



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Names: County Executive
Office (CEO)
Department No: 012
For Agenda Of: April 11,13,15, 2016
Placement: Departmental
Estimated Tme:
Continued Item: 22.0 Hours
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Mona Miyasato, County Executive Officer
Directors
Contact Info: Tom Alvarez, Budget Director

SUBJECT: Fiscal Year 2016-18 Budget Development Workshops

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Hold budget workshops on April 11, 13 and 15, 2016 to receive presentations on the Fiscal Year 2016-17 Recommended and FY 2017-18 Proposed Budgets;
- b) Direct staff to proceed with the budget development process in accordance with the Board's adopted budget principles for the Fiscal Year 2016-2017 Recommended and FY 2017-18 Proposed Budgets;
- c) Provide direction, if any, regarding items to be addressed or included in the CEO's Recommended Budget, scheduled for release on May 12 and Board adoption scheduled for June 13, 15 and 17, 2016.
- d) Regarding Planning and Development's Proposed FY 2016-2017 Long Range Planning Annual Work Program:
 - i. Receive and review the proposed Annual Work Program; and
 - ii. Provide direction to continue current projects and initiate recommended new projects;
- e) Regarding other Special Issues discussed, provide direction as appropriate; and
- f) Determine pursuant to CEQA Guidelines 15378(b)(4) that the above actions are not a project subject to CEQA review, because it is a government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

This year's budget theme, "Challenges, Choices and Changes Ahead," reflects the challenge of continuing to provide high levels of service amidst growing demands and expectations, given available revenues and prior obligations. These challenges require a continued commitment to responsible choices and tradeoffs. It also signifies important changes in the County, with newly elected and appointed leadership in FY 2016-17, in addition to the expected retirements of a significant portion of our employees. Yet even with these challenges, your County government has and will continue to provide high quality work, advancing major initiatives and fulfilling priorities to serve Santa Barbara County residents.

Purpose of the Budget Workshops

As in past fiscal years, the purpose of the April budget workshops is to provide the Board an early opportunity to:

- Review and discuss departments' proposed budgets, special issues, staffing plans, accomplishments, work objectives, service level reductions, and budget enhancement requests;
- Receive public input; and
- Provide the CEO direction on policy issues or specific items for consideration prior to completion of the Recommended Budget.

The workshops are held one month prior to release of the Recommended Budget and two months prior to the Budget Adoption Hearings (at which the Board will adopt the FY 16-17 Recommended Budget and FY 2017-18 Proposed Budget) to allow for this early review.

At the workshops, staff will present a summary of their departments' draft budgets and work objectives, commonly referred to as their "D pages" (in reference to their section in the Recommended Budget). The County Executive Office in conjunction with the Auditor Controller's Office has completed the review of submitted draft department budgets and revenue estimates, which are subject to change until the tax roll is completed.

The materials provided at the workshop are **not** intended to be inclusive of the entire Recommended Budget, which is being finalized with all financial schedules and other information. The workshops are intended to provide the Board and public an early review of departments' work plans and highlight significant issues. **No final budget decisions are requested or required of the Board at this time.**

Following the workshop and any Board-requested changes, staff will complete the Recommended Budget, scheduled for release on May 12, followed by Budget Adoption hearings on June 13, 15 and 17, 2016. At those hearings, staff will present and review the Recommended Budget for the Board's consideration, amendment and adoption.

Special Issues to be Presented

The workshops also provide an opportunity for the Board to receive information and provide direction to staff, as appropriate, on particular policy issues ("Special Issues") that affect certain departments' budgets. This year, the workshops include discussion of the following:

- Northern Branch Jail Transition Staffing Plan
- Fire Tax shift and Operational Progress
- Affordable Care Act Update
- Maintenance Update
- Debt Funding for Capital Projects

- Long Range Planning Work Program for FY 16-17

Overview of FY 2016-17 Budget Workshops

This year, an “Overview of the FY 2016-18 Budget Workshops” is being provided as Attachment C to this Board Letter. Key elements of this Overview are provided below.

- **The County’s Fiscal Outlook Continues to be Positive but Available Revenue for Expanded Services is Limited-** As the national and local economies continue to strengthen, the County of Santa Barbara government continues to experience moderate growth, allowing the County to stabilize its finances, slowly rebuild the organization and address priority commitments and deferred needs. The County’s overall revenue growth is moderate, with countywide revenue growth of 5.3%. However, there is limited revenue for expanded or enhanced services given prior funding commitments. A further discussion of anticipated revenue and expenditure changes is provided in the Overview.
- **Common Themes Emerged in Departments’ Proposed Budgets** - Challenge of accommodating increased salary and benefit costs; Retirements and Workforce (Succession) Planning; Software updates and new data systems; Security Upgrades in Facilities
- **Service Level Reductions** - There are fewer proposed budget reductions than in past years, and no layoffs of staff are currently anticipated. Service level reductions are proposed when departments are without sufficient revenue to meet current expenditure levels. Reductions are proposed by the following departments: Sheriff, Public Works, Behavior Wellness, Child Support, and County Counsel. Additionally, efficiency reductions are proposed by the Probation and Behavioral Wellness Departments.
- **Budget Enhancements** - Departments continue to face financial and operational challenges of new or changing regulations, reductions or capped State or Federal funding, and other activities beyond local government’s control that increase their work. Departments are requesting expansions to their budgets for additional funding, totaling \$17.3 million in ongoing General Fund and \$11.8 million in one-time General Fund funding.
- **Managing Expectations Continues** - Given growing demands for service, high expectations, and existing liabilities - yet limited available revenues and prior funding commitments - difficult choices and tradeoffs are still required. But even with these challenges, the County continues to provide high levels of service and advance many initiatives to better serve our community.

Budget Schedule 2016

- April 11, 13 and 15, 2016 -- Budget Workshops
- May 2016 – Release of Recommended Budget FY 2016-17
- June 13, 15 and 17, 2016 – Budget Hearings for Board to adopt Recommended Budget FY16-17 and Proposed FY 17-18

Fiscal Impacts:

There are no fiscal impacts associated with holding the Budget Workshops. Addressing the information presented during the workshops will provide staff direction in finalizing the Fiscal Year 2016-17 Recommended and FY 2017-18 Proposed Budgets for adoption at the June Budget hearings.

Attachments:

Attachment A: Fiscal Year 2016-18 Budget Development Workshop Binder

Attachment B: Long Range Planning Work Program (Workshop Binder Tab 29)

Attachment C: Overview of FY 2016-18 Budget Workshops (Workshop Binder Tab 2)

Attachment D: Five Year Forecast (Workshop Binder Tab 7)

Authored by:

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CC:

All Assistant CEOs

All Department Directors

All CEO Fiscal and Policy Analysts