cost report that details the Department's costs and the number of service units delivered; the Department sends it to the State within six months after the end of the Fiscal Year (June 30). Two years later, the State completes its review of this cost report and makes adjustments based on its record of approved services. The State then sends the Department a letter indicating the settlement amount due from or owed to the Department. The Department is unable to appeal any settlement decision with the State until an audit is carried out, typically three years after the "settlement" letter. This lengthy settlement process means that the Department is at risk for payback or has to wait for its approved payment for up to five years after services have been provided.

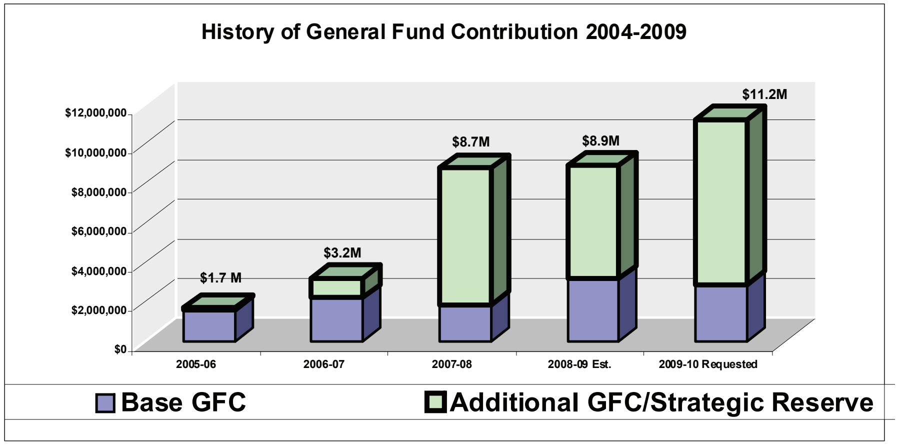
During the last week in April 2009, as part of a regularly scheduled fiscal and contract compliance meeting between ADMHS, the CEO and the Auditor-Controller, it was discovered that delays in reimbursements by the State are only part of the fiscal problem. It was revealed that a number of County ADMHS clinicians do not complete their chart notes on the day clinical services are rendered. Rather, reportedly, some clinicians wait up to 30 days to complete their clinical notes, which then delays the submittal of claims to the State for reimbursement. This practice of delaying the completion of clinical notes extends to prior years, and may have existed for decades. A new Mental Health Director in 2001 became aware of the issue and made changing this practice the top priority of the Department. Subsequently, the Board of Supervisors and the CEO were informed by ADMHS that the issue had been remedied through various departmental efforts including the creation of the "Revenue Rangers Project" and the acquisition of software which integrated billing and clinical notes charting to make the work easier. In light of the recent resurfacing of the delayed completion of clinic notes, the current management of ADMHS will need to concentrate efforts to remedy this practice in the upcoming Fiscal Year.

In addition to the timely billings for services currently provided, the Department is also engaged in a settlement process regarding previously billed services. In July 2007, the Interim ADMHS Director discovered claiming and cost reporting practices that appeared incorrect. These practices were immediately discontinued and disclosed to the appropriate State agencies. The County estimates the resulting liability of these practices to be $9.3 million. In addition, normal audit and cost report settlements for the periods of Fiscal Year 2002-03 to 2007-08 are estimated to be approximately $4.6 million. The combined estimated liability is $13.9 million that could be owed to the State. This liability will be met through funds previously set aside in an audit designation ($3 million), Fiscal Year 2007-08 expenditure accruals ($1.7 million) and a Strategic Reserve designation ($9.2 million). Release of funds from the Audit and Strategic Reserve designations will be phased to correspond with payment of these liabilities. The current estimated payments in Fiscal Year 2008-09 are $3.8 million and the remaining balance of $8.4 million is included in the Fiscal Year 2009-10 Recommended Budget, for a net total of $12.2 million. In addition, the State has assessed ADMHS $2.2 million in Audit findings for Fiscal Year 2002-03 related to a disallowance of certain Children's Mental Health programs such as MISC that were provided through the Department, Probation, the Department of Social Services, and Public Health. The County is currently in the appeal process for this matter. Accordingly, the $2.2 million related to this appeal is not included in the budget. As illustrated in Figure 12, the General Fund Contribution to ADMHS has increased substantially over time to preserve services and pay audit settlements.

Despite the audit liability, ADMHS' Recommended Expenditures show an increase for the upcoming Fiscal Year. The Department has either recently received approval or is in the review process with the State regarding the use of new Mental Health Services Act (MHSA) funds. MHSA funds are named after the ballot initiative, Proposition 63, passed in 2004 to impose a 1% income tax on personal income in excess of $1 million to provide funding for mental health services. Specifically, MHSA funds Community Services and Supports (CSS), Workforce Education and Training (WET), Prevention and Early Intervention (PEI) and Capital Facilities and Technology programs. The use of new MHSA funds is subject to State review and a local public planning process. There is also a strict anti-supplanting component to the use of MHSA funds (i.e. the MHSA funds cannot be used for other services outside the purview of MHSA). ADMHS anticipates an increase of nearly $12 million, or 86%, in its revenues for Fiscal Year 2009-10 for a total of $25 million, which includes $5.0 million in Capital Facilities/Technology, $3.7 million in Prevention and Early Intervention services and $2.8 million in CSS funds.

In summary, the Alcohol, Drug and Mental Health Services Department's difficulties constitute a major threat to the financial stability of the County and the future preservation of core programs in all departments.

Figure 12: General Fund Contribution to ADMHS



Highlights of Staffing and Program Changes in Fiscal Year 2009-10

Staffing changes from the Fiscal Year 2008-09 Adopted Budget to the Fiscal Year 2009-10 Recommended Budget by department are reflected in Figure 13. Service level impacts associated with the staffing reductions are detailed in Figure 25, starting on page A-26. Highlights of significant departmental staffing changes are illustrated below.

There may be some difference between the Service Level Impact chart, Figure 25 and Figure 13. Figure 25 captures FTE changes related to service level impacts only, whereas Figure 13 captures department-wide net changes in FTE. Some staffing changes, such as elimination of vacant positions, decreased workload requirements and restructuring of operations to achieve efficiencies, may not impact service levels noted in Figure 25.

County Counsel staffing decreases by 7.8 FTE, or 18%, impacting the ability to provide legal advice and assistance to other General Fund departments.

The County Executive Office staffing decreases by 1.8 FTE, or 8%, reducing responsiveness and timeliness to projects, investigations and unscheduled assignments.

District Attorney staffing decreases by 16.1 FTE or 12%, impacting treatment courts, consumer fraud cases and misdemeanor cases as illustrated in Figure 25.

Public Defender staffing decreases by 9.5 FTE, or 14%, reducing indigent defense and/or compelling the Courts to backfill with consultants if the Public Defender declares unavailability in some courts.

Probation staffing decreases by 34.6 FTE, or 9%, impacting the wait time by juvenile probationers for mental health services and redirecting administrative duties to officers.

While the Sheriff's Department staffing decreases by 7.1 FTE or 1%, the Department was originally faced with reductions of 57 FTE, which would have reduced patrol within the unincorporated County to unacceptable levels and impacted jail operations.

ADMHS staffing is increasing by 7 FTE, or 2%, due to the creation of new staffing positions within the MHSA program.

Agricultural Commissioner staffing decreases by 2.0 FTE, or 6%, primarily impacting clerical support to staff.

Planning and Development staffing decreases by 24 FTE, or 20%, as a result of the economic recession stalling building and development activity.

Clerk-Recorder-Assessor staffing decreases by 2.2 FTE or 2%. Under the conditions of falling market prices and drastic rises in foreclosures, the Assessor's workload in appeals and value reduction requests has increased by 223% and 178% respectively, from previous year levels. No staffing reductions within this division is recommended as less staff may lead to backlogs and delays in processing work items and an inability to close the property tax roll in a timely and accurate manner. Backlogs and delays may result in a loss of revenues to the County and other agencies sharing in property tax revenues.

General Services staffing decreases by 6.0 FTE, or 5%, with no service level impact.

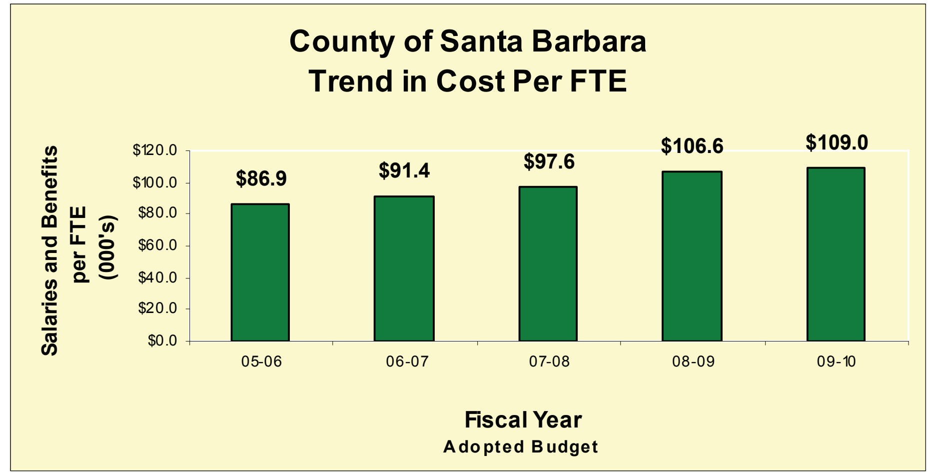
Human Resources staffing decreases by 2.0 FTE, or 7%, impacting recruitment.

Figure 13: FTE Position Change by Department

Functional Area/Department	FY 08-09 Adopted	FY 09-10 Rec.	Change Adopted to Rec.	% Change Adopted to Rec
Policy and Executive				
Board of Supervisors	22.5	22.8	0.3	1.33%
County Executive Office	22.8	21.0	(1.8)	-7.89%
County Counsel	42.2	34.4	(7.8)	-18.48%
	87.5	**78.2**	**(9.3)**	**-10.63%**
Law & Justice				
Court- Special Services	0.0	0.0	0.0	0.00%
District Attorney	130.9	114.8	(16.1)	-12.30%
Public Defender	68.1	58.6	(9.5)	-13.95%
	199.0	**173.4**	**(25.6)**	**-12.86%**
Public Safety				
Fire	285.3	284.3	(1.0)	-0.35%
Probation	379.3	344.7	(34.6)	-9.12%
Sheriff	676.0	668.9	(7.1)	-1.05%
	1,340.6	**1,297.9**	**(42.7)**	**-3.19%**
Health & Public Assistance				
Alcohol, Drug & Mental Health	291.5	298.5	7.0	2.40%
Child Support Services	90.6	89.2	(1.4)	-1.55%
Public Health Department	513.6	501.2	(12.4)	-2.41%
Social Services	642.4	624.4	(18.0)	-2.80%
	1,538.1	**1,513.3**	**(24.8)**	**-1.61%**
Community Resources				
Agriculture & Cooperative	33.3	31.3	(2.0)	-6.01%
Housing & Community Dev.	12.3	12.0	(0.3)	-2.44%
Parks	82.2	83.2	1.0	1.22%
Planning & Development	118.3	94.3	(24.0)	-20.29%
Public Works	314.0	308.3	(5.7)	-1.82%
	560.1	**529.1**	**(31.0)**	**-5.53%**
Support Services				
Auditor-Controller	54.3	52.3	(2.0)	-3.68%
Clerk-Recorder-Assessor	112.6	110.4	(2.2)	-1.95%
General Services	122.7	116.7	(6.0)	-4.89%
Human Resources	29.9	27.9	(2.0)	-6.69%
Information Technology	46.0	46.0	0.0	0.00%
Treasurer-Tax Collector	49.5	48.8	(0.7)	-1.41%
	415.0	**402.1**	**(12.9)**	**-3.11%**
General County Programs				
General County Programs	31.0	31.0	**0.0**	**0.00%**
Total	**4,171.4**	**4,025.0**	**(146.3)**	**-3.51%**

As illustrated in Figure 14, the cost per FTE will increase by 2% in Fiscal Year 2009-10 when compared to the adopted Fiscal Year 2008-09 cost. Salaries and benefits are one component of the County's expenditures, as reflected in Figure 15, Summary of Financing Uses, and make up 56% of the County's operating expenditures, excluding capital assets.

Figure 14: Cost per FTE



The other expenditures in Figure 15 that represent a significant change in Fiscal Year 2009-10 include public assistance payments, or the mandated payments to eligible applicants. These payments are projected to increase by $6.2 million or 13% over the Fiscal Year 2008-09 Adopted and $5.4 million, or 13% over the Estimated Actual. Contributions, which reflect payments to cities and other agencies, is expected to increase by $8.2 million or 56% over the prior year Adopted and $3.2 million or 16% over the Estimated Actual, primarily due to the State funding of the Integrated Regional Water Management Plan (IRWMP). The IRWMP is a joint effort of the County Water Agency, cities, special districts and water companies to prepare a planning document that promotes integrated regional water management to ensure sustainable water uses, reliable water supplies, better water quality, environmental stewardship, efficient urban development, protection of agriculture, and a strong economy. The IRWMP will be financially supported through State grants under Propositions 50 and 84. In light of departmental efforts to reduce expenditures in the upcoming year, capital assets are also on the decline with $6.4 million or 16% less in the Recommended Budget compared to the Estimated Actual.

While the Expenditure Total within the Recommended Budget is $780.6 million, the Revenue Total is $753.4 million. However, the total sources include a release of $72.7 million previously set aside for future use and the sum of the two equal $826.1 million. The year to year difference is due to timing variances in funds received which are not always expended in the same year but are reserved for future use. Total uses and sources are balanced. As noted in Figure 16, revenues from taxes will decrease 0.3% in the Recommended Budget compared to the Estimated Actual. The impact of declining property taxes is likely to be experienced in future Fiscal Years.

Charges for services are a 2.9% change. Federal and State revenues are expected to increase slightly by 3.6%

Licenses, permits and franchises are projected to be 4.5% less than the prior year, largely reflecting less permit activity by Planning and Development. The use of money and property has the most significant change, a 20% decline in Fiscal Year 2009-10 from the Estimated Actual. This is primarily due to interest earned on cash deposits and investments and the decrease reflects the weakened economy. Miscellaneous revenues include the Internal Services Funds (ISF) administered by General Services on behalf of County departments. The 17.7% decline in this revenue for Fiscal Year 2009-10 is largely attributable to a decrease in premium charges for workers' compensation.

Figure 15: Summary of Financing Uses

Character of Expenditure $ in millions	2007-08 Actual	2008-09 Adopted	2008-09 Estimated Actual	2009-10 Recommended
Salaries and Benefits	419.4	444.6	430.1	438.9
Services and Supplies	271.9	294.4	289.7	287.5
Public Assistance Payments	47.1	49.0	49.8	55.2
Contributions	14.4	14.6	19.6	22.8
Principal and Interest	11.3	12.7	11.5	11.3
Depreciation Expenses	6.6	6.7	6.8	6.6
Insurance Claims	2.8	2.9	2.9	3.2
Damages and Losses	1.0	1.0	0.9	1.1
Operating Sub-total	774.5	825.9	811.3	826.6
Less Intra County Revenues	-89.0	-77.2	-80.6	-79.4
Operating Total	685.5	748.7	730.7	747.2
Capital Assets	45.2	41.0	39.8	33.4
Expenditure Total	730.7	789.7	770.5	780.6
Designated for Future Uses	96.5	79.3	91.7	45.5
Total Uses of Funds	827.2	869.0	862.2	826.1

Figure 16: Summary of Financing Sources

$ in Millions	2007-08 Actual	2008-09 Adopted	2008-09 Estimated Actual	2009-10 Recommended
Taxes	232.1	236.7	234.4	233.7
Licenses Permits & Franchises	17.1	17.7	15.6	14.9
Fines Forfeitures and Penalties	12.3	11.1	13.1	13.1
Use of Money and Property	17.1	12.5	11.5	9.2
Federal and State	272.0	285.0	289.9	300.3
Charges for Services	210.3	219.5	217.1	223.4
Miscellaneous Revenue	47.0	44.1	46.4	38.2
Revenue Sub-total	807.9	826.6	828.0	832.8
Less Intra County Revenues	-88.9	-77.2	-80.6	-79.4
All Funds Revenue Total	719.0	749.4	747.4	753.4
Other Financing Sources	108.2	119.6	114.8	72.7
Total Source of Funds	827.2	869.0	862.2	826.1

Intergovernmental Relationships: County's Legislative Priorities, Federal and State Budgets and Legislation Impacting the County

With $300.3 million, or 36%, of the County's revenues coming from federal and State sources, the impacts of the adopted federal and State budgets, and any corresponding funding cuts to programs, has a direct nexus to the County's financial stability and delivery of services. Administrative, fiscal and legislative actions rendered by the federal and State governments significantly impact the County's fiscal stability, its service delivery and its ability to achieve countywide goals.

The County's interdependence to the other levels of government is best illustrated through the budget process; especially in light of the volatility associated with the State's balancing of the Fiscal Year 2008-09 budget. As a result of the deteriorating economic situation, the State's fiscal condition has been in a constant state of flux, resulting in funding uncertainty for many County administered programs. The Fiscal Year 2008-09 budget was adopted in September 2008, nearly three months after the Constitutional deadline, which coincided with the onset of the nationwide economic downturn. The State's adopted budget resulted in significant funding cuts to public safety, primarily within the County's Probation Department for its juvenile programs that total over $1.1 million with mid-year adjustments.

Less than one month after the budget was adopted, the Governor declared a special session of the Legislature to deal with further mid-year reductions as the State's deficit had metastasized to $14.8 billion, with a projected $42 billion deficit by Fiscal Year 2009-10. The Governor proposed a series of revenues and spending reductions as part of the November package, which did not pass. Cash flow issues coincided with the budget deficit resulting in the suspension of funding for various infrastructure projects as well as delayed payments for tax refunds, student education aid grants, social service payments to both counties and recipients and payments for Medi-Cal, mental health and drug and alcohol treatment services' payments to counties. The State's bond rating dropped to one of the lowest in the nation. (Interestingly, the County's bond rating during this time actually improved. In October 2008, Standard and Poor's Rating Services upgraded the County's rating on outstanding certificates of participation to 'AA+' from 'AA'. In supporting this upgrade, the rating agency cited the County's maintenance of very strong reserves, its stable and broad local economic base, and its low debt levels. The County's ability to retain this bond rating is contingent on adherence to financial policies and strategic management to address key fiscal challenges to ensure future Fiscal Years' budgets are also balanced.)

On February 20, 2009, the Governor signed a 17-month budget package that included mid-year reductions and funding reductions for the 2009-10 Fiscal Year. Impacts of the new adopted budget included delayed payments to the County for roads, mental health and social services; additional mid-year reductions to public safety, including the Probation Department for Juvenile Justice Crime Prevention Programs and Institutions funding; the elimination of funding for the administration of Medi-Cal by the Department of Social Services and elimination of cost-of-living-adjustments to recipients of certain public assistance programs.

As a result of the budget negotiation, a special election comprised of six propositions is scheduled for May 19, 2009. The County is required to absorb the $1.1 million in costs to conduct the election with State reimbursement possible in future Fiscal Years. These propositions, should they receive voter approval, would increase revenues in the current and future Fiscal Years, increase funding to education and redirect dedicated revenues to the State General Fund. Specifically, Proposition 10 funding to First 5 Commissions, which consists of taxes collected on tobacco products for early childhood development for children age zero to five, would be redirected to the State General Fund for direct health care services, human services, including services for at-risk families who are involved with the child welfare system administered by the county welfare department and direct early education services, including preschool and childcare. Another proposition being considered will redirect funds for new and expanded mental health services/treatment, known as the Mental Health Services Act, or Proposition 63, to the State General Fund to pay for EPSDT, which is screening, diagnosis and medically necessary treatment, including mental health services, for Medi-cal beneficiaries under the age of 21.

Even without the passage of these propositions, the State's current budget is already considered illusory, as the California Legislative Analyst's Office released a report entitled "2009-10 Budget Analysis Series: The Fiscal Outlook under the February Budget Package" on March 13, 2009 that projects a budget shortfall of $8 billion for Fiscal Year 2009-10 due to the continued decline in revenues. The report notes that, without corrective action, the deficit will grow to $12.6 billion in FY 2010-11. Given the combination of a budget contingent on voter approval and the continued decline in revenues, it is highly probable that the State will invoke additional spending reductions, which will negatively impact County programs. Despite the County's efforts to balance the budget, it may be required to make additional programmatic changes in Fiscal Year 2009-10 to compensate for the consequences of the State's structural deficit.

There is a growing awareness throughout the State that the continuing fiscal problems have deeper causes than simple revenue/expenditure gaps and/or the economic cycle. First, the State's archaic constitution combined with the dominance of well-financed special interest groups utilizing the initiative to break off and isolate significant portions of the State revenue stream from annual public scrutiny undermine the ability of the people's elected Legislature to fulfill its historic constitutional role in setting budget priorities.

Secondly, the method of the Legislature controlling its own Assembly and Senatorial district boundaries has led to the practice of creating "safe" districts so that the political party with the dominant registration in a particular area is likely to control that particular seat. This has resulted in a fractured Legislature that has a difficult time in achieving policy consensus.

Thirdly, one of the long term results of Proposition 13 (the 1978 cap on property taxes combined with super majority requirements for overrides) has resulted in a decoupling of the responsibility for providing local services from the ability of local citizens, city councils, boards of supervisors and school boards to set program and tax priorities. The collateral effect is an upward delegation of decision-making from localities to the State Legislature and/or the initiative ballot box. As more and more decisions are placed in the arena of the initiative, well-financed interest groups which are able to buy media campaigns in major television and radio markets disproportionately influence voters and legislators in the democratic process.

Fourthly, public employee unions at both the State and local level engage in active financial and campaign participation in the electoral process affecting both candidates and initiative propositions. With hundreds of thousands of members, and by extension, their families of millions more, much public policy is subject to the strong influence of those with a personal and financial interest in the economics and costs of providing public services including salaries, health benefits, work rules, retirement costs, and post retirement health benefit costs.

As a consequence of these forces, the California State Association of Counties, California Forward, the Bay Area Council, several academic institutes and major foundations specializing in local government analysis are studying the feasibility and need for a constitutional convention to revamp and refocus the way State and local services are provided, structured and governed. California led the government reform movement of the early 20th century when the Southern Pacific Railroad, robber barons and corporate monopolies controlled the Legislature, Governor and State Constitutional officers and the courts. It will be interesting to see if such a movement is rekindled in the early 21st century.

The introduction of legislation at the federal and State levels also impacts the County's fiscal stability, service delivery structure and ability to meet its stated goals. Responding to the national economic downturn, President Obama signed the American Recovery and Reinvestment Act of 2009 ("ARRA") into law on February 17, 2009. Totaling $787 billion, the intent of the legislation was to create or maintain jobs, provide relief to struggling families and lay the foundation for long-term growth and prosperity. To guide the County in its efforts to efforts to implement ARRA locally, the County Executive Office created an Economic Recovery Team composed of executive management, support functions and eight issue area leads that roughly corresponded to the different funding streams contained within ARRA. The issue areas, as illustrated in Figure 17: Economic Recovery Management Structure, include: Employment Services; Social Services; Housing Assistance; Transportation and Natural Resources; Public Safety; Conservation Planning and Implementation; Public Health; and Intergovernmental Relations (to liaison with entities within the County that receive funding such as educational institutions, cities, non-profits and Vandenberg Air Force Base).

To date, the County anticipates receiving funding in different program areas including: workforce development for adults, displaced workers and youth ($3.7 million total); community development and homelessness prevention programs ($1.4 million); and road, bridge and hardscape repair projects ($6.0 million). The County also expects to either directly receive or compete for funding to assist in administering social services programs of food stamps and foster care, remodeling of fire stations, funding for various public safety departments, including sheriff deputy patrol officers, funding for public health programs pertaining to nutrition, immunization and prevention activities and various projects and planning efforts to promote conservation and energy efficiency of County owned buildings and vehicles. Implementation of ARRA, including creating a website specifically related to the economic recovery effort, enables the County to adhere to all of its countywide goals noted on page A-17. ARRA and the subsequently introduced Federal Fiscal Year 2010 Budget include significant funding to promote renewable energy and the environment. Federal and State legislation pertaining to this subject was paramount with the federal government examining the issue of offshore energy exploration, including the rights of local government in regulating offshore platforms and receiving a share of royalties from drilling; air pollution and greenhouse gas emissions standards and enforcement; and an economy-wide "cap and trade" emissions reduction program. On April 1, 2009, a "discussion draft" of the American Clean Energy and Security Act was released as a starting point for comprehensive legislation, which includes four sections pertaining to clean energy, energy efficiency, reducing global warming pollution and transitioning to a clean energy economy.

The nature of intergovernmental relations usually begins with the federal government creating policy and then pushing implementation downward to the states and local governments. However, the issue of climate change has been an issue where California is setting the trend by asserting local control and attempting to surpass federal standards and policy. One of California's initial forays into the climate change arena began in 2005 by requesting a waiver from the federal government to allow the State to enact and enforce more stringent greenhouse gas emissions (GHG) from automobiles.

The prioritization of climate change continued with the passage of Assembly Bill (AB) 32, the Global Warming Solutions Act of 2006, which provides a comprehensive eighteen-point Scoping Plan to achieve a mandated Statewide reduction in GHG emissions to 1990 levels by 2020 as illustrated in Figure 18: AB 32 Implementation, which is achieved, in part, through 15% reductions in County operational emissions and 15% reductions in communitywide GHG emissions.

Implementing legislation was introduced in 2007 and 2008, including Senate Bill 97 that changes existing environmental review requirements so that California Environmental Quality Act documents analyze and mitigate the effects of project-related and cumulative GHG emissions. The California Attorney General's Office has used the provisions of SB 97 to compel jurisdictions, through lawsuits and threats of legal action, to acknowledge the impact of GHG emissions and develop comprehensive climate action strategies to mitigate communitywide and project-specific emissions. Senate Bill 375 implements part of AB 32 by linking regional housing and transportation planning processes to reduce GHG emissions from vehicle trips.

The County is responding to this regulatory environment by utilizing its three roles as a "producer" of operational GHG emissions, a "regulator" and an "incentivizer" of reductions to communitywide GHG emissions. Four specific areas emerge where the County has the ability to position itself as a leader in addressing the components of AB 32 include: (1) Green Building; (2) Transportation and Land Use; (3) Resource Conservation; (4) Air/Energy Initiative.

In addressing this new paradigm of global warming legislation, the County has proactively engaged in various activities associated with the different aspects of climate change. For example, the County's Green Team was reconstituted as the Sustainability and Conservation Team ("SCT") to focus on sustainability, energy efficiency, renewable energy and GHG reductions from County operations (per AB 32, the County, as a "producer" of GHG emissions must reduce its emissions by 15%). General Services is spearheading the SCT, which is also composed of CEO/Human Resources, Information Technology and Planning and Development, to develop a Sustainability Action Plan and to examine workforce mobility to reduce emissions from commuting to/from work. The County renewed the Energy Watch Partnership with Pacific Gas and Electric to implement electricity usage reduction strategies through 2011. To address the "regulator" and "incentivizer" roles, Planning and Development has included a project to develop a countywide Climate Action Strategy within its work plan for the upcoming Fiscal Year as reflecting within Figure 19.

The Board of Supervisors adopted the County's Climate Change Guiding Principles on March 17, 2009 to establish a foundation for a climate strategy, as follows:

(1) Protecting the community from the effects of climate change is a high priority;

(2) The County recognizes the State's climate change goals, regulations, and requirements set forth by AB 32 to reduce Statewide GHG emissions and will implement programs to comply with these requirements;

(3) The benefits of investing in actions to reduce GHG emissions can outweigh the costs in numerous ways, including: economic vitality, public health and safety, natural resource protection, and infrastructure stability;

(4) In order to maintain long-term regional well-being, health and prosperity of current residents, as well as future generations of residents, the County will preserve and balance its shared social wellbeing, economic prosperity, environmental resources, and biodiversity;

(5) The County recognizes that challenges associated with climate change are regional in nature and can best be addressed in partnership with both public and private sectors;

(6) The County has three strategic roles to play in reducing GHG emissions as a producer, a regulator and an incentivizer;

(7) The County will preserve its fiscal health by conserving resources and promoting renewable resources, thereby reducing costs;

(8) The County will enhance its local economy through the incubation of clean technology, by attracting innovative firms and talent through private sector incentives, and by creating opportunities for local residents to attain jobs and training in the growing regional green economy;

(9) A key component in a successful climate strategy is the development of an effective and inclusive decision making process that promotes the sharing of information and encourages diverse public input; and,

(10) Through coordinated planning, measurement, evaluation, and reporting, the County will continue to address State requirements, capitalize on economic opportunities, and protect the regional quality of life while strategically progressing towards regional sustainability.

The County has also been active in promoting alternative energy. On February 10, 2009, the Board of Supervisors approved a Major Conditional Use Permit and amendment to the Zoning Ordinance to allow Pacific Renewable Energy Generation LLC to install and operate 65 wind turbines near Vandenberg Air Force Base, south of Lompoc. Planning and Development staff has made improvements to the permit process for solar panels and to encourage installation of solar facilities throughout the County, including establishing a guideline to complete plan check on solar installations within ten days of submittal. On April 8, 2009, the County Planning Commission recommended that the Board of Supervisors adopt ordinance amendments to exempt ground mounted solar energy collection systems from land use permitting in the inland areas of the County, and from public hearing requirements in the coastal zone. These revisions are likely to be considered by the Board in June 2009.

The impetus behind the County's efforts to encourage solar energy was the passage of Assembly Bill (AB) 811 in July 2008 that enables cities and counties to set up local finance programs to incentivize property owners' ability to make energy efficiency improvements to their property. AB 811 allows solar and other qualifying installations to be financed through supplemental contractual assessments on local property tax bills thereby minimizing the upfront costs facing owners interested in making energy efficiency improvements to their homes and businesses. The County's ability to successfully manage the new mandates associated with greenhouse gas emissions and the promotion of renewable energy sources represents a new way of thinking, is a long-term objective and will enable the County to address the goals of promoting a community that is economically vital and sustainable, a safe and healthy community in which to live, work and play and a high quality of life for all residents in the short and long term.

Recognizing the importance of the relationship between the federal, state and local government, the County develops a legislative platform each year that identifies the major projects and issues ("legislative priorities") for the upcoming year. The platform sets forth a strategy of (1) requesting federal funding for infrastructure projects that have a federal nexus, (2) enacting State legislation to reform or regulate a current process or program and (3) ensuring adequate program funding and regulatory reform as needed.

The County's infrastructure requests include two projects to protect residents and commercial properties from flooding, the Santa Maria Levee and the Lower Mission Creek Channel Improvements. As a result of collaborative partnerships with the federal government and representatives, the Army Corps of Engineers (ACOE) has received funding within the Federal Fiscal Year 2009 budget for these projects, including $7 million for construction repairs to the Levee. As of April 2009, the ACOE also received funding of $40 million through ARRA to repair the seven most critical miles of the Levee and $600,000 for design work on the Lower Mission Creek Channel project. As part of ARRA, the Bureau of Reclamation will receive $3.8 million for water and sewer treatment plants and for the retro-fitting of facilities at Lake Cachuma to meet ADA requirements. Lake Cachuma is situated on federal land utilized by local water purveyors as a source of drinking and agricultural irrigation water and managed by the County's Parks Department for recreational purposes. The County was also successful in receiving $805,000 through the annual budget from the Department of Housing and Urban Development to complete several major renovations at the Lompoc Veterans Memorial Building. This historic building serves as a vital component of civic society, primarily as a gathering place for community groups and the military veterans in the area and contributes to a high quality of life for residents and to a government that is accessible, open and citizen-friendly.

Figure 17: Economic Recovery Management Structure

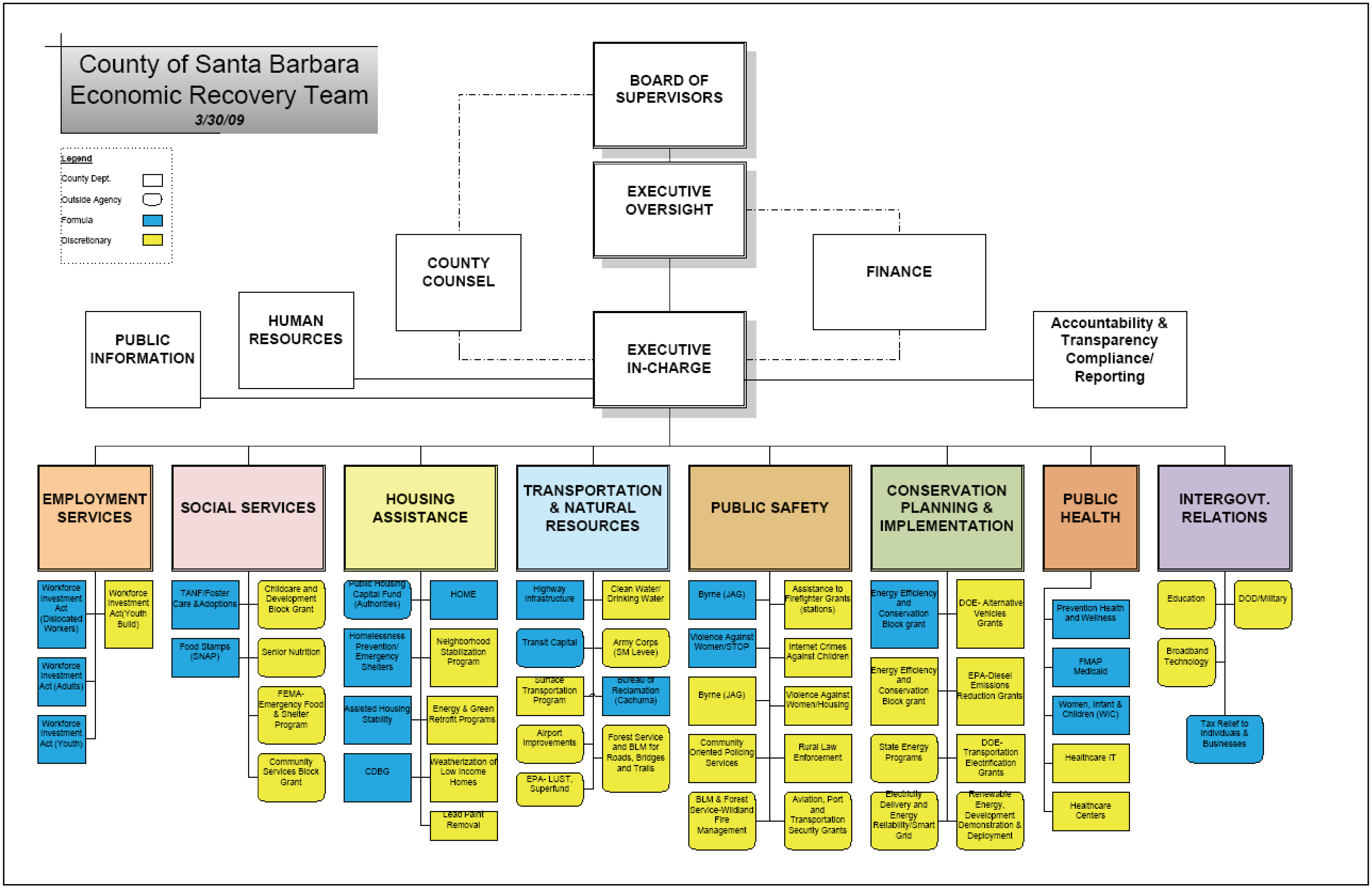


Figure 18: AB 32 Implementation

State Climate Action Framework and a Sample of Related County Activities

Santa Barbara County
Office of Long Range Planning

This diagram illustrates the State's 18-point emission reduction strategy described in the Proposed Scoping Plan, pursuant to AB 32: The Global Warming Solutions Act of 2006. Several measures in the 18-point strategy have been partially or fully implemented through subsequent state legislation or Executive Orders (EO) issued by the Governor's Office (shown in parentheses). Combined, the 18-point AB 32 implementation strategy aims to produce significant reductions in GHG emissions by 2020. The State's strategy has been organized into four color-coded categories, each of which account for a percentage of the total GHG reduction goal: 1) Blue: Air and Energy (7 measures, 40% of total GHG reductions), 2) Yellow: Green Building (1 measure, 14.4%), 3) Orange: Resource Conservation (3 measures, 11%), and 4) Purple: Transportation and Land Use (7 measures, 34.5%). The four corresponding color-coded tables describe some of the existing sustainability activities in which Santa Barbara County is currently participating.

AIR / ENERGY

COUNTY INITIATIVE	RESPONSIBLE AGENCY	DESCRIPTION
County Carbon Footprint Project (CO2 Inventory)	General Services	Investigates and analyzes the carbon footprint of county operations in the following areas: buildings, vehicles and operations, to create an an inventory of GHG emissions for FY 2005 focusing on carbon dioxide (CO2).
Greenhouse Gas Inventory Project	APCD	Develops capabilities to inventory greenhouse gas emissions in the County so the APCD can serve as a resource for jursidictions and businesses who will be working to reduce their emissions, and to meet the new state regulations that will be established under AB 32.
California Environmental Quality Act (CEQA) Thresholds and Guidelines	APCD	Develops greenhouse gas emission thresholds for application in California Environmental Quality Act (CEQA) reviews of new projects in conjunction with California Air Pollution Control Officers Association.
2007 Clean Air Plan	APCD	Provides an overview of Santa Barbara County air quality and sources of air pollution, and identifies the pollution-control measures needed to meet clean-air standards.

RESOURCE CONSERVATION

COUNTY INITIATIVE	RESPONSIBLE AGENCY	DESCRIPTION
Integrated Regional Water Management Plan	Water Agency	A pre-requisite for cities, water providers, and special districts to apply for State funding available through Proposition 50. Regional water management will be coordinated through cooperative partners throughout the region to formulate a plan to issue to the State.
Project Clean Water	Water Agency	A $250,000 grant to carry out a two-year program that will assess County wetland functions and will create a guidebook that prioritizes the conservation efforts of wetlands within the County.
Tajiguas Landfill Gas Collection System	Public Works	Adds landfill gas collection wells and associated piping to the existing gas collection system, as well as maintenance. Converting collected gases into power by the on-site generator will create enough electricity to supply the needs of 3,000 homes throughout the year.
Waste Management	Public Works	Series of innovative programs designed to reduce and divert commercial and residential waste, including composting, recycling and clean up programs.

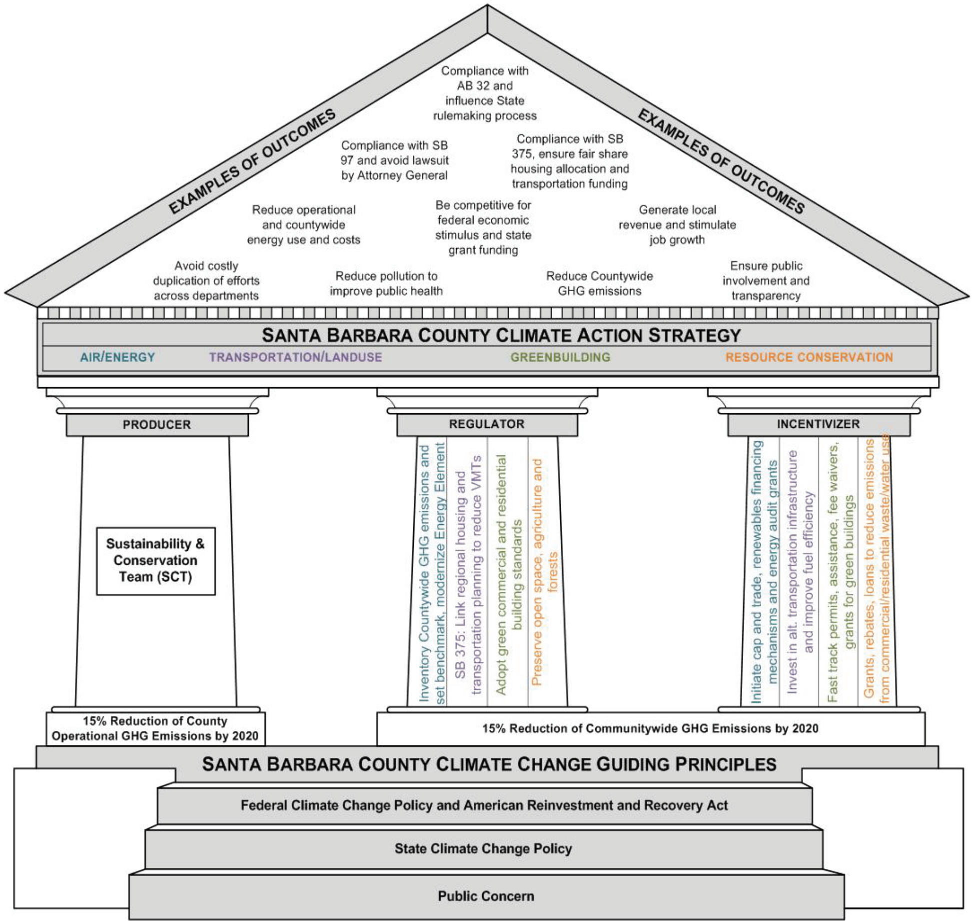
GREEN BUILDING

COUNTY INITIATIVE	RESPONSIBLE AGENCY	DESCRIPTION
Title 24 Compliance	Planning and Development	The Energy Efficiency Standards for Residential and Nonresidential Buildings are updated periodically to allow consideration and incorporation of new energy efficiency technologies and methods. The County adopts all updates to these standards, including the newest in early 2009, which incorporate additional green building principals.
Sustainable Public Architecture Directive	General Services	Voluntary effort to define a minimum standard of sustainability in all new County buildings and major remodels using LEED, Architecture 2030 and the Federal GSA-LEED cost based LEED standards.
Isla Vista Built-Right Housing Incentive Program	Redevelopment Agency	Used to encourage the use of energy efficient and green building practices, such as solar energy, low VOC interior finishes, and water conservation.
Innovative Building Review Program	Planning and Development	Advises developers on how to make their developments more energy efficient and attain incentives. The IBRP is made up of local professionals including contractors, architects, engineers, energy consultants, and government officials.

TRANSPORTATION / LAND USE

COUNTY INITIATIVE	RESPONSIBLE AGENCY	DESCRIPTION
Regional Bikeway Plan	SBCAG Member Jurisdictions	Local Plan to comply with the requirements of the California Bicycle Transportation Act as well as encourage implementation of a consistent set of bikeway policies and standards across the region.
Congestion Management Plan	SBCAG Member Jurisdictions	Designed to reduce auto-related congestion through capital improvements, travel demand management, and coordinated land use planning among all jurisdictions.
Regional Blueprint Grant	SLOCOG, City of Santa Maria and SB County	A Regional Blueprint Planning Pilot Study, called Community 2050, for San Luis Obispo County and the Santa Maria Valley Area to prepare land use, economic, and demographic data files as well as maps and other visual representations of data and other variables.
Santa Barbara County Greenbelt	LAFCO, County ,and City of Santa Barbara	There is an existing greenbelt agreement between the City of Santa Maria and the County, administered by LAFCO. In addition, a conceptual proposal has been made for a green belt along Highway 246.

Figure 19: County Climate Action Strategy



At the State level, the County is collaborating with its elected representatives to enact legislation pertaining to disaster relief for victims of the Tea Fire, the Jesusita Fire, flood subvention funding, housing, and healthcare reform pertaining to mammograms used in cancer screening. The legislative platform is one instrument used to implement the Strategic Plan and Goals.

Santa Maria Levee Breach, Bonita School Road Crossing, March 6, 2001

The Strategic Plan

Santa Barbara County's Strategic Plan is the overarching guide that defines and measures the expected results of County government services as illustrated in Figure 20. It includes six General Goals, three Organizational Values and six broad Policy Plan Areas that enable the County to achieve its priorities. The County's Plan Priorities are derived from a Strategic Scan that identifies trends within the community and categorizes them into Key Indicators. Priorities for Fiscal Year 2009-10, current year accomplishments, and alignment to countywide goals are described in departmental budget pages (Section D).

The Goals were initially adopted by the Board of Supervisors on April 21, 1998 and revised on November 21, 2006 and include:

Goal 1: EFFICIENT AND RESPONSIVE GOVERNMENT: An efficient professionally managed government able to anticipate and to effectively respond to the needs of the community;

Goal 2: HEALTH AND SAFETY: A safe and healthy community in which to live, work, and visit;

Goal 3: ECONOMIC VITALITY: A community that is economically vital & sustainable;

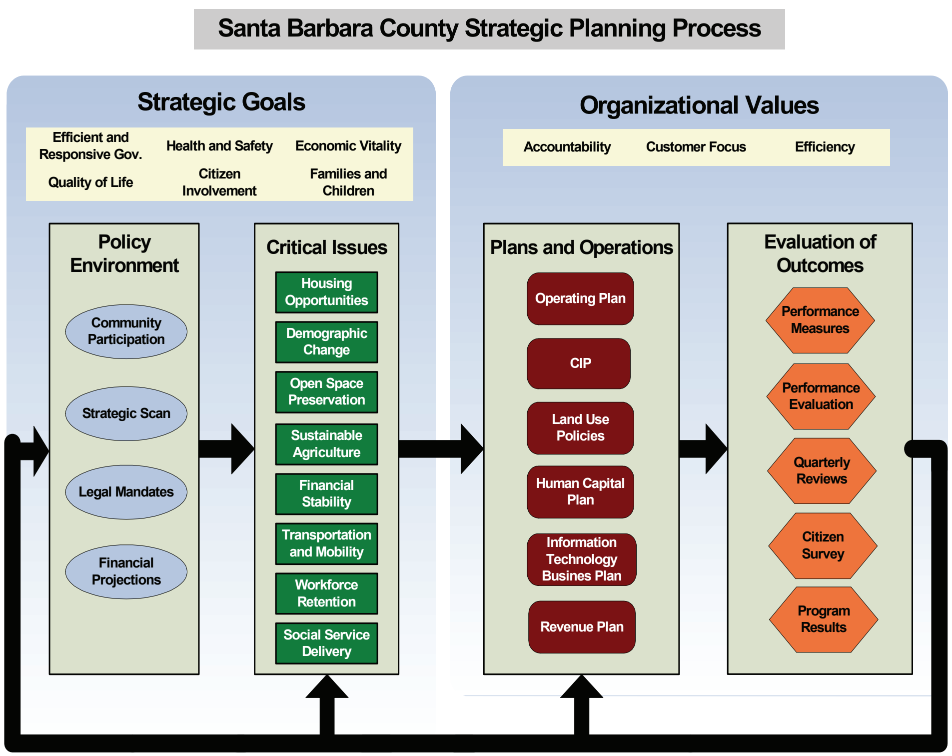
Goal 4: QUALITY OF LIFE: A high quality of life for all residents;

Goal 5: CITIZEN INVOLVEMENT: A County government that is accessible, open, and citizen-friendly; and

Goal 6: FAMILIES AND CHILDREN: A community that fosters the safety and well-being of families and children.

The Strategic Scan: To effectively monitor progress in implementing the goals and assist the Board of Supervisors in assessing the policy environment and determining policy direction, the County periodically develops a Strategic Scan. The Scan surveys economic, demographic, political, legal, and other trends, which are categorized into Key Indicators. Current Key Indicators include: Housing; Demographic and Economic Change; Environmental Quality; Agriculture; the County's Financial Stability; Transportation and Mobility; and Health, Social Service, and Public Safety. The Policy Environment and Key Indicators influence the implementation of the County's various Plans and Operations. Outcomes are evaluated through performance measures, performance evaluations, citizen survey and financial and operational reviews between the County Executive Office and departments, which financial highlights presented quarterly to the Board of Supervisors.

Figure 20: County's Strategic Planning Process



Organizational Values of *accountability*, *customer service*, and *efficiency ("ACE")* are a critical component of the Strategic Plan and represent important principles that embody a work ethic that is embedded within all County efforts. While the context for public policy is constantly evolving, the organization's values reflect the fixed ideals of ethical public service.

Adhering to these Values has enabled the County to change its way of thinking and achieve successful outcomes related to fiscal stability, organizational management and service delivery. For example, the County implemented the Leadership Project in 2007 in order to reform the classification, compensation and performance management system for the County's executives and managers to strongly align management pay and performance to the values of "ACE." In the spring of 2008, the California State Personnel Board conducted a comprehensive audit of the County's human resources businesses systems. The final report was issued in January 2009 and identified changes undertaken by the County to create more responsive and responsible local government as best business practices.

These findings led to a collaborative relationship between the County and the State as the State is working toward implementing similar reforms in its human resources systems. The Leadership Project is one example of the key business system reforms and innovative solutions that have been recognized as a best practice by the State and other jurisdictions. Other examples included, but were not limited to, the implementation of the Office Professional Project that aligned the performance and pay of over 900 clerical employees with the development of critical skills needed to deliver excellent customer service and the creation of the leadership development program within the Employees' University.

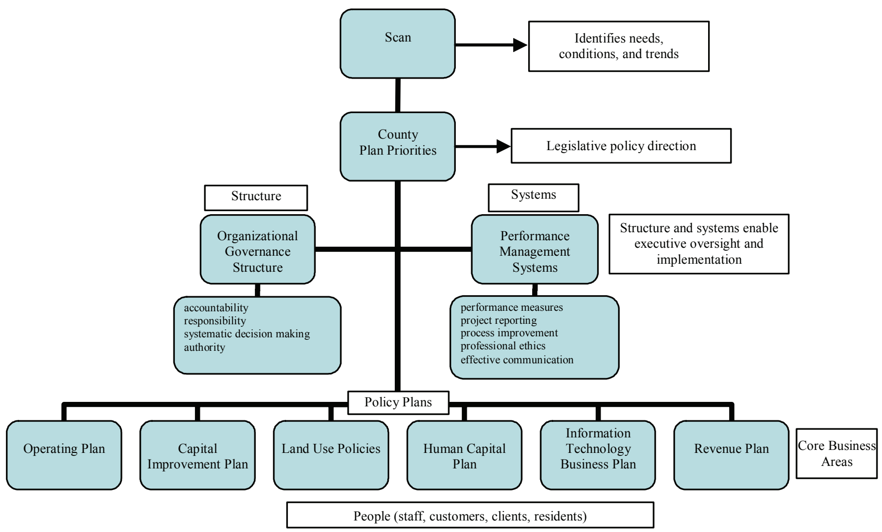
The County is among the frontrunners within cities and counties regarding wage concessions and furloughs as it negotiated with the majority of its workforce in Fiscal Year 2008-09 to mitigate the need for reductions in the workforce. These efforts have been recognized by many cities, counties, and the Governor's Office which have all contacted Santa Barbara to explore how these significant agreements were achieved. In its ongoing efforts to manage salary and benefit costs while providing ample compensation to attract and retain a talented workforce that is able to deliver the highest-quality service to constituents, the County has implemented significant employee health benefit changes including increasing the cost-sharing by the workforce to manage the rising cost of health care for both the employer and employees. Such initiatives are necessary in order to address the fiscal challenge associated with retirement costs confronting the County in the next several Fiscal Years. Without rethinking and re-designing the way of doing business, the County's ability to balance its budget in future years is compromised. These are also examples of the implementation of the County's human capital plan, which is a component of the County's Policy Model illustrated in Figure 21.

Six broad policy plan areas are coupled with the organizational structure and systems to enable the County to achieve plan priorities. The budget is part of the County's Operating Plan, which works together with the Capital Improvement Plan, Land Use Policies, Human Capital Plan, Information Business Plan, and the Revenue Plan. As indicated in Section E, the Capital Improvement Plan (CIP) is a compilation of County-initiated capital projects needed during the next five Fiscal Years intended to implement various plans, including community plans, facilities plans, and the County Comprehensive (General) Plan. Projects in the CIP indicate current and future capital needs. Accordingly, it includes projects for new and improved roads and bridges, county buildings and clinics, parks and other facilities. Information technology is guided by the

Fiscal Year 2008-11 Information Technology Strategic Plan and details regarding implementation efforts are available in the IT Department's D pages (D-429).

Departmental narratives (D pages) also illustrate the use of performance measures, a component of the performance management system. Land use policies control how land will be used and developed thereby influencing both costs and revenues. The priorities of the community are primarily reflected in the land use policies. Climate change initiatives are one example of the implementation of land use policies. Land use policies also pertain to agriculture, which is an industry that contributes to the County's economy and its identity. Preserving the rural heritage of the County and protecting agriculture and open space are County characteristics.

Figure 21: County's Policy Model



Local Economy

Agriculture is the County's major producing industry with a gross production value in 2008 of \$1.1 billion, a 3.3% increase over 2007, and the third consecutive year that the overall production surpassed the \$1 billion mark. Through the economic multiplier effect this equates to \$2.2 billion to the County's economy. The County's agricultural production is diverse with over 200 different commodities, including wine grapes, the third highest grossing commodity at \$86.2 million, behind strawberries (\$309.3 million) and broccoli (\$159.8 million). The recognition of Santa Barbara County's wine production has also influenced tourism. Agriculture is also one of the top employment sectors with 16,900 workers employed in 2008. In 2008, Agriculture created 850 new jobs, the public sector added 333, and "other services," which includes healthcare-related professions, grew by 850 jobs countywide. Construction, on the other hand, lost 800 jobs. In 2009-10, overall job growth is projected to be stagnant.

According to the UCSB Economic Forecast Project's Business Sentiment Survey, in the First Quarter 2009 survey only 17.2% of respondents expected to create new jobs while 39.4% reported they expected to downsize by 1 or more percent, as compared to the 2008 survey that indicated 21.2% businesses would create new jobs over the next twelve months.

The County's growth rate increased 0.1% in 2008, compared to growth of 1.4 % in 2007. Data provided by the UCSB Economic Forecast Project shows that Real Gross County Product, or the total value of the goods and services produced in the County, is expected to continue to decline through 2011, decreasing approximately 2% in 2009, 2.7% in 2010 and 1.3% in 2011 before slightly increasing by 0.5% in 2012.

Two areas continue to be of concern: (1) the high cost of housing and (2) traffic congestion and the price of gasoline. With the declining median home price, the home affordability index, or the measurement of what percentage of the population in the County is able to afford a median priced home, rose to 35% in 2008, according to the California Association of Realtors' data. The median home price in the County in 2008 was \$387,940 as compared to \$808,900 in 2007. It is estimated that the decline in sales volume and home prices will continue through 2009 and 2010.

National and State Economy

The United States economy is currently experiencing the worst downturn since the Great Depression of the 1930s. Gross Domestic Product (GDP) or the total value of all final goods and services produced within a particular economy in a given year, contracted more then 6% in the fourth quarter of 2008. When averaged over the entire year, GDP increased 1.1% compared to 2% growth in 2007. Profits, as a share of nominal GDP, fell 1.6 percentage points, which is the greatest decrease since 1953. Profits are now 8.9% of GDP, down from the latest peak of 12.9% in the third quarter of 2006. Productivity is one factor contributing to the loss of profits, as it has slowed due to less demand for goods and services, coupled with increased labor compensation.

Financial markets remain in distress with extremely tight access to credit. Consumer spending fell by 3 points from growth in the fourth quarter. Inflation is nearly at historic low levels with a Consumer Price Index on core products increasing by only 0.2 points in 2008, as compared to an average historic growth of 2%. The Index for core products, excluding oil, has been slowly declining with the exception of medical and education costs, which have been increasing. One sector that may have the potential to aid in an economic recovery is the real estate market as a result of falling housing prices and the federal policy and international monetary policy efforts.

The State of California's economy shows an even bleaker picture than the nation. California's GDP contracted 0.7% in the fourth quarter of 2008 and is projected to decrease by 6.7% in 2009 and by 3.7% in 2010 until it returns to a modest growth of 1% in 2011. California taxable sales are expected to continue to decline, reaching the nadir of descent in the fourth quarter of 2009, returning to positive growth in 2011. The State's median home prices are also expected to continue to fall through the end of 2010.

Five Year Financial Forecast

The County's ability to achieve its goals is dependent on the economic environment in which it operates. Therefore, the five year financial forecast is an important tool for projecting the expenditure and revenue scenarios that will set the context in developing future budgets.

Five Year General Fund Financial Forecast

Introduction and Summary

Five year forecasts of discretionary General Fund revenues and their uses are provided twice a year - at the mid-point of the Fiscal Year and here within the Recommended Budget. The forecast in the Recommended Budget is intended to provide a context that may be helpful in weighing the financial consequences of current year decisions. In keeping with prior forecasts, the revenue projections focus on discretionary General Fund revenues. Discretionary revenue is derived from local taxes, especially taxes on property and property transactions. On the expenditure side, the forecast projects the use of those discretionary revenue for salaries and benefits, maintenance of effort requirements, and other specific uses directed by the Board of Supervisors.

Figure 22: Five Year Discretionary Revenue & GFC Trend

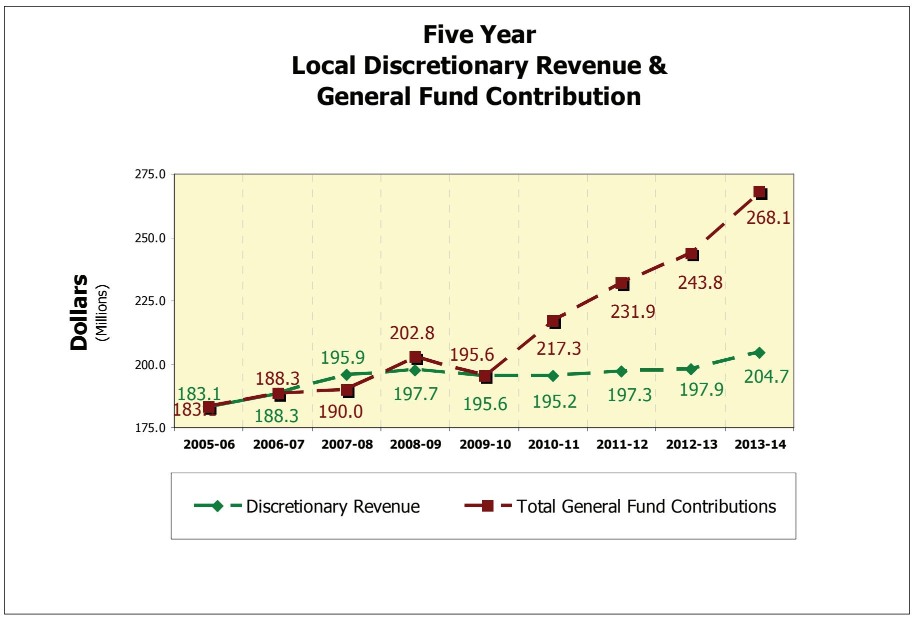


Figure 22 demonstrates a dramatic and increasing future structural deficit for the County. The forecast revenue-expenditure gap is driven by:

- A projected need to continue funding double-digit increases to the retirement fund (and assumes no new benefit increases to employees),
- Declining revenues slowly recovering as the economy improves,
- No increases in staffing and annual average wage increases of 3.0%,
- Increased maintenance of effort (MOE) payments to the Departments of Social Services, and
- Construction and operation of a new County jail.

These costs are ongoing and exceed the available ongoing discretionary revenue by $22 million in Fiscal Year 2010-11 and by more than $60 million in Fiscal Year 2013-14. Taken together, these costs will result in other services having to shrink, employees being compensated less, and/or new revenue sources, from economic development, natural growth of the economy (if any), fee increases, and voter approved tax increases, having to occur.

Forecast Revenue Detail

Negative growth is forecast for the first time in the last decade (Figure 23, page A-20). The nation fell into a recession in the second half of 2008, following the real estate market crash and precipitated by the turmoil in the financial markets. California's economy showed an even more troubled trend. Despite the fact that Santa Barbara County's economy suffered a less dramatic economic decline and showed a positive Gross Regional Product growth of 0.1% in 2008, it is forecasted that the recession will worsen and the County's Gross Regional Product will fall into the negative growth throughout the rest of 2009 and 2010.

Given historical revenue patterns and available forecasts for local and state economic data, a decrease of -1.05% in discretionary revenues is estimated in Fiscal Year 2009-10, compared to Fiscal Year 2008-09 Estimated Actual. Fiscal Year 2010-11 is forecast to have an additional decrease of -0.19% in discretionary revenues. It is estimated that the economic recovery will not begin until the latter part of 2010 and the results will not begin to be seen until 2011.

Revenue Projection Assumptions

Secured Property Taxes

Over the past 10 years, annual increases in the assessed value of property have ranged from three to eleven percent. Based on experience to date, the estimated Fiscal Year 2008-09 increase is 3.85% compared to the previous year. The proposed budget is based on a 0.91% growth from the Fiscal Year 2008-09 estimate or 1.45% growth from the Fiscal Year 2008-09 Budget, underscored by a sharp increase in foreclosures and downward valuations based on the market price. A further decline in real estate market value and more foreclosures are anticipated throughout the rest of 2009; these are the primarily factors for the forecast for decreased Fiscal Year 2010-11 secured property tax revenue. Given the annual maximum allowable increase of 2% (Proposition 13) on properties that have not declined in value below the assessed value and the forecast of additional downward valuations, Fiscal Year 2010-11 is forecast to have 0% growth. A slow recovery is anticipated in the latter part of 2010. The growth rate, therefore, shows a weak return to 1% in Fiscal Year 2011-12, followed by a 2% and a 3.5% increase in the next two subsequent Fiscal Years.

Unsecured and Unitary Property Taxes

Unsecured tax revenues have remained stable in recent years. The most significant variable is the level of activity of contractors for various satellite ventures at Vandenberg Air Force Base. Changes here could cause fluctuations in future unsecured property tax values, and thus future unsecured tax revenues. Unitary taxes – which are based on State assessments of railroads, inter-county pipelines and communication cables (including fiber optic) running through the County – have shown some growth. These revenues are projected to remain fairly flat in Fiscal Year 2009-10 when comparing Fiscal Year 2008-09 budget to Fiscal Year 2009-2010 budget. For Fiscal Year 2010-11 and subsequent years, the forecast supposes modest increases of 1% up to 4%.

Supplemental Property Taxes and Property Transfer Taxes

Both revenues are directly dependent on property sales prices and the number of transactions. Supplemental property taxes are based on assessed value compared to the sales price or a downward valuation (Section 51) throughout the year. Property transfer taxes are levied at $1.10 per $1,000 of the sales price of the property transferred. Thus, they are a leading indicator of future secured property tax growth.

The Supplemental property taxes are forecast to fall by -22.46% from the prior year's estimate due to very high growth in foreclosures and Section 51 valuations creating negative supplemental tax assessments. Supplemental property taxes are expected to continue to decline through Fiscal Year 2010-11 and begin recovery in the following years.

The Property Transfer Taxes are projected to drop -25.52% in Fiscal Year 2009-10 based on the expectation of continuing foreclosures, low sales prices, and a flat number of sales. Due to the significant decrease in the median home price, the number of sales is expected to increase slightly and prices are expected to stabilize beginning in Fiscal Year 2011-12. The revenue, thus, shows a growth of 0%, 1%, 2.5% and 3% in the following four Fiscal Years.

Retail Sales Tax

The sales tax will continue to decline throughout the recessionary period and is not expected to rebound until the latter part of 2010. The forecast, therefore, shows a decline of -2.98% from the Fiscal Year 2008-09 estimated actual or a -17.24% from the Fiscal Year 2008-09 budget and a -5% decline in the subsequent Fiscal Year. This estimate is based on economic forecasts for the California region which have mirrored the County's activity. The taxable sales are expected to stabilize and begin recovery starting in Fiscal Year 2010-11 but will still result in negative growth for the year as a whole. The Fiscal Year 2011-12 forecast, assumes positive growth in taxable sales. The projected Fiscal Year 2012-13 growth rate of 1.25% is more than offset by a loss of revenue from the shift in the City of Goleta revenue neutrality agreement. That shift results in a net ongoing annual revenue loss beginning in Fiscal Year 2012-13 of $1.78 million.

Transient Occupancy Tax

This source of revenue is highly dependent on tourism and the availability of lodging in the unincorporated county. Tourism in Santa Barbara County remains fairly stable compared to the nation. The revenue is forecasted to decline by a moderate -5.5% in Fiscal Year 2009-10 compared to the Fiscal Year 2008-09 Estimated Actual and to show moderate growth in years thereafter.

Property Tax In-lieu of Motor Vehicle License Fees

Prior to Fiscal Year 2004-05, the County received a share of vehicle license fee revenues collected statewide based on a population formula. Beginning with Fiscal Year 2004-05 and into the future, the State, as part of a complicated revenue reduction and refunding plan, has replaced (swapped) this source with property taxes. A portion of the property tax revenues that are taken from local governments to fund schools are returned to cities and counties in lieu of vehicle license fees. From the Fiscal Year 2004-05 base, now adjusted, revenue growth will be based on property tax growth. Thus, future increases in these revenues mirror secured property tax revenue projections.

Franchise Fees

About 45% of these revenues come from cable television franchises, the other 55% are from gas and electric utilities. The Fiscal Year 2009-10 projection shows a negative growth of -1.66% from the Fiscal Year 2008-09 Estimated Actual. The flattening revenue is due to no growth in cable revenues, higher unemployment rate and foreclosures driving sales down, as well as due to low inflation in prices for gas and electricity. Franchise fees revenues are expected to remain flat in Fiscal Year 2010-11 and to grow at approximately the rate of growth of the Consumer Price Index in the subsequent years.

Interest Income

Interest income earnings are volatile and are based on the amount of cash in the treasury and the interest rate earned. Due to record low interest rates set by the Federal Reserve Bank and cash flow problems at the State of California that have caused delays in payments, interest income revenue is projected to be -30% lower then the Fiscal Year 2008-2009 Budget. Modest growth is projected into the future years when the economy begins to rebound; this projection also assumes a stable State budget.

Figure 23: FIVE-YEAR FY 2010-11 THROUGH FY 2014-15 DISCRETIONARY REVENUE PROJECTIONS

Revenue Source (Dollars in Millions)	FY05-06 Actual	FY06-07 Actual	FY07-08 Actual	FY08-09 Budget	FY08-09 Estimated	FY09-10 Budget	FY10-11 Projected	FY11-12 Projected	FY12-13 Projected	FY 13-14 Projected	FY 14-15 Projected	Average Annual Growth
Secured Property Tax	$89.933	$99.695	$106.701	$110.223	$110.811	$111.821	$111.821	$112.939	$115.198	$119.230	$129.141	4.16%
Unsecured & Unitary Property Tax	6.628	7.003	7.030	7.037	7.382	6.946	7.015	7.156	7.335	7.518	7.819	1.90%
Supplemental Property Tax	9.635	6.159	5.437	4.520	3.999	3.101	2.946	2.946	3.020	3.110	3.203	-10.36%
Property Transfer Taxes	4.461	4.414	3.194	2.700	2.900	2.160	2.160	2.182	2.236	2.303	2.372	-5.99%
Retail Sales Tax	9.872	11.502	11.500	11.090	9.461	9.179	8.720	8.829	7.625	7.816	8.109	-1.71%
Transient Occupancy Tax	5.631	6.591	7.174	6.426	6.800	6.426	6.490	6.588	5.207	5.285	5.404	0.05%
Property Tax In Lieu of MVL Fees	32.169	37.090	39.791	41.279	41.615	42.063	42.063	42.484	43.333	44.850	46.509	4.27%
Franchise Fees	2.755	3.155	3.029	3.562	3.079	3.028	3.028	3.089	3.150	3.213	3.278	2.06%
Interest Earnings	4.149	3.148	2.642	1.500	1.300	1.000	1.000	1.000	1.000	1.500	1.500	-7.12%
Other Revenue	17.864	9.543	9.443	8.002	10.342	9.898	9.997	10.097	10.198	10.300	10.403	-4.16%
TOTAL	**183.097**	**188.300**	**195.941**	**196.339**	**197.689**	**195.622**	**195.241**	**197.308**	**198.302**	**205.125**	**217.739**	
Dollar Change Per Year		**$5.203**	**$5.951**	**$0.398**	**$1.748**	**-$0.717**	**-$0.381**	**$2.068**	**$0.994**	**$6.823**	**$12.613**	$3.308
Cumulative Change from FY 06-07 Actual		**$5.20**	**$12.84**	**$13.24**	**$14.59**	**$12.53**	**$12.14**	**$14.21**	**$15.20**	**$22.03**	**$34.64**	
GROWTH RATES:												
Secured Property Tax	16.75	10.86	7.03	3.30	3.85	0.91	0.00	1.00	2.00	3.50	3.70	4.959
Unsecured & Unitary Property Tax	4.08	5.66	0.39	0.10	5.01	-5.91	1.00	2.00	2.50	2.50	4.00	2.123
Supplemental Property Tax	43.34	-36.08	-11.72	-16.87	-26.45	-22.46	-5.00	0.00	2.50	3.00	3.00	-4.987
Property Transfer Taxes	-10.96	-1.05	-27.64	-15.47	-9.20	-25.52	0.00	1.00	2.50	3.00	3.00	-6.487
Retail Sales Tax	8.57	16.51	-0.02	-3.57	-17.73	-2.98	-5.00	1.25	1.25	2.50	3.75	0.810
Transient Occupancy Tax	16.95	17.05	8.85	-10.43	-5.21	-5.50	1.00	1.50	1.50	1.50	2.25	3.988
Property Tax In Lieu of MVL Fees	14.83	15.30	7.28	3.74	4.58	1.08	0.00	1.00	2.00	3.50	3.70	5.327
Franchise Fees	12.22	14.52	-3.99	17.60	1.65	-1.66	0.00	2.00	2.00	2.00	2.00	3.07
Other Revenue	118.98	-46.58	-1.41	-43.22	9.52	-4.29	1.00	1.00	1.00	1.00	1.00	8.12
TOTAL % Change from Prior Yr	**21.39**	**2.84**	**4.06**	**0.20**	**0.89**	**-1.05**	**-0.19**	**1.06**	**0.50**	**3.44**	**6.15**	**3.90**

Other Revenues

This category has three main components: 1) State payments, other then payments in lieu of vehicle fees, 2) cost allocation revenue (internal charges) for structure and equipment use, and 3) Federal payments in lieu of property taxes. State payments average $1.6 million a year and have not been growing; Federal payments have been growing slightly and are about $10 million annually. Cost allocation revenue fluctuates between $1.5 and $2.3 million. For planning purposes, cost allocation revenue estimates are at the low end of this range. Together, these and the remaining revenues that comprise the category of Other Revenue generate approximately $10.0 million per year and are projected to remain flat over the forecast period.

Forecast Expenditure Detail

The expenditure forecast depicts how the local discretionary revenue is spent (Figure 24, page A-24). Local discretionary revenue is primarily spent as base budgets, for General Fund departments, to fund operations. The remaining local discretionary revenue is either designated for one-time needs or used to fund maintenance of effort requirements. The forecast is comprised of three categories: 1) non-salary cost increases, 2) maintenance of effort increases, and 3) salary and benefit increases.

Total local discretionary revenue is appropriated in three broad ways. First, in Fiscal Year 2009-10 the base budget for General Fund departments (the General Fund target) totals $158.4 million. Second, the budget earmarks $9.1 million for certain future uses primarily to deferred maintenance and audit settlements. Third, the remaining $28.2 million available in local discretionary revenue is recommended to be appropriated for maintenance of effort requirements or, in the case of the Road Fund, payments to a non-General Fund department for specific services – in this case a local match for transportation funding.

The Five Year Expenditure Projections table (Figure 24) includes both actual and projected numbers. The actual numbers, including those in the recommended Fiscal Year 2009-10 budget, are to the left of the vertical double line while forecast projections are to the right of the vertical double line. The top portion of the table includes aggregate numbers of the three uses of discretionary revenue. The details of that spending are at the bottom portion of the table. The numbers in the grey box are presented only for historical comparison and are part of the aggregate numbers in the top section of the table.

Non-salary cost increases include the Proposition 172 backfill, maintaining the fire department's level of service, use of Strategic Reserve, certificate of participation payments, costs of a new County jail, and funding for ADMHS not related to current year maintenance of effort requirements.

The Proposition 172 backfill increases general fund contribution to public safety departments that are losing Proposition 172 revenue to the Fire Department as a result of a 5 year, 1 and ½ percent per year shift. Fiscal Year 2009-10 is the last year of the shift bringing the total share of Proposition 172 revenue to the Fire Department to 9.75% from the original allocation of 2.25%. The total shift in this revenue backfilled to the other public safety departments with general fund contribution is $2.3 million which has become part of the ongoing annual general fund contribution allocation to those departments.

The Fire Department level of service is based on its five-year financial plan that shows the Department will have expenditures that exceed its revenue starting Fiscal Year 2010-11 and that the Department will require an additional $8.4 million General Fund dollars per year to maintain levels of service by Fiscal Year 2012-13 from the amount it is budgeted to receive in Fiscal Year 2009-10.

The budgeted Strategic Reserve allocation includes budgeted releases of the General Fund Strategic Reserve. The Fiscal Year 2007-08 amount of $3.0 million was appropriated to the Sheriff's Department for mid-year budget adjustments (an additional $6.9 million was released to ADMHS as described below). Fiscal Year 2009-10 includes $500 thousand to maintain levels of service in the District Attorney's department, and $497 thousand to balance the Fiscal Year 2009-10 General Fund budget.

Certain General Fund certificates of participation payments are complete in Fiscal Year 2011-12. This results in a savings to the General Fund of approximately $1.9 million annually if there is no new issuance.

The costs of the new County jail begin with capital costs in Fiscal Year 2011-12 ($2.4 million) and operational costs beginning in Fiscal Year 2013-14 ($17.4 million growing 5.5% annually thereafter).

ADMHS non-mandated services and repayments includes contributions to the department of Alcohol, Drug and Mental Health Services for amounts above those required as the local match for current year ADMHS services. Fiscal Year 2007-08 includes a mid-year contribution from the Strategic Reserve of $6.9 million. The Fiscal Year 2008-09 Adopted budget amount of $20.4 million includes $12 million that was a budgeted transfer of Strategic Reserve for the ADMHS "true-up" for prior period adjustments, $3 million from the Audit Designation for the same purpose, $1.3 million for full-year operation of the North County CARES facility, and $4.1 million granted to the Department at the budget hearings. Fiscal Year 2009-10 includes a reappropriation of a portion of the $12 million ($8.4 million) to ADMHS for prior period adjustments and the ongoing cost of North County CARES ($1.3 million).

The maintenance of effort increases are projections from the five-year financial forecasts of the Public Health and Social Services funds plus projections for the courts facilities mandate, the Alcohol, Drug and Mental Health Services Department, and the Road Fund.

The local match requirements for Social Services will cost $14.45 million annually by Fiscal Year 2010-11, an increase of $4.6 million from Fiscal Year 2009-10 as caseloads grow and departmental revenues remain capped by the state ("cost of doing business") or down as a result of the economy (Realignment).

The General Fund contribution to the Alcohol, Drug, and Mental Health Services Department is assumed to continue unchanged covering the local match requirement. This is the base contribution to the department and does not include the additional non-mandated services (North County CARES), nor the $6.9 million to the Department in Fiscal Year 2007-08, the additional $4.4 million in discretionary revenue the Department received at the Fiscal Year 2008-09 budget hearings, the $15 million transfer of Audit Designation and Strategic Reserve budgeted for prior period adjustments, nor the $14.4 million the result of MISC/CEC repayments. Fiscal Year 2009-10 reflects a reduction in General Fund Contribution per the Board of Supervisors adopted budget principles.

Public Health does not currently anticipate needing additional General Fund Contribution to maintain its level of service or as required local matching funds. However, given the volatility of the economy, wage and benefit increases, threats of pandemics, and changing Federal and State laws, it is likely the Department will require increase General Fund Contribution that cannot be quantified at this time.

The local match to the Road Fund to secure intergovernmental revenue for transportation improvements is anticipated to remain unchanged. A future Board of Supervisors may determine additional General Fund contribution is required to maintain an adequate and safe transportation network.

The salary and benefit increases include anticipated personnel related expenditures. They are determined based on negotiated Memoranda of Understanding (MOUs), estimated costs of maintaining equity or market rates for County employees, health insurance and retirement benefit cost projections, and beginning in Fiscal Year 2008-09, the new cost to the County to provide retiree medical coverage. <u>Through the five-year period highly significant changes are forecast that will require steep reductions in employee compensation or levels of service if not offset with new revenue</u>. Behind these increases are four assumptions: 1) no net increase in FTE (reductions will be required), 2) no further enhancement of health or retirement benefits (the projected spike in the cost of the current retirement benefit drives the projected structural imbalance), 3) no significant cost spikes for cost of living adjustments over the 3.0% budgeted each year, and 4) equity or market rate adjustments of no more than one-half of one-percent of the annual salary budget paid from local discretionary revenues.

Salary cost estimates for Fiscal Year 2009-10 incorporate terms of negotiated MOUs and include an estimated 3.0% salary adjustment for non-union employees. Executive and Management salaries are currently subject to a total freeze until January, 2010 (half of the Fiscal Year). If the Board determines to maintain the freeze for the County's 346 Executives and Managers the 3% rate could be less. The MOU for the Deputy District Attorneys expires in Fiscal Year 2009-10 and the other MOUs expire in future Fiscal Years.

Equity adjustments, also called market rate adjustments, are funds anticipated to be needed to enable the County to remain competitive in hiring and retaining employees. The estimated costs of these adjustments are one-half of one-percent of the salaries paid from local discretionary revenues or approximately $410,000 annually. This had been forecast at 1% in prior analyses but departments have demonstrated an ability to absorb most market and equity adjustments.

Health insurance amounts assume that the County's obligation to pay 100% of the lowest cost premium continues. Health insurance costs have been rising at a staggering rate jumping 29% in Fiscal Year 2006-07 and another 26% in Fiscal Year 2007-08. The Adopted Fiscal Year 2008-09 Budget called for another 24% increase. CEO/HR has been proactively managing health insurance and is developing strategies to mitigate future rate spikes and as such the actual increase will only be 0.14% and the Fiscal Year 2009-10 Budget includes no increase in the cost of health insurance borne by local discretionary revenues. The forecast projects health insurance costs will increase 5-7% annually as the County continues to implement cost avoidance and reduction strategies.

Figure 24: FIVE-YEAR EXPENDITURE PROJECTIONS FY 2009-10 - 2014-15

Salary & Benefit Costs (Dollars in Millions)	*FY05-06 Actual*	*FY06-07 Actual*	*FY07-08 Actual*	*FY08-09 Adopted*	*FY09-10 Budget*	*FY10-11 Projected*	*FY11-12 Projected*	*FY12-13 Projected*	*FY13-14 Projected*	*FY 14-15 Projected*
Departmental Targets - GF base budget	134.0	143.2	156.3	161.9	158.4	158.4	176.2	190.2	201.6	225.2
Contribution to Designations	21.3	19.4	14.7	7.9	9.1	7.8	7.8	7.8	7.8	7.8
MOE & Base GFC to non-GF depts	27.8	30.4	29.8	27.7	28.2	28.7	33.9	34.6	35.1	35.8
Appropriation of Prior Year Revenue	0.0	-4.8	-10.8	5.3		0.0	0.0	0.0	0.0	0.0
Non-Salary increases						1.1	3.4	4.4	17.4	0.0
MOE increases						4.6	0.0	-0.2	0.0	0.0
Salary and benefit increases						16.7	10.6	7.0	6.3	6.8
Annual Total	**183.100**	**188.272**	**189.999**	**202.768**	**195.622**	**217.349**	**231.907**	**243.754**	**268.112**	**275.578**
Other Future Year Impacts										
BASE GROWTH RATES:										
Target % change		6.9%	9.1%	3.6%	-2.2%	0.0%	20.1%	14.4%	18.4%	15.1%
TOTAL % Change from Prior Yr		**2.8%**	**0.9%**	**6.7%**	**-3.5%**	**11.1%**	**6.7%**	**5.1%**	**10.0%**	**2.8%**
GFC Calculation										
	Gray information is included as part of the base budget above but are here for historical detail									
Non-Salary Cost Increases										
Proposition 172 Fire Backfill (Fire staffing)	0.42	0.57	0.48	0.35	0.33					
Fire Department level of service	2.86	2.60	2.63	1.91	1.68	1.10	2.87	4.39		
Budgeted Strategic Reserve Allocation			3.01		1.00					
Completed COP payments							-1.90			
Jail COP							2.40			
New jail operations									17.40	
ADMHS non-mandated services & repayments	2.00		6.90	20.40	9.70					
Maintenance of Effort Increases										
MOE: Social Services Mandate Match	9.10	11.27	11.27	8.50	9.85	4.60		-0.20		
MOE: Courts Mandate Match	7.72	7.61	7.61	7.60	7.60					
MOE: ADMHS Mandate Match	1.60	1.85	1.85	1.85	1.57					
MOE: Public Health Mandate Match	8.12	8.33	8.33	8.06	7.39					
MOE: Roads Match	1.25	1.35	1.41	1.79	1.79					
Salary & Benefit Increases										
Salaries	2.96	1.62	5.75	3.60	0.19	3.81	2.38	2.46	2.53	2.61
Equities/Market		0.39	-		0.24	0.41	0.42	0.43	0.44	0.46
Health	0.26	0.55	0.83	1.11	-0.17	0.33	0.25	0.37	0.39	0.60
Retirement	2.16	1.65	2.01	1.48	-0.65	12.03	7.46	3.61	2.78	2.98
OPEB				3.87	0.54	0.16	0.11	0.11	0.12	0.12
Total Annual GFC Increase		**5.17**	**1.73**	**12.77**	**-7.15**	**22.44**	**14.56**	**11.85**	**24.36**	**7.47**
Total Cumulative $ Change from FY 06-07 Actual			**1.73**	**14.50**	**7.35**	**29.79**	**44.35**	**56.19**	**80.55**	**88.02**

The employer’s share of retirement costs are set by the independent Retirement Board and paid by the County. The annual increases have been between twelve and twenty percent since Fiscal Year 2005-06. The investment losses during Fiscal Year 2008-09 could have a staggering impact on the Fiscal Year 2010-11 retirement rate paid by the County. The forecast includes the assumptions presented to the Board at the joint workshop with the Retirement Board. This includes a 69% rate increase in Fiscal Year 2010-11 and another 26% increase in Fiscal Year 2011-12. It should be noted that while some ameliorative measures have been discussed, the Retirement Board has the sole authority to set rates. Moreover, these measures add to the total cost of the system debt and ultimately must be paid. Each year’s Retirement Board actuarial study may include unforeseen costs due to market returns and the effects of demographic changes that are not reflected in these projections. The impact of these retirement costs are highlighted in pink near the bottom of the Expenditure Table (Figure 24) above and alone greatly outpace any revenue increases projected in this forecast period.

Other Post Employment Benefits (OPEB) was a new cost to the County beginning in Fiscal Year 2008-09 as the County assumed the costs of retiree medical coverage. The entire cost of OPEB is $8.9 million in Fiscal Year 2009-10, with local discretionary revenues paying for $4.41 million of that amount. The cost of OPEB is expected to increase 6.5% in Fiscal Year 2010-11 and 5% annually thereafter.

Conclusion

Since the delivery of last year’s Operating Plan, the County has experienced unexpected events. Three wildfires, the Jesusita Fire, the Gap Fire, and the Tea Fire, occurred and demonstrated the ability of the County to respond to such unforeseen disasters. After the Tea Fire, the County led an outstanding recovery effort to assist victims and rebuild homes and lives. This would not have been possible without the dedication and commitment of the County’s workforce. The County’s employees also contributed to the preservation of vital services by agreeing to a furlough and other concessions in Fiscal Year 2008-09 that will enable the County to close the current Fiscal Year on a positive note. The economic conditions that existed during the labor collaborations were just a precursor to the current economic decline. In late 2008, the economy began its descent and continues to plummet. Foreclosures, unemployment and need for safety net services are on the rise while revenues to fund services are evaporating. Sales tax, vital for funding public safety, social services and health, steadily decreases. The State grapples with keeping its budget in balance and looks to counties to share in the fiscal solution to its structural deficit. Without the help from employees and the adoption by the Board of a budget principle to reduce the General Fund Contribution by 10%, the Fiscal Year 2009-10 Recommended Budget would not be balanced. Clearly, the ability to balance the budget in 2010-11 and future years will not be possible without a fundamental reorganization of the County’s structure and service delivery mechanisms and a significant reallocation of resources. New paradigms are required to adjust to the economic reality constraining the current method of operating. While it was possible to compensate for the decline in revenue by redirecting General Fund dollars this year, such a strategy is not feasible in future years. All departments will need to absorb increasing costs of retirement and several departments are also facing long-term revenue challenges that require new solutions to service delivery models.

Only through continued collaboration will fiscally prudent strategies be developed. Department directors have demonstrated this partnership in preparing the Fiscal Year 2009-10 Recommended Budget and their assistance in analyzing operations and designing solutions is critical to delivering effective services with accountability, customer-focus and efficiency. The teamwork between County departments, the Auditor-Controller and this Office and the hard work of staff has resulted in the production of another balanced Operating Plan for consideration and adoption.

The diligence and guidance by the Board of Supervisors rendered throughout the year, during the budget workshops, quarterly financial reviews and the Fiscal Issues Report in particular, are greatly appreciated. This document is a reflection of that process and attempts, to the extent possible, to preserve the Board of Supervisors’ priorities of public safety, public health and mental health services.

Respectfully submitted,

Michael F. Brown,

County Executive Officer

Figure 25: Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
County Executive Office D-23-34	Executive Management	-	(255,010)	(1.00)	-	(255,010)	(1.00)	The reduction of one Deputy County Executive Officer will result in increased workloads for remaining staff and will impact the availability of staff to provide timely support to the Board of Supervisors, County departments and the public. Some policy and operations improvement studies may take longer, and detection and response to problems and issues will be slower.	No change
County Executive Office D-23-34	Executive Management	-	(96,400)	(1.00)	-	(96,400)	(1.00)	The reduction of one Executive Secretary will result in increased workloads for remaining staff and will impact the availability of staff to provide timely support to the Board of Supervisors, County departments and the public	No change
County Executive Office Total		**-**	**(351,410)**	**(2.00)**	**-**	**(351,410)**	**(2.00)**		
County Counsel D-35-42	Advisory	-	(155,212)	(1.00)	-	(155,212)	(1.00)	This position is currently vacant because of a decrease in the workload of an 1.0 FTE in revenue generating Workers Compensation.	No change
County Counsel D-35-42	Advisory	-	(85,345)	(0.75)	-	(85,345)	(0.75)	Deletion of a Computer Systems Specialist will limit LAN support within County Counsel which will cause increased downtime of computers and create delays in work product.	No change
County Counsel D-35-42	Advisory	-	(83,672)	(1.00)	(148,895)	(22,318)	(2.00)	Deletion of a Legal Office Professional III. Deletion of this position will limit legal support and back-up to the staff of County Counsel creating delays in work product and general office workload	Deletion of two Legal Office Professionals III. Deletion of these positions will limit legal support and back-up to the staff of County Counsel creating delays in work product and general office workload
County Counsel D-35-42	Advisory	-	(51,625)	(0.50)	-	-	-	This is a loss of a part-time clerical position. See narrative above related to the loss of this position.	No service level impact. Position not deleted.
County Counsel D-35-42	Advisory	(1,033,548)	-	(6.20)	(480,358)	(22,318)	(2.70)	Service level decrease caused by: $868,027 decrease in cost allocation; $100,000 loss of one time use of litigation designation; and decrease of $65,521 in other revenues that do not keep up with the increase in costs. The net result is a decrease of 6.20 attorney positions. The impact to the department would be decreased legal support to other County departments and the Board including: Planning and Development's "Development Review" cases; pre-hearing review of cases considered by the Planning Commission; attorney support of Planning Commission meetings and Agriculture Preserve Advisory Commission meetings; pre-hearing facilitation/resolution of third-party land use appeals; Long Range Planning projects; services to non-revenue Boards, Commissions, and advisory committees; IRS compliance questions, property tax issues, and contract reviews; other General Fund departments; transactional support of affordable housing items; disciplinary advice; and advice to Public Works.	Service level impact changed due to the reinstatement of 3.50 attorney FTE. However, there will still be reductions in legal support including: reduced legal support of County's Workers' Compensation program by 25%; limiting routine transactional legal support to General Fund departments; further limit non-litigation support of Sheriff's Department, in part by relocating the Deputy County Counsel presently stationed at Sheriff's Department Headquarters; limiting pre-hearing review of cases and projects by Planning & Development Department; limited pre-hearing facilitation/resolution of third-party land use appeals to the Board of Supervisors; limiting legal advice to departments about disciplinary items to only those relating to serious discipline or which may impact public health and safety; limiting transactional support of HCD affordable housing programs; and limiting non-mandated attorney support of non-revenue boards, advisory boards, and commissions, other than the County and Montecito Planning Commissions.
County Counsel Total		**(1,033,548)**	**(375,854)**	**(9.45)**	**(629,253)**	**(262,875)**	**(6.45)**		
Court Special Services D-45-52	Witness	(45,000)	-	-	(45,000)	-	-	Court Special Services is reducing Witness fees and expenses budget. This will impact the District Attorney's office as the Public Defender funds these expenses in their budget. Cost to the DA is estimated to be $45,000 for FY 2009-2010.	No change
Court Special Services Total		**(45,000)**	-	-	**(45,000)**	-	-		

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Distict Attorney D-53-64	Treatment Courts	-	(260,500)	(2.50)	-	(260,500)	(2.50)	Deputy DA's will not be assigned to the treatment courts, including drug court, mental health court, and Prop 36 that are largely focused on compliance with treatment programs. DA presence is not required, though our absence reduces program effectiveness as the threat of incarceration and consequences for the defendant's actions is removed from the process.	No change
Distict Attorney D-53-64	Consumer/ Environmental Enforcement	(139,000)	(13,000)	(1.00)	(139,000)	(13,000)	(1.00)	The downturn in civil penalties due to fewer referrals from enforcement agencies no longer supports two DDAs. A single attorney will be sustained to address major consumer and environmental cases. The effect will be less accountability for those who commit environmental violations such as oil companies. Resources to assist the public in lower level consumer fraud cases will be limited to mediation by volunteers who staff the DA Consumer Mediation Unit.	No change
Distict Attorney D-53-64	Misdemeanor Courts	(837,100)	(87,900)	(11.00)	(837,100)	(87,900)	(11.00)	Deputy DAs who prosecute misdemeanor cases will be reduced by 50% to 4, along with 5.5 DA staff that provide case preparation, investigation and victim support. The DA's Office will focus on prosecuting misdemeanor domestic violence, DUI, and sex crimes. Emphasis on prosecuting all other misdemeanor offenses such as battery, petty theft, vandalism, graffiti, misdemeanor drug offenses, loitering, passing bad checks, and drunk in public will be severely reduced and in many situations curtailed altogether. The cumulative impact of this may be detrimental to businesses and unfortunately compromise public safety.	No change
Distict Attorney D-53-64	Misdemeanor Domestic Violence Vertical Prosecution	(532,900)	-	(5.00)	-	-	-	2 Deputy DA's in South & North County Vertical Prosecution Domestic Violence (DV) Units will only handle felony domestic violence cases. Misdemeanor domestic violence cases will be added to the large volume of cases assigned to the 4 remaining DDAs in the misdemeanor trial Courts. With erosion of grants that established vertical units to focus on all DV cases, investigator and victim advocate staff will not be assigned to work misdemeanor cases. A significant decline in successful prosecutions and offender accountability will in turn place the victims in physical danger and subject to repeated and more serious abuse.	Funded
Distict Attorney D-53-64	Arraignment Courts	-	(400,800)	(4.00)	-	-	-	2 Deputy DA's assigned full time in the South & North County Arraignment Courts to expedite case closures will no longer handle this non-mandated responsibility. Over 60% of cases filed are resolved at the arraignment court. The Court does not have the power to enter into plea bargains or dismiss charges without a DDA so many cases will not settle at arraignment. They will be calendared for hearing and resolution in the trial courtrooms, which will clog the justice system.	Funded
Distict Attorney D-53-64	Lompoc Office closure	-	(630,000)	(5.00)	-	-	-	Limited remaining staff (25% fewer Attorneys and 20% others) require that operations be consolidated into the Santa Maria Office, to maximize use of the Attorney, Investigative, Victim Advocate & support staff to priority case processing and court coverage. Lompoc office closure will impact the Lompoc community, as crime victims will need to find transportation to Santa Maria to obtain victim assistance or attend Court hearings. Both the police and Sheriff departments will be impacted requiring officers to commute to Santa Maria leading to additional overtime and coverage issues on the streets.	Funded

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Distict Attorney Total		**(1,509,000)**	**(1,392,200)**	**(28.50)**	**(976,100)**	**(361,400)**	**(14.50)**		
Public Defender D-65-72	All	(758,947)	(670,140)	(15.00)	$ (478,757)	$ (320,100)	(9.50)	The Department's total reductions to meet the FY 2009-10 budget is $1,974,491. This reflects a decrease in Prop 172 revenues ,Designation Releases Operating Transfers (In), General Fund Contribution as well as an increase in expenditures of $545,103 (salaries and benefits). The $1,974,491 reduction would require a likely reduction of 10 attorney positions and five support staff (investigators, legal secretaries). This amounts to a reduction of approximately one third of the Public Defender attorney staff. The service impacts would likely lead to a reduction in the number of adult felony, adult misdemeanor, and juvenile clients we can service. The courts are constitutionally mandated to appoint counsel in these cases. The cost is an obligation on the county. Additional impacts could also be the withdrawing of services to the Therapeutic Courts as well as to all Conservatorship and Probate cases.	The Department's total reductions to meet the FY 2009-10 budget is $1,343,960. This reflects a decrease in Prop 172 revenues, Designation Releases Operating Transfers (In), General Fund Contribution as well as an increase in expenditures of $545,103 (salaries and benefits). The $1,343,960 reduction would require a likely reduction of five attorney positions and six support staff (investigators, legal secretaries). This amounts to a reduction of approximately 16% of the Public Defender attorney staff. The service impacts would likely lead to a reduction in the number of adult felony, adult misdemeanor, and juvenile clients we can service. The courts are constitutionally mandated to appoint counsel in these cases. The cost is an obligation on the county. Additional impacts could also be the withdrawing of services to the Therapeutic Courts as well as to all Conservatorship and Probate cases.
Public Defender Total		**(758,947)**	**(670,140)**	**(15.00)**	**(478,757)**	**(320,100)**	**(9.50)**		
Fire D-75-94	Emergency Response-Hazmat Unit	61,000	(61,000)	-	61,000	(61,000)	-	Staffing for oversight of clean-up activities related to unauthorized releases of hazardous materials during normal working hours will be re-allocated to other fee based revenue generating programs, primarily the Above Ground Petroleum Storage Act program which is a new mandate from the State.	No change
Fire D-75-94	Emergency Response-Hazmat Unit	-	(30,000)	-	-	(30,000)	-	Response by Hazardous Materials Unit Specialists to unauthorized releases of hazardous materials that occur outside of normal working hours will be eliminated. Countywide oversight of clean-up activities and notifications to other government agencies will not occur until the next business day. Chances of illegal disposal are increased.	No change
Fire D-75-94	Hazmat Business Plans; Hazmat Generator; Underground Storage Tanks; Above-Ground Petroleum Storage Act	-	(95,000)	(1.00)	95,000	(95,000)	-	Unfunding one Hazardous Materials Specialist position from the Certified Unified Program Agency (CUPA) programs creates a reduction in service level countywide as there will be a loss of approximately 130 inspections of regulated facilities over the course of the fiscal year, increasing risks to the community and first responders as well as reducing customer service due to delays in responding to customer requests.	Refund Hazardous Materials Inspection Specialist position.
Fire Total		**61,000**	**(186,000)**	**(1.00)**	**156,000**	**(186,000)**	**-**		
Probation D-95-120	Adult Services Clerical		(148,835)	(2.75)	-	-	-	Unfund 2.75 Administrative Office Professional (AOP) to standardize ratio of support to sworn; modify business process to accommodate less staff	
Probation D-95-120	Information Systems	-	(127,426)	(1.00)	-	(127,426)	(0.97)	Unfund Probation Manager slowing the pace of business process improvements	The reduction of one Probation Business Leader will slow the pace of Business Process and Management Report Improvements.
Probation D-95-120	Fiscal					(115,685)	(0.97)		Unfund the Enterprise Leader for Grants & Funding. Unfund a DPO Sr in Personnel & Training and fund a DPO Supervising to write grants and assist in program redesigns.
Probation D-95-120	Community Education Center				(255,148)		(3.91)		The County's policy decision to eliminate Medi-Cal billing for services provided by Probation staff requires assessment and care coordinator staff reductions (three DPOs, five DPO Sr). This reduces the number of officers serving high risk mental health caseloads. Access to mental health services will change. Wait time in the ADMHS Children's Clinics of up to six months is likely to occur.

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop Non-GFC Sources	Budget Workshop GFC	Budget Workshop FTE	Recommended Budget Non-GFC Sources	Recommended Budget GFC	Recommended Budget FTE	Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
Probation D-95-120	Children's System Of Care				(764,929)		(7.72)		The County's policy decision to eliminate Medi-Cal billing for services provided by Probation staff requires assessment and care coordinator staff reductions (three DPOs, five DPO Sr). This reduces the number of officers serving high risk mental health caseloads. Access to mental health services will change. Wait time in the ADMHS Children's Clinics of up to six months is likely to occur.
Probation D-95-120	Santa Maria Juvenile hall	-	(83,500)	(2.00)	-	(36,450)	(0.48)	Reduce overtime to realize savings from a commensurate increase in the use of lower cost extra help. Due to the FY 08-09 mid-year budget reductions and the resulting unfundings, the Department will have additional qualified staff available for extra help staff .	Due to the loss of positions and reduction in hiring new staff, extra help for coverage can be reduced due to lower CORE training hours.
Probation D-95-120	Los Prietos Boys Academy	-	(82,000)	(1.00)	-	-	-	This adjustment will eliminate one JIO at the LPBC/LPBA.	
Probation D-95-120	Support	-	(55,238)	(1.00)	-	-	-	Unfund 1 AOP to standardize ratio of support to sworn; modify business process to accommodate less staff	
Probation D-95-120	Juvenile Drug Court	(34,000)	(55,238)	(1.00)	(36,000)	(54,121)	(0.97)	This adjustment will eliminate the last remaining Juvenile Drug Court (JDC) DPO's. As a result of the FY 2009-10 reduction, the workload associated with the JDC cases will be redistributed to existing caseloads, and Court responsibilities, including weekly team reviews, will be taken on by the regional Court Hearing Officers.	This adjustment will eliminate the last remaining Juvenile Drug Court (JDC) DPO's. As a result of the FY 2009-10 reduction, the workload associated with the JDC cases will be redistributed to existing caseloads, and Court responsibilities, including weekly team reviews, will be taken on by the regional Court Hearing Officers
Probation D-95-120	Juvenile Services	(8,023)	(12,035)	-	-	-	-	This adjustment reclassifies two Sr. DPO positions to a line DPO position. These DPO Sr.'s prepare disposition and review reports for the Court, supervise wards in out-of-home placements, and make monthly mandated home visits to wards in group home placements throughout the state of California, and home visits with their parents within the local community. The Juvenile Division is in the process of restructuring and is reviewing the option for regional placement responsibilities.	
Probation D-95-120	Investigations					(116,127)	(0.97)		A DPO Supervising was unfunded in Lompoc consolidating the Court and Supervision Units. The Lompoc Juvenile calendar is heard in Santa Maria except for the Juvenile Drug Court (JDC) which is heard in Lompoc.
Probation D-95-120	Support	-	-	-		(55,238)	(0.97)		Unfund an Administrative Office Professional (AOP) to standardize ratio of support to sworn; modify business process to accommodate less staff.
Probation D-95-120	Support					(64,213)	(0.97)		Unfund of a Probation Assistant will require sworn staff to spend more time on file and case management and less time on offender contacts and field work.
Probation D-95-120	Grant Program				-	-	-		Unfund three JJCPA financed School Based Officers due to State budget reductions. Re-fund one officer in Juvenile with the new Safe Schools Healthy Students Grant Funding. Re-fund two School Based Officers in Institutions with Youthful Offender Block Grant funds for juveniles returning from, or no longer eligible for commitment to DJJ, formally known as CYA.
Probation D-95-120	Fiscal Support	-	(7,765)	-	-	-	-	Unfund Project Manager and fund DPO Supervising to write grants and assist in program redesigns	
Probation D-95-120	Los Prietos Boys Academy	(78,844)	(971,185)	(8.50)		(71,893)	(0.97)	Reduce 9.5 sworn positions and 19 Camp Beds and add 1 DPO. The loss of 19 beds will result in increased costs at the Santa Maria Juvenile hall (SMJH) as a minimum of 38 minors per year wait in the hall for group home placement. The County share of group home costs, which is budgeted in the Department of Social Services (DSS) will increase.	This adjustment will eliminate one Juvenile Institution Officer (JIO) at the LPBC/LPBA.
Probation D-95-120	Medium Supervision	-	-	-		(209,506)	(1.93)		Two adult intake and risk assessment screening DPO Sr were unfunded which will delay the initiation of active supervision by an additional 30-45 days

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Probation D-95-120	Investigations	-	-	-	-	(103,975)	(0.97)		Reduction of one DPO Sr will result 50% reduction of investigation resources available to the Lompoc Superior Court and is expected to result in a 10% increase of late filings and/or continuance requests.
Probation D-95-120	Medium Supervison	-	-	-	-	(451,157)	(4.83)		The reduction of five DPOs (four medium supervision & one family caseload officer) eliminates medium supervision countywide; offenders will be moved to central caseloads of up to or exceeding 500 and all offenders on these caseloads will receive less active supervision.
Probation D-95-120	Community Support	-	-	-	-	(234,235)	(1.93)		Two DPO Supervising in Community Supervision were unfunded (1.9 FTE). The loss of these positions will result in less direct oversight of staff including internal work audits and an increase in the number of delinquent performance evaluations completed by the remaining supervisors.
Probation D-95-120	Support	-	-	-	-	(157,219)	(2.65)		The reduction of 2.75 AOPs will require sworn staff to spend more time on file and case management and less time on offender contacts and field work.
Probation D-95-120	Support	-	-	-	-	(123,800)	(1.93)		Reduce two AOPs and partially compensate with implementation of an Automated Telephone Attendan
Probation D-95-120	Support	-	-	-	-	(92,259)	(1.45)		The reduction of 1.5 Probation Assistant in Prop 69 & Office of Traffic Safety will require sworn staff to spend more time on file and case management and less time on offender contacts and field work.
Probation D-95-120	Various		(617,366)	TBD	(158,269)	(1,289,493)	-	As the budget development process continues, the Department is continuing to evaluate programs and operations that will need to be reduced to meet GFC target. Total Service Level Impacts are yet to be determined	Savings from reduced cost for Workers compensation insurance, liability insurance, and Health Insurance. Savings from reduced cost for Workers compensation insurance, liability insurance, and Health Insurance. Savings from reduced Overtime for post-fill coverage (vacancies & training) and more available extra help staff will reduce Overtime hours.
Probation Total		**(120,867)**	**(2,160,588)**	**(17.25)**	**(1,214,346)**	**(3,302,797)**	**(34.59)**		
Sheriff D-121-142	Law Enforcement Various		(1,062,547)	(6.00)		(825,243)	(6.00)	Reduce and consolidate positions in Special Operations Division. Consolidate Special Ops as Bureau in Criminal Investigations Division. Reduction involve 2 Deputy Sergeants, 2 Deputy Special Duty and 2 Deputy Sheriff positions for a total of 6.0FTE.	No change (Difference in dollar amount is due to lower anticipated salary savings)
Sheriff D-121-142	Law Enforcement Various					(192,061)	(1.00)		Zero fund one Deputy Lieutenant position currently assigned to Special Operations Division. Consolidated unit does not need this position in the proposed configuration.
Sheriff D-121-142	Admin Various		(175,918)	-		(186,751)	(1.00)	Zero Fund Undersheriff position and re-fund Chief Deputy position. Zero Fund Commander position vacated as result of promotion. EXH dollars added for transitior	No change
Sheriff D-121-142	Personnel		(107,848)	(1.00)		(106,465)	(1.00)	Zero fund Custody Deputy, Special Duty position in Personnel. This action reduces by 33% the ability to conduct background investigations on new employees	No change
Sheriff D-121-142	Training		(107,848)	(1.00)		(102,685)	(1.00)	Zero fund Custody Deputy, Special Duty position in the Training Bureau. This will reduce the ability to run periodic training for corrections staff.	No change
Sheriff D-121-142	Facilities Mgmt		(106,322)	(1.00)		(106,322)	(1.00)	Delete 1 POS (1 FTE) Capital Projects Coordinator. Reduces department ability to manage capital projects and general maintenance issues in-housе	No change
Sheriff D-121-142	Custody Records		(98,580)	(1.00)		(102,198)	(1.00)	Zero Fund Custody Deputy position in Inmate Records. This will reduce the sworn presence to zero in a 24/7 operation that deals with inmates and the general public	No change

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		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Sheriff D-121-142	Fiscal Services		(89,142)	-		-	-	Zero fund Accountant III position, delete 1 POS (1 FTE) Accountant Supervisor and add 1 POS (1 FTE) Program Business Leader. This shift consolidates the management of two units and saves $89,149 in GFC	Not taken
Sheriff D-121-142	Forensics		(70,935)	(1.00)		(70,935)	(1.00)	Zero fund vacant Forensic Technician position. Reduces department ability to investigate crimes, gather evidence and document circumstances surrounding crime scenes.	No change
Sheriff D-121-142	Investigations		(54,167)	(1.00)		(125,277)	(2.00)	Zero fund vacant AOP I position. Reduces department ability to support front line law enforcement services.	Zero fund two vacant AOP I positions. Reduces department ability to support front line law enforcement services.
Sheriff D-121-142	Jail Ops		(29,802)	-		(28,783)		Delete 1 POS (1 FTE) Custody Deputy Supervisor and add 1 POS (1 FTE) Building Maintenance Supervisor. This action places a skilled civilian position in Jail Maintenance and saves $29,802 in GFC.	No change
Sheriff D-121-142	Jail Ops		(1,620,480)	(17.00)				Close Santa Maria Branch Jail. Requires unfunding of 14 POS Custody Deputies, 2 POS Utility Workers and 1 POS AOP. Closure will adversely impact an already overcrowded jail by shifting dozens of inmates to the Main Jail and increase transportation costs.	No change
Sheriff D-121-142	Investigations		(279,000)	(3.00)				Reduce detective positions in Investigations by 3 POS. Cost savings are vacant Deputy Trainee slots. Reduces ability to investigate crimes	No change
Sheriff D-121-142	Dispatch		(236,462)	(3.00)				Eliminate Emergency Medical Dispatch services. Reduces Dispatch staff by 3 POS and lowers training costs.	No change
Sheriff D-121-142	Community Services		(179,731)	(2.00)				Unfunding 2 POS Public Information Assistants. Savings are salaries and vehicle costs. Eliminates ability to speak at community groups on crime prevention	No change
Sheriff D-121-142	Training		(27,000)	-		(27,000)		Reduce or eliminate leadership development training for sworn staff. Reduces ability for new supervisors to step into new roles with tools to be successful.	No change
Sheriff D-121-142	Patrol		(2,039,840)	(20.00)				Unfunding 20 POS of Deputy Sheriff positions. Actual cost will be determined by individuals selected. Service levels of basic Law Enforcement Patrol to the unincorporated areas of the County would be severely impacted.	No change
Sheriff D-121-142	Admin Various		-	-		(110,582)	(0.50)		Reduce funding by 50% for Deputy Sheriff Commander, Administrative Services, to account the retirement of the incumbent. The resulting vacancy will spread existing duties to other sworn managers, reducing efficiency
Sheriff Total		**-**	**(6,285,622)**	**(57.00)**	**-**	**(1,984,302)**	**(15.50)**		
Alcohol, Drug, and Mental Health Services D-145-176	Various	-	(308,000)	-	-	(308,000)	-	FY 2009-2010 revenue loss may require reduction of ACT or Supported Housing services. The Department anticipates that MHSA could support expanded services but is subject to community review and State approval.	FY 2009-2010 revenue loss may require continued reduction and/or deferral of discretionary spending and scheduled replacements/upgrades within the services and supplies object level.
Alcohol, Drug, and Mental Health Services D-145-176	ADP - CARES	-	(250,000)	-	-	(250,000)	-	BOS one-time Expansion funds in FY 2008-2009 allowed continuation of ADP treatment at CARES. Support will be discontinued in FY 2009-2010. The Department anticipates that MHSA can support terminated services but is subject to community review and State approval.	No change
Alcohol, Drug, and Mental Health Services D-145-176	Various	(2,423,000)	-	-	(2,423,000)	-	(9.00)	Estimated reduction in Realignment revenue. FY 2008-2009 loss of revenue will be largely absorbed through savings from salaries & benefits, pharmaceuticals and the delay of capital, computer, or furniture expenditures. FY 2009-2010 revenue loss may require reduction of ACT or Supported Housing services. The Department anticipates that MHSA could support expanded services but is subject to community review and State approval.	Estimated reduction in Realignment revenue. FY 2009-2010 revenue loss may be offset by FMAP increase and/or MHSA funding. Funding from MHSA would require community review and State approval.

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Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Alcohol, Drug, and Mental Health Services D-145-176	Various	(300,000)	-	-	(300,000)	-	-	ADP has used reserves to maintain services for several years. It was planned that the use of reserves will decrease in FY 2009-2010. Program reductions, such as reducing the length of a treatment program, have already begun so that there should be no dramatic change to services in FY 2009-2010.	No change
Alcohol, Drug, and Mental Health Services D-145-176	MHSA - IT & Capital	5,034,000	-	-	5,034,000	-	5.00	One-time MHSA IT/Capital funding to be used for underserved and unserved persons with mental health conditions. Expenditures will be allowed over several years, subject to community review and State approval.	No change
Alcohol, Drug, and Mental Health Services D-145-176	MHSA - WET	2,350,000	-	3.00	2,350,000	-	4.00	One-time WET (Workforce Education & Training) funds which can be used over several years.	No change
Alcohol, Drug, and Mental Health Services D-145-176	MHSA - PEI	3,800,000	-	-	3,800,000	-	10.00	Estimated MHSA PEI (Prevention & Early Intervention) funds, per State. This new funding source is expected to be ongoing. Use of these funds is being developed with community input at this time and is subject to State approval.	No change
Alcohol, Drug, and Mental Health Services D-145-176	MHSA - Various	1,400,000	-	-	1,400,000	-	-	Estimated MHSA CSS (Community Services & Supports) increase, net of Prudent Reserves, per State. MHSA CSS plan subject to community review and State approval.	No change
Alcohol, Drug, and Mental Health Services D-145-176	Adult Mental Health-Various						(2.00)		Reduced use of outside contractors as vacancies were filled. No anticipated service impacts.
Alcohol, Drug, and Mental Health Services D-145-176	ADP-Treatment Services						(1.00)		Elimination of one funded/vacant position. No anticipated service level impact.
Alcohol, Drug, and Mental Health Services Total		**9,861,000**	**(558,000)**	**3.00**	**9,861,000**	**(558,000)**	**7.00**		
Child Support Services Total D-177-186		-	-	-	-	-	-	No effect. Department does not receive GFC.	No change
Public Health D-187-214	PHD Administration	-	(76,000)	(0.75)	-	(76,000)	(0.75)	Reduction of vacant Manager position; offset by increase of 25% in Team Leader position. Impacts internal service level; special projects will be delayed or deferred; availability of high end technical resource will be limitec	No change
Public Health D-187-214	Tuberculosis Control/Calle Real Clinic	11,810	-	-	11,810	-	-	Eliminate physician management position. Transfer management duties to existing staff and retain physician duties under Staff Physician position	No change
Public Health D-187-214	HIV/AIDS Part C	-	(70,000)	(0.50)	-	(70,000)	(0.50)	Reduction of Program Administrator position. Program oversight will be taken over by the manager. Service levels will be slightly decreased, program technical assistance to community based organizations will be decreased and support/analysis of community planning activities may be curtailed.	No change
Public Health D-187-214	Maternal, Child, Adolescent Health Program (MCAH)	279,166	(82,000)	(1.00)	279,166	(82,000)	(1.00)	Unfund vacant MCAH Supervising Public Health Nurse Position - Two remaining Supervising Public Health Nurses will supervise staff in three locations. This will increase the supervisory span of control and provide less on-site supervision. There is no direct patient caseload impact.	No change
Public Health D-187-214	Children's System of Care (ADMHS MISC Program)	(248,000)	-	(2.00)	(248,000)	-	(2.00)	Reduce 2 Public Health Nurses in ADMHS Children's System of Care (CSOC/MISC) program. Nurses will be reassigned to other Public Health nursing programs. Approximately 25 patients will receive limited Public Health nursing services.	No change

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Public Health D-187-214	Santa Barbara Pharmacy	(17,018)	(105,172)	(0.50)	(17,018)	(105,172)	(0.50)	The elimination of a vacant Pharmacist position should have little to no impact on patients and physicians. Prescriptions will continue to be filled with a possible increase in wait times.	No change
Public Health D-187-214	Immunization Grant	(91,542)	-	(0.50)	(91,542)	-	(0.50)	Reduction of Administrative Office Professional position due the State reductions in grant funding for local Immunization Services. The Immunization Program provides administrative support to local providers. There is no direct patient impact.	No change
Public Health D-187-214	Facilities/ Housekeeping	-	(135,399)	(4.00)	-	(135,399)	(4.00)	Outsourcing janitorial services will provide savings to the department and a reduction in FTEs. Service level will be maintained	No change
Public Health D-187-214	HIV/AIDS General	-	(50,000)	-	-	(50,000)	-	Eliminate the $50,000 of General Fund pass-through support to HIV/AIDS subcontractors for education and prevention. This reduces the funds for education and will impact about 700 individuals who would have received the education. There is other HIV/AIDS prevention education that is funded with state funds of approximately $100,000 that provides education for high-risk individuals	No change
Public Health D-187-214	Bioterrorism Preparedness/ EMS Systems	55,774	-	(0.95)	55,774	-	(0.95)	Temporary grant funding for position ends 8/02/09. Current work on Bioterrorism Preparedness is focused on developing plans and collaborative relationships for vulnerable populations in the event of a disaster. There is no short-term direct patient impact.	No change
Public Health D-187-214	Human Services Administration	(465,604)	(49,452)	(0.50)	(465,604)	(49,452)	(0.50)	Reduce Business Systems Specialist position to part time. Non-essential admin support tasks will be eliminated and workload will be redistributed	No change
Public Health D-187-214	Cuyama Clinic/ Santa Maria Clinic	121,460	-	-	121,460	-	-	Alter the services in Cuyama by developing an RN program for education/medication delivery/ assessment, increase service delivery by mailing products, and develop partnerships with local medical providers for expanded phlebotomy/urine/ pregnancy tests. Continue to refer patients to the Santa Maria Clinic for primary care services.	No change
Public Health D-187-214	Environmental Health Administration	(24,701)	(71,140)	(1.00)	(24,701)	(71,140)	(1.00)	Reduce Administrative Office Professional position supporting the Director of Environmental Health Services. This will result in administrative work being assigned to other administrative staff in the EHS program.	No change
Public Health D-187-214	Retail Food Program	142,000	(107,000)	-	142,000	(107,000)	-	Eliminate the fee waiver for temporary food facilities operated by non-profit organizations. The inspection of temporary food facilities will continue in concert with the code, but the agencies will be expected to pay for this service to reclaim some of the costs of providing this service.	No change
Public Health D-187-214	Field Operations	-	(76,000)	(1.00)	-	76,000	-	Reduce Animal Services Officer and eliminate the dog noise program for the unincorporated areas of the County. This will result in citizen complaints when dogs bark, that do not receive a response from an Animal Services officer. This will also require repeal of barking dog ordinance.	Position restored

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Public Health D-187-214	Children's Medical Services Administration	(41,528)	(60,000)	(1.50)	(41,528)	(60,000)	(1.50)	Two positions will be reduced and the entire CCS program is being redeveloped to function within the new allocation. CCS will make enough modifications to its program so that the general fund/PHD contribution will also be reduced. The state did not reduce or modify the program requirements. CCS authorizations will not be as timely or as thorough. Except in emergencies, hospitals are reluctant to conduct expensive treatments without a known payer source. These reductions initially save money in personnel, but as a result of reduced oversight, may not save money in treatment costs. Hospitals, providers and families may be affected by delays in authorizations, decreased contact with case management and more broken appointments.	No change
Public Health D-187-214	Human Services Fund		(182,449)	-		(182,449)	-	Reduce the Humans Service Commission allocations to Community Service organization. The Community Service Organizations serve a wide range of needy populations from young children at risk of abuse/neglect to seniors in need of healthy food. The number of individuals impacted by these reductions varies by program and is unknown until the individual grant decision are made	No change
Public Health D-187-214	Santa Maria Radiology Lompoc Radiology	(24,179)	(164,190)	(2.00)	(24,179)	(164,190)	(2.00)	Reduce 2.0 FTE Radiology Technologists and refer Radiology services in the Santa Maria and Lompoc regions to local area providers. The Radiology programs in Santa Maria and Lompoc do not use contemporary technologies. Therefore, the x-ray capabilities are limited, processing is expensive, and labor is intensive. Additionally, the daily visits in Santa Maria are 5.1 and Lompoc is only 4.8 so a full commitment to improve the programs is fiscally irresponsible, especially when the local hospitals/Physicians can accept the referrals. Patients can also take the Smooth bus and travel to Santa Barbara.	No change
Public Health Total		**(302,362)**	**(1,228,802)**	**(16.20)**	**(302,362)**	**(1,076,802)**	**(15.20)**		
Social Services D-215-238	In Home Supportive Services	-	(284,567)	-	-	-	-	IHSS provider wages are set to increase from $10.50/hr to $11.00/hr effective 7/1/09. The department proposes that wages be renegotiated with the United Domestic Workers to a level of $10.00/hr effective 7/1/09. This will impact caregivers primarily, although IHSS recipients may feel an impact if their caregiver leaves to find new employment	No service level impacts because this reduction will not be taken.
Social Services D-215-238	Various	-	(248,797)	-	1,094,721	(1,094,721)	-	A one-time use of Special Revenue Fund Balance is requested to achieve the General Fund Contribution reduction target.	The department previously proposed critical program cuts to address the 10% GFC reduction. Since that time, the Economic Stimulus Package was signed by the President. A number of provisions in this package will have a positive impact on the outside funding levels received by the Department of Social Services. Through discussions with the County Executive Office, the department proposes to use these unanticipated funds to offset the required GFC reduction rather than reducing critical services to the citizens of the County.
Social Services D-215-238	In Home Supportive Services	(697,796)	(143,100)	-	-	-	-	The department proposes to terminate the IHSS contract with Addus Healthcare and transfer services for 175 recipients to the Public Authority. Some caregivers employed by Addus will lose some benefits (vacation and sick leave) and some recipients could lose their caregiver if they choose not to work for the Public Authority. The net reduction due to these changes is approximately $143,100 General Fund.	No service level impacts because this reduction will not be taken.

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		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Social Services D-215-238	Food Stamps	1,084,738	(106,312)	7.27	-	-	-	CalWORKs applications have increased 23% in the second quarter of FY 2008-2009 and Non-Assistance Food Stamps applications have increased 28.6% compared to the first quarter of FY 2007-2008. Service levels will be impacted by significant delays in the processing of applications resulting in clients' inability to maintain housing and increased reliance on community based organizations such as Food Banks and transitional housing/shelters, to the extent they continue to have capacity. The reduction will also jeopardize the ability to meet the legal requirement that eligibility must be determined within 45 days for CalWORKs and 30 days for Food Stamps. Additionally, the reduction will jeopardize the ability to meet the Work Participation Rate which would result in financial sanctions.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	CWS	(132,531)	(91,899)	(2.14)	-	-	-	The loss of $91,899 in County General Funds will result in an additional loss of about $92,000 in matching Federal revenue. This loss of funding will necessitate staff reductions. However, the hiring freeze has created vacancies which absorb potential FTE reductions. Service impacts will be felt in the ability to respond within legal time limits to reports of child abuse and neglect, increased worker caseloads which will result in less time available to conduct assessments, child visits, meet deadlines for court reports, etc. Remaining staff will be on-call during evening and weekend hours more frequently in order to meet the legal mandate of a 24/7 response, which may impact overall productivity.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	General Relief	136,257	(73,000)	-	-	-	-	The General Fund reduction will lower the average monthly assistance payment in General Relief by 10%. This would require regulation change by the Board of Supervisors	No service level impacts because this reduction will not be taken.
Social Services D-215-238	General Relief	-	(67,874)	(2.53)	-	-	-	This decrease will result in fewer eligibility workers at a time when caseloads are increasing. Service levels will be impacted by significant delays in the processing of applications resulting in clients' inability to maintain housing and increased reliance on community based organizations such as Food Banks and transitional housing/ shelters, to the extent they continue to have capacity. In addition, FTE were transferred from General Relief to the Adult Program where a federal revenue stream can be accessed.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	Foster Care	90,625	(29,051)	0.75	-	-	-	The decrease can be achieved due to the ability to utilize additional federal allocation for this program	No service level impacts because this reduction will not be taken.
Social Services D-215-238	In Home Supportive Services Public Authority Admin	(109,914)	(17,046)	(0.96)	-	-	-	There will be a reduction of one FTE in the In Home Care Network.	No service level impacts because this reduction will not be taken.

Department	Program	Budget Workshop Non-GFC Sources	Budget Workshop GFC	Budget Workshop FTE	Recommended Budget Non-GFC Sources	Recommended Budget GFC	Recommended Budget FTE	Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
Social Services D-215-238	In Home Supportive Services Admin	(44,336)	(9,867)	(1.03)	-	-	-	The General Fund reduction will result in a significant loss of federal and State revenue, which combined will necessitate staffing reductions. However, the department hiring freeze has created vacancies which absorb these reductions. Impacts on recipients and staff will be increased caseloads resulting in delayed assessments and annual re-assessments, delays in the timeliness of home visits which can affect the health and safety of the recipient, and increased demands on health and community providers to backfill the loss of Social Worker support. Program mandates in Federal and State law have not been reduced therefore the county will be placed at risk of potential fiscal sanctions. It is expected that caseloads will continue to rise at about 8-10% per year, further exacerbating the situation.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	Adult Services	(8,383)	(8,383)	-	-	-	-	The General Fund reduction will result in the loss of approximately $8,000 in Federal funding for CSBG/Adult Protective Services. This would impact the ability to provide services which respond to reports of abuse and neglect of vulnerable adults (disabled and aged). In addition, this will impact the ability to provide assistance with housing, energy assistance, nutrition, employment and training as well as transportation, family development, health care, emergency food and shelter and asset development.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	STOP	(722)	(4,539)	-	-	-	-	The reduction will decrease direct services to abused or at risk children.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	Foster Care	-	(3,894)	-	-	-	-	The General Fund reduction will result in a decrease in direct services for at risk children in County Only Child Welfare Services not eligible under other funding sources	No service level impacts because this reduction will not be taken.
Social Services D-215-238	ILP	35,966	(2,510)	-	-	-	-	The reduction will result in a decrease in direct services to children emancipating from Foster Care.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	KinGap	-	(2,176)	(0.04)	-	-	-	No service level impacts.	No service level impacts.
Social Services D-215-238	Foster Care	9,871	(1,364)	-	-	-	-	The General Fund decrease will be achieved due to increased alternative funding for foster parent training	No service level impacts because this reduction will not be taken.
Social Services D-215-238	CalWORKS	(2,078,632)	(342)	(12.58)	-	-	-	In addition to the Department-wide 10% general fund reduction of $106,654 in the Cal Works/Food Stamp program, Cal Works experienced a loss of revenue in FY 2008-2009 which is expected to continue into FY 2009-2010. To absorb a portion of the FTE losses in the Cal Works program, FTE were shifted to Food Stamps and Childcare and the hiring freeze has created vacancies that have mitigated the need for staff reductions at this time. These decreases are being made while workload continues to rise.	No service level impacts because this reduction will not be taken.
Social Services D-215-238	Child Care	1,018,198	-	3.83	-	-	-	No service level impacts.	No service level impacts.
Social Services Total		**(696,659)**	**(1,094,721)**	**(7.43)**	**1,094,721**	**(1,094,721)**	**-**		
Agriculture and Cooperative Extension D-241-252	Oak Tree Protection	-	(114,020)	(1.00)	-	-	-	The regulatory components of the Oak Tree Ordinance and complaints will continue to be a priority for the department; however, due to the loss of this position, the department will no longer carry out the voluntary planting and educational components.	Position reclassified to Biologist. Will carry out regulatory components of the Oak Tree Specialist position.

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Agriculture and Cooperative Extension D-241-252	Cooperative Extension	-	(27,137)	(0.50)	-	(27,137)	(0.50)	Reduction of clerical position for the SM office impacts customer service. With only clerical support person, the office is closed when that person is unavailable and only voice mail is available.	No change
Agriculture and Cooperative Extension D-241-252	Administration	-	(27,137)	(0.50)	-	(27,137)	(0.50)	Reduction of clerical position in the SM office impacts customer service, less technical support for biologists who will have to do their own data entry and filing resulting in less time available for field work. Reductions of expenditures for Ag Programs results in a loss of Gas Tax Revenue based on $0.36/per dollar for the next FY.	No change
Agriculture and Cooperative Extension D-241-252	Pesticide Enforcement		(8,994)	-		(8,994)	-	Returned two vehicles back to Vehicle Services. No significant impact on department.	No change
Agriculture and Cooperative Extension D-241-252	Pesticide Enforcement	-	(7,513)	(0.20)	-	(7,513)	(0.20)	Reduction of clerical position in the SM office impacts customer service, less technical support for biologists who will have to do their own data entry and filing resulting in less time available for field work. Reductions of expenditures for Ag Programs results in a loss of Gas Tax Revenue based on $0.36/per dollar for the next FY.	No change
Agriculture and Cooperative Extension D-241-252	Pest Prevention	-	(7,358)	(0.20)	-	(7,358)	(0.20)	Reduction of clerical position in the SB office impacts customer service, less technical support for biologists who will have to do their own data entry and filing resulting in less time available for field work. Reductions of expenditures for Ag Programs results in a loss of Gas Tax Revenue based on $0.36/per dollar for the next FY.	No change
Agriculture and Cooperative Extension D-241-252	Ag Advisory Committee	(100,000)	-	-	(100,000)	-	-	Funding for the Ag Advisory Committee would not be available for projects related to agricultural planning solutions.	No change
Agriculture and Cooperative Extension Total		**(100,000)**	**(192,159)**	**(2.40)**	**(100,000)**	**(78,139)**	**(1.40)**		
Housing & Community Development D-253-264	Administration	-	(28,065)	-	-	(28,065)	-	The new Director is expected to be at entry level, so the position will be budgeted at a lower amount.	No change
Housing & Community Development D-253-264	Advertising Resources	-	(27,500)	-	-	(27,500)	-	This reflects a 10% reduction in the advertising resources allocation, which is in line with the Countywide 10% reductions.	No change
Housing & Community Development D-253-264	Property Management	-	(12,400)	-	-	(12,400)	-	Due to fewer resources staff will seek efficiencies where possible and reduce amount contracted with outside consultants.	No change
Housing & Community Development D-253-264	Administration and Fiscal	-	(4,000)	-	-	(4,000)	-	Due to fewer resources staff will seek efficiencies where possible and reduce advertising used in public outreach.	No change
Housing & Community Development Total		**-**	**(71,965)**	**-**	**-**	**(71,965)**	**-**		
Parks D-256-290	So County Day Use Parks	150,000	(150,000)	-	150,000	(150,000)	-	Additional revenue projected from "The Boathouse" restaurant concession lease at Arroyo Burro Beach. In addition to the new ongoing additional revenue to Parks, the new restaurant concession provides an improved facility, amenities, atmosphere, customer service, lower menu prices, and greater menu variety for customers.	No change
Parks D-256-290	So County Day Use Parks	-	(86,000)	(1.00)	-	(86,000)	(1.00)	Reduction of one Mechanic/Welder position. Optimizes the use of facility & equipment maintenance personnel by spreading limited staffing resources more effectively throughout the parks system.	No change

Department	Program	Budget Workshop Non-GFC Sources	Budget Workshop GFC	Budget Workshop FTE	Recommended Budget Non-GFC Sources	Recommended Budget GFC	Recommended Budget FTE	Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
Parks D-256-290	So County Day Use Parks	-	(55,000)	(1.00)	-	(55,000)	(1.00)	Unfunding of one vacant Park Ranger II position ($75,000) and backfilling the workload via additional Extra Help staffing ($20,000). Optimizes the use of available financial resources by replacing vacant positions with lower cost Extra Help staffing where appropriate.	No change
Parks D-256-290	No County Camping Parks, Cachuma	24,000	(24,000)	-	24,000	(24,000)	-	Additional revenue projected from the RV trailer rental concession lease agreement at Cachuma Lake. In addition to the new ongoing additional revenue to Parks, the new RV trailer rental concession will provide an added service to the public for Cachuma's popular hook-up sites.	No change
Parks D-256-290	No County Day Use Parks	-	(24,000)	-	-	(24,000)	-	Estimated savings due to the consolidating 1 management and 1 supervisory staff through reorganization. Results in improved efficiencies by providing for consistency between the two camping parks (Cachuma & Jalama) while improving the distribution of management and maintenance personnel throughout the parks system.	No change
Parks D-256-290	Orcutt Comm. Facilities Dist.	15,000	(15,000)	-	15,000	(15,000)	-	Additional revenue projected from Orcutt Community Park recreational programming, group picnic area reservation fees, etc. In addition to the new ongoing additional revenue to Parks, the new park provides enhanced recreational opportunities for residents in the Orcutt community and will ultimately include additional recreation programs that will be operated and managed by County Parks.	No change
Parks D-256-290	So County Day Use Parks	-	(15,000)	-	-	(15,000)	-	Reduction in purchases of "Mutt Mitt" dog waste disposal bags throughout the parks system. This will result in increased reliance on park users to provide their own dog waste disposal bags, with a potential increase in the amount of dog waste throughout the parks as a result.	No change
Parks D-256-290	So County Day Use Parks	-	(10,000)	-	-	(10,000)	-	Reduction in contracted maintenance services for San Marcos Foothills Preserve open space, which includes purchase of supplies (wood fencing, trail markers, signage, etc.). This will result in noticeable aesthetic and visual impacts to the public as less frequent maintenance is performed in the San Marcos Foothills Preserve.	No change
Parks D-256-290	So County Day Use Parks	-	(7,000)	-	-	(7,000)	-	Reduction in contracted tree trimming and landscape maintenance services for South County parks and open spaces. This will result in noticeable aesthetic and visual impacts to the public as less frequent tree trimming and landscape maintenance is performed in the parks and open spaces. Potential for greater liability exposure for the County due to the lack of preventive tree pruning and the resulting increase in failing trees and falling tree limbs	No change
Parks D-256-290	No County Day Use Parks	-	(7,000)	-	-	(7,000)	-	Reduction in contracted tree trimming and landscape maintenance services for North County parks and open spaces. This will result in noticeable aesthetic and visual impacts to the public as less frequent tree trimming and landscape maintenance is performed in the parks and open spaces. Potential for greater liability exposure for the County due to the lack of preventive tree pruning and the resulting increase in failing trees and falling tree limbs	No change

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Parks D-256-290	So County Day Use Parks	6,000	(6,000)	-	6,000	(6,000)	-	Additional revenue projected from the new dog wash/grooming station concession at Arroyo Burro Beach Park. In addition to the new ongoing additional revenue to Parks, the new concession will provide an added and welcome service to the public at one of the most heavily used parks for dog walking in the South County	No change
Parks D-256-290	No County Day Use Parks	6,000	(6,000)	-	6,000	(6,000)	-	Additional revenue projected from the new dog wash/grooming station concession at Waller Park. In addition to the new ongoing additional revenue to Parks, the new concession will provide an added and welcome service to the public at one of the most heavily used parks for dog walking in the North County.	No change
Parks Total		**201,000**	**(405,000)**	**(2.00)**	**201,000**	**(405,000)**	**(2.00)**		
Planning & Development D-291-324	Administration	-	(178,041)	(11.50)	-	(178,041)	(11.50)	Permit activity has declined over the past 18 months, accelerating in the last quarter. Permit processing capacity is being reduced in response to the decline in permit activity. Delays for inspection and plan check may occur if workload rises. Public counter hours and service will be reduced as a result.	No change
Planning & Development D-291-324	Permitting & Inspection	(1,066,878)	220,319		(1,066,878)	220,319			
Planning & Development D-291-324	Code Enforcement	8,028	(62,635)		8,028	(62,635)			
Planning & Development D-291-324	South Zoning Enforcement	(7,359)	(70,303)		(7,359)	(70,303)			
Planning & Development D-291-324	South Property /Permit Info	(21,449)	(40,143)		(21,449)	(40,143)			
Planning & Development D-291-324	Administration	-	(216,682)	(5.75)	-	(216,682)	(5.75)	Permit activity has declined over the past 18 months, accelerating in the last quarter. Permit processing capacity is being reduced in response to the decline in permit activity. Public counter hours and service will be reduced as a result.	No change
Planning & Development D-291-324	All	(277,856)	94,994		(277,856)	94,994			
Planning & Development D-291-324	Zoning Enforcement	(16,246)	(31,634)		(16,246)	(31,634)			
Planning & Development D-291-324	Property/Permit Info	(112,482)	9,611		(112,482)	9,611			
Planning & Development D-291-324	Administration	-	(86,613)	(4.00)	-	(86,613)	(4.00)	Permit activity has declined over the past 18 months, accelerating in the last quarter. Permit processing capacity is being reduced in response to the decline in permit activity. Public counter hours and service will be reduced as a result.	No change
Planning & Development D-291-324	All	(274,640)	16,757		(274,640)	16,757			
Planning & Development D-291-324	Administration	(514,236)	(5,757)	(2.70)	(514,236)	(5,757)	(2.70)	Support to commissions, BARs will be reduced in the coming year. Administrative support to the permit function is also reduced as permitting activity declines.	No change
Planning & Development D-291-324	Commission/Board Support	(157,413)	103,689		(157,413)	103,689			
Planning & Development D-291-324	Agricultural Planning	-	(114,303)	(1.00)	-	-	-	This position was approved by the Board for one-time funding in FY 2008-2009.	One-time funding for this position has been identified for FY 2009-2010 so the position will not be eliminated.
Planning & Development D-291-324	All	(668,607)	-	(1.00)	(668,607)	-	(1.00)	Staffing is being reduced as a result of fewer energy projects. Current projects will not be adversely impacted.	No change
Planning & Development D-291-324	Administration	-	3,493		-	3,493			

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Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Planning & Development D-291-324	Strategic Planning	-	(126,644)	-	-	(126,644)	-	The Long Range Planning Department will be able to accommodate the GFC reduction through the augmentation of revenues by fees and the reduction in environmental service contracts.	No change
Planning & Development D-291-324	General Plan Amendments	140,000	(132,204)		140,000	(132,204)			
Planning & Development D-291-324	Community Plans	(5,000)	2,231		(5,000)	2,231			
Planning & Development D-291-324	Special Projects	(15,000)	(27,888)		(15,000)	(27,888)			
Planning & Development Total		**(2,989,138)**	**(641,753)**	**(25.95)**	**(2,989,138)**	**(527,450)**	**(24.95)**		
Public Works D-xxx-xxx	Customer Support	(228,181)	(126,162)	(2.40)	(228,181)	(126,162)	(2.40)	The Surveyor public counter provides assistance for surveyors, engineers, and the general public in researching survey information and applying for subdivision map and document approvals. Prior to January 12, 2009, it was open M-F 8am – 4:30pm. As of January 12, due to General Fund budget constraints, the counter hours have been reduced to M-F 8am – Noon. This will impact anyone that requires our services for map or document approval, boundary information, general surveying information, and map sales.	No change
Public Works Total		**(228,181)**	**(126,162)**	**(2.40)**	**(228,181)**	**(126,162)**	**(2.40)**		
Auditor-Controller D-355-370	All	187,454	(187,454)	-	187,454	(187,454)	-	In order to meet the General Fund Contribution allocation and provide a balanced budget, the department will need to release designations to continue with existing levels of development for property Tax and FIN WEB applications. 40% of the existing designation will be depleted in the 09-10 budget cycle, which greatly reduces this designation as a source of funding for systems development and maintenance in the future.	No change
Auditor-Controller D-355-370	Property Tax - Systems Development	-	(127,323)	(1.00)	-	(127,323)	(1.00)	The FTE reduction of Financial Systems Analyst will delay the completion of the Property Tax Systems, which is vital to the generation and collection of property tax	No change
Auditor-Controller D-355-370	Internal Audits, External Audits	-	(80,474)	(1.00)	-	(80,474)	(1.00)	The reduction of one Accountant-Auditor FTE will limit the resources to provide financial, operational efficiency and internal controls audits in accordance with generally accepted auditing standards. There will be a reduction in accounting functions that include, but are not limited to preparing financial records and transactions for accuracy, establishing controls for fiscal accountability, preparation of financial reports, budget preparation and support.	No change
Auditor-Controller D-355-370	All	-	(50,000)	-	-	(50,000)	-	The budget for Professional and Special Services has been reduced by 20%. This may slow the development process for many of the new and existing systems that provide countywide benefits.	No change
Auditor-Controller Total		**187,454**	**(445,251)**	**(2.00)**	**187,454**	**(445,251)**	**(2.00)**		
Clerk Recorder Assessor D-371-390	Elections Administration	-	(277,300)	(2.80)	-	(277,300)	(2.80)	Backlog in mandated services such as voter registrations and reduction in voter outreach efforts that impact the voter registration file. An un-updated voter file creates inefficiencies that lead to cost increases.	The Election Division is expected to absorb budget reductions by reducing operating costs and staff levels equivalent to 2.8 FTE's, potentially impacting services in voter registration and voter outreach programs. Fiscal Year 2008-09 budget constraints are attainable in Elections due to the cyclical nature of election years and having a less resource intensive Gubernatorial Election Year in Fiscal Year 2009-10, compared to Fiscal Year 2008-09 Presidential Election Year.

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Clerk Recorder Assessor D-371-390	County Clerk Recorder	-	(83,500)	(1.00)	-	(83,500)	(1.00)	May potentially experience slightly longer customer wait time for services, longer time to mail recorded documents, reduced service levels in Santa Maria and Lompoc offices.	The Clerk-Recorder Division is absorbing budget reductions by reducing operating costs, including the reduction of one FTE position, and by increasing fees for services where allowed by law. Workload in the Division is not expected to fluctuate significantly from the Fiscal Year 2008-09 levels. The division is hopeful workload can be absorbed with the reduced staffing level while only minimally impacting service levels.
Clerk Recorder Assessor D-371-390	Assessor	-	(598,041)	(6.00)	-	-	-	A 10% GFC reduction of $600K for the Assessor will result in staff reductions and unfundings of roughly 6 FTE's. The Assessor is mandated to have a completed assessment roll out on time. To accomplish this with limited staff resources, the Assessor will experience slower supplemental billing, slower response to assessment appeals and higher number of stipulated appeal values, and poorer quality reassessment appeals and higher number of stipulated appeals values, and poorer quality reassessments (includes sales and new construction) and Section 51's that will adversely affect property values and property tax. These service level reductions will result in property tax losses higher than the $600k savings incurred by the reduction in the Assessor's GFC.	Not taken
Clerk Recorder Assessor Total		**-**	**(958,841)**	**(9.80)**	**-**	**(360,800)**	**(3.80)**		
General Services D-391-414	All	747,563			(1,280,919)	(685,547)	(6.00)	The department has no service level impacts from the 10% reduction in GFC due to increased Cost Allocation Plan revenue increases in FY 2009-2010	The Administration Division had one position transfer to Human Resources and in the Risk Management Division, streamlined efficiencies resulted in staff reductions
General Services Total		**747,563**	**-**	**-**	**(1,280,919)**	**(685,547)**	**(6.00)**		
Human Resources D-415-428	Talent Recruitment	-	(84,900)	(1.00)	-	(84,900)	(1.00)	Unfunding one recruitment support position which will have a negative impact on CEO/HR's ability to deliver recruitment and selection services in a timely and effective manner.	No change
Human Resources D-415-428	Talent Recruitment	-	(84,100)	(0.80)	-	(84,100)	(0.80)	Unfunded one .8 FTE recruiter position which will have a negative impact on CEO/HR's ability to recruit and fill County vacancies and will delay implementation of important HR initiatives designed to improve HR service delivery.	No change
Human Resources D-415-428	Talent Recruitment	-	(40,000)	-	-	(40,000)	-	Reduction in available funds for recruitment advertising. The impact will be determined by the overall recruitment workload.	No change
Human Resources D-415-428	Employee University	-	(27,100)	(0.50)	-	(27,100)	(0.50)	Unfunded one .5 FTE support position at the Employees' University. This cut will result in decreased customer service to users of the Employees' University and reduced support to instructors and those participating in classes.	No change
Human Resources D-415-428	Employee Benefits	-	(12,000)	-	-	(12,000)	-	Due to overall General Fund reductions, CEO/HR will not renew the Coastal Housing Partnership membership in April 2010.	No change
Human Resources Total		**-**	**(248,100)**	**(2.30)**	**-**	**(248,100)**	**(2.30)**		
Information Technology D-429-446	GIS	-	(110,059)	(1.00)	-	611	-	Unfunding of the GIS analyst position curtails countywide GIS application development	Funded
Information Technology D-429-446	eGov	-	(34,190)	-	-	(34,190)	-	Administration costs allocated through Fund 1915	No change
Information Technology D-429-446	GIS	-	(17,423)	-	-	(17,423)	-	Administration costs allocated through Fund 1915	No change

Fiscal Year 2009-2010 Recommended Budget
Expected Service Level Impacts

Department	Program	Budget Workshop			Recommended Budget			Budget Workshop Potential Service Level Impacts	Recommended Service Level Impacts
		Non-GFC Sources	GFC	FTE	Non-GFC Sources	GFC	FTE		
Information Technology D-429-446	eGov	-	(7,627)	-	-	10,149	-	eGov salary decreases (Property Tax Project Manager remains unfunded, see note below)	Updated Salary Model, no change in positions.
Information Technology D-429-446	eGov	-	(3,578)	-	-	(3,578)	-	Services, Supplies decreases eliminate all but maintenance agreements.	No change
Information Technology D-429-446	GIS	-	5,377	-	-	5,377	-	Services, Supplies and Other Charges eliminate all but maintenance agreements but increases as we add required expense such as Utilities that were not budgeted in FY 2008-09.	No change
Information Technology D-429-446	GIS	-	76,000	-	-	-	-	We unfunded the GIS Analyst position to meet target. We took remaining funds above what we needed to cut to make target and put into professional services. Will use these to bring in outside help for critical projects.	Professional Services are eliminated and used for partial funding of the GIS position.
Information Technology D-429-446	eGov	-	(86,000)	(1.00)	-	(86,000)	(1.00)	Not funding the Property Tax Project Manager position will leave us unable to move forward with the replacement of 31 year old property tax system. This puts the County at risk of not being able to bill and/or receive property tax payment should the existing system fail before we can replace it.	No change
Information Technology Total		**-**	**(177,500)**	**(2.00)**	**-**	**(125,054)**	**(1.00)**		
Treasurer-Tax Collector D-447-464	Variable	190,088	(190,088)	-	190,088	(190,088)	-	There are no other service level impacts due to various increases in revenue, primarily cost allocation which offset the reduction in General Fund Contribution	No change
Treasurer-Tax Collector D-447-464	General Collections	-	(62,205)	(1.00)	-	(62,205)	(1.00)	This position performs general collection duties. Unfunding of this position could decrease the amount of revenue collected for the County.	No change
Treasurer-Tax Collector D-447-464	Secured Tax Collection	-	(60,586)	(1.00)	-	(60,586)	(1.00)	This position assists taxpayers with inquiries and payment issues. The impact may be longer wait lines for the public and increased on-hold times for phone inquiries	No change
Treasurer-Tax Collector Total		**190,088**	**(122,791)**	**(2.00)**	**-**	**(122,791)**	**(2.00)**		
General County Programs D-467-498	General Expenditures	-	(7,249)	-	-	(7,249)	-	Elimination of funding for professional service contracts in General Expenditures program. Possibility that projects will not be completed.	No change
General County Programs D-467-498	Performance Mgmt & Reporting	-	(37,145)	-	-	(37,145)	-	Reduced level of consultant support for performance management project.	No change
General County Programs D-467-498	General Administration	-	(7,122)	-	-	(7,122)	-	Reduction to funding for IT support/professional services contracts in General Administration program. Possibility that projects may not be completed.	No change
General County Programs D-467-498	NPDES/Clean Water	-	(43,627)	-	-	(43,627)	-	Reduction to funding for Project Clean Water-no change to level of service.	No change
General County Programs D-467-498	Public Information Office	-	(24,131)	-	-	(24,131)	-	Reduction to Service & Supply budget in the Public Information Office program. Reduces the ability to network with outside agencies.	No change
General County Programs D-467-498	Office of Emergency Services	-	(62,715)	-	-	(62,715)	-	Reduction to Service & Supply budget in the Office of Emergency Services programs. OES may not be able to buy needed supplies.	No change
General County Programs D-467-498	County Santa Barbara TV (CSBTV)	-	(40,665)	-	-	(40,665)	-	Reduction to Service & Supply budget in the CSBTV program. May mean a reduction in services provided to County departments.	No change
General County Programs Total		**-**	**(222,654)**	**-**	**-**	**(222,654)**	**-**		
GRAND TOTAL		**3,464,403**	**(17,915,513)**	**(201.68)**	**3,256,119**	**(12,917,320)**	**(138.59)**		