

FY 2017-19 Budget Workshop Board Inquiry Form

Board Member	
Williams	
Wolf	
Hartmann	
Adam	
Lavagnino	X

Inquiry Number: 02

Department: GS/PW/CEO
 Date: 4/10/17
 Page(s) of Budget Book/PowerPoint:

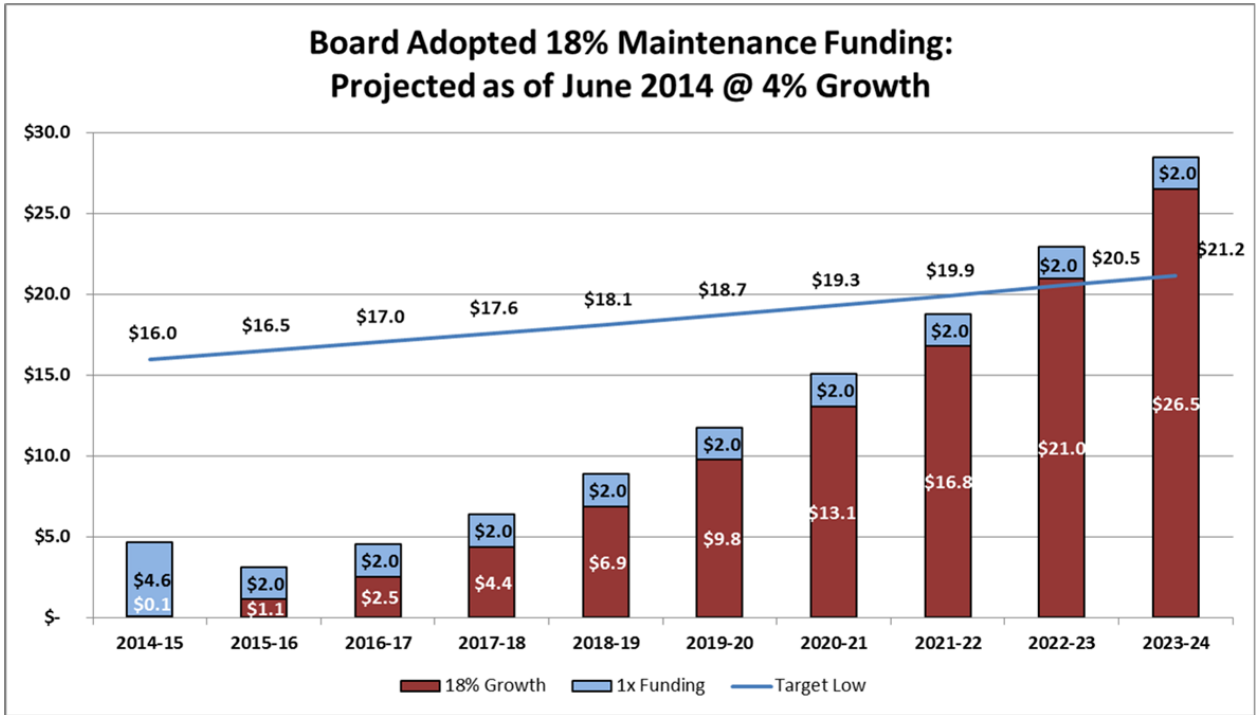
Request/Question:

Need to see the 18% Maintenance Funding Chart – Please compare actuals with chart projections from June 2014 (4% Growth)

Original Projection June 2014	FY 15-16	FY 16-17	FY 17-18
18% Maintenance Funds	1,100,000	2,500,000	4,400,000
One-Time Funding*	2,000,000	2,000,000	2,000,000
Total Projection	3,100,000	4,500,000	6,400,000

*Subject to Availability and Board Allocation

	FY 15-16 Actual	FY 16-17 Est. Actual	FY 17-18 Projected
18% Maintenance Funds	1,200,000	2,500,000	3,000,000
One-Time Funding	1,400,000	2,250,000	TBD
Total	2,600,000	4,750,000	3,000,000



Attachment: Maintenance Funding Policy Brief



Maintenance Funding Policy Brief

SUMMARY OF THE ISSUE

The County of Santa Barbara has an estimated backlog of Deferred Maintenance of approximately \$197 million (\$113.4 million in Public Works and \$83.6 million in Parks and General Services) as of June 30, 2014. To address this backlog the Board of Supervisors requested a funding plan to allocate a portion (18%) of unallocated Discretionary General Fund Revenues to maintenance projects. The following is the requested Maintenance Funding Plan.

BACKGROUND

The County of Santa Barbara's deferred maintenance has grown over time and this funding plan has been developed to address this issue. Some background information follows:

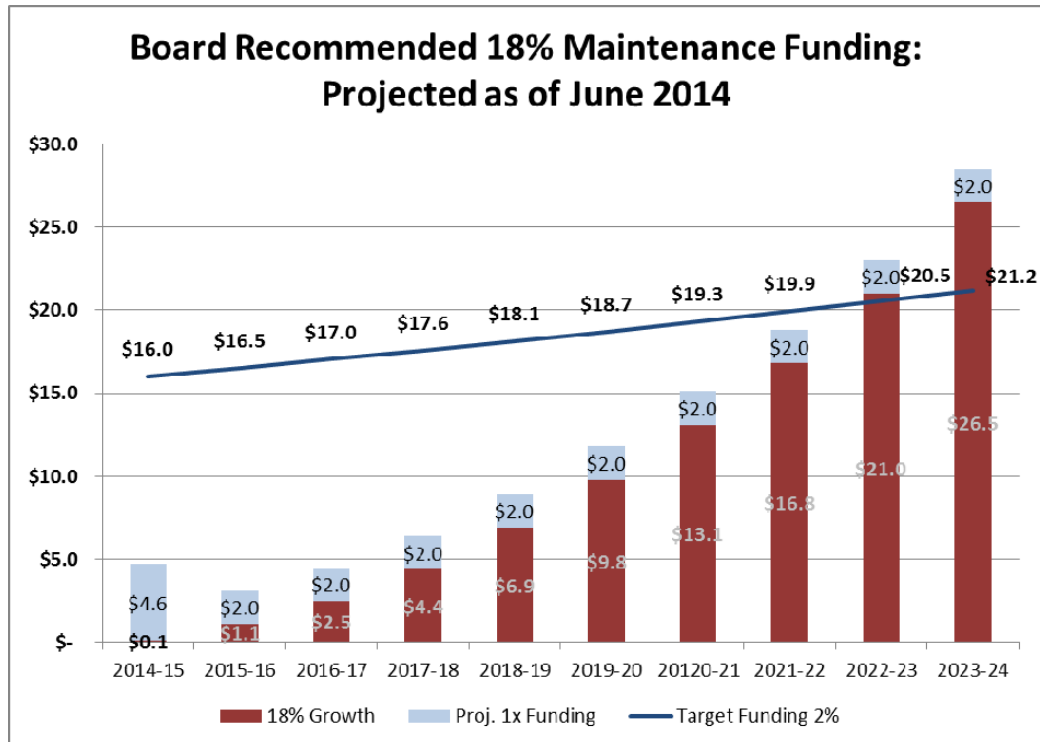
- Funding has been static for several years' pre and post-recession.
 - Prior Fiscal Years policies have allocated approximately \$2.5 million per year since FY 2005-06 for capital, roads maintenance and repairs.
- Deferred maintenance increasing
 - Deferred maintenance back log was \$127 million in FY 2004-05 and is now approximately \$197 million.
- As the financial picture improves, the BOS has directed staff to increase funding to address this issue by assigning 18% of unallocated Discretionary GF Revenues to ongoing maintenance funding. The preliminary June 2014 projections indicate annual ongoing increased funding of \$26.5 million per year will be achieved within ten years (FY2023-24) and the cumulative incremental funding will be approximately \$100 million.

ALLOCATION OF FUNDS

The allocation of funds will depend upon future Discretionary General Fund Revenues over the coming years. Pegged at 18% of unallocated Discretionary GF, a growing allocation of funds will be provided for maintenance; however, during year's where there is limited growth, the maintenance allocation will be impacted by revenue growth. If there is no revenue growth, such that there are no unallocated Discretionary GF Revenues, the policy would not add funding to the maintenance allocation in that year. The Board does have the option to allocate additional funding, at their discretion, outside of this policy



During the June 2014 Budget Hearings, projections of anticipated growth in maintenance funding were presented. The following graph utilizes the same assumptions from the 2014 Budget Hearings except that an 18% contribution was used.



ACTION AND STRATEGY

On June 11, 2014, the Board of Supervisors approved the development of a deferred maintenance funding plan to be incorporated into future recommended budgets beginning in FY 2015-16 that will provide, as a year to year policy decision by the Board, 18% of future unallocated Discretionary General Fund Revenues to deferred maintenance needs.

Unallocated Discretionary General Fund Revenues are defined as County General Revenues recorded in Department 991, including Property Taxes, Sales Taxes, TOT and certain other revenues, less existing General Fund Contributions for the provision of departmental services and other required funding required by Board Adopted Budget Policies, such as:

- Proportional increased funding for changes to salaries and benefits (based on completed and assumed contract negotiations)
- Strategic reserve funding
- Roads funding
- Deferred Maintenance funding
- Contingency funding
- Northern Branch Jail Operations Fund



The Board also directed the County Executive Officer to make recommendations as appropriate with respect to specific projects to be funded. These will be evaluated and prioritized on an annual basis.

To illustrate this recommended policy, an **example** of the calculation is shown below:

Example of Unallocated Discretionary General Funds:		
Description	Recommended Budget	Notes
Discretionary GF Revenue	\$ 200,000,000	Assume \$9M growth
Existing Dept. GF Contributions	\$ (187,700,000)	Policy Based
Existing Contingency Contribution	\$ (500,000)	↓
Existing Roads Maintenance Funding	\$ (500,000)	
Existing Deferred Maintenance Funding	\$ (2,300,000)	
Increased GF Portion for Salaries & Benefits	\$ (3,000,000)	
Increased Strategic Reserve Funding	\$ (480,000)	
Increased Jail Funding	\$ (1,500,000)	
Unallocated Disc. General Funds	\$ 4,020,000	
18% (for Deferred Maintenance)	\$ 723,600	Allocated per new policy
Balance Available for other needs	\$ 3,296,400	

A part of the suggested strategy for changes to the Strategic Reserve Policy, it is recommended that any unassigned year end funds above the Strategic Reserve goal be moved into “Emerging Issues” committed fund balance that will serve to address identified fiscal issues. These funds could be used to tackle issues pertaining to but not limited to safety or infrastructure, including deferred maintenance. Such funds would then be appropriated by budget revisions for urgent needs or as part of the next budget cycle.



PROPOSED REVISED POLICY STATEMENT AND FISCAL STRATEGY
FY 2015-16 Policy on Capital and Infrastructure

1) Capital and Infrastructure	
Provide funding for necessary capital improvements and maintenance of existing facilities (deferred, preventative and predictive maintenance).	<ul style="list-style-type: none"> a) Capital Plans will identify necessary capital improvements and maintenance needs. Prioritization and funding strategies will be developed to address these needs through a Facilities Condition Assessment and ongoing Maintenance Management and Preservation Plans. b) A minimum of \$3.0 million will be recommended for capital improvements and infrastructure maintenance. c) As discretionary revenues grow, 18% of the unallocated Discretionary General Fund revenues will be committed for deferred maintenance needs and will be allocated to Public Works, General Services and Parks in the budget development process based on existing needs and priorities. This funding will be allocated as part of the budget development process.(NEW)