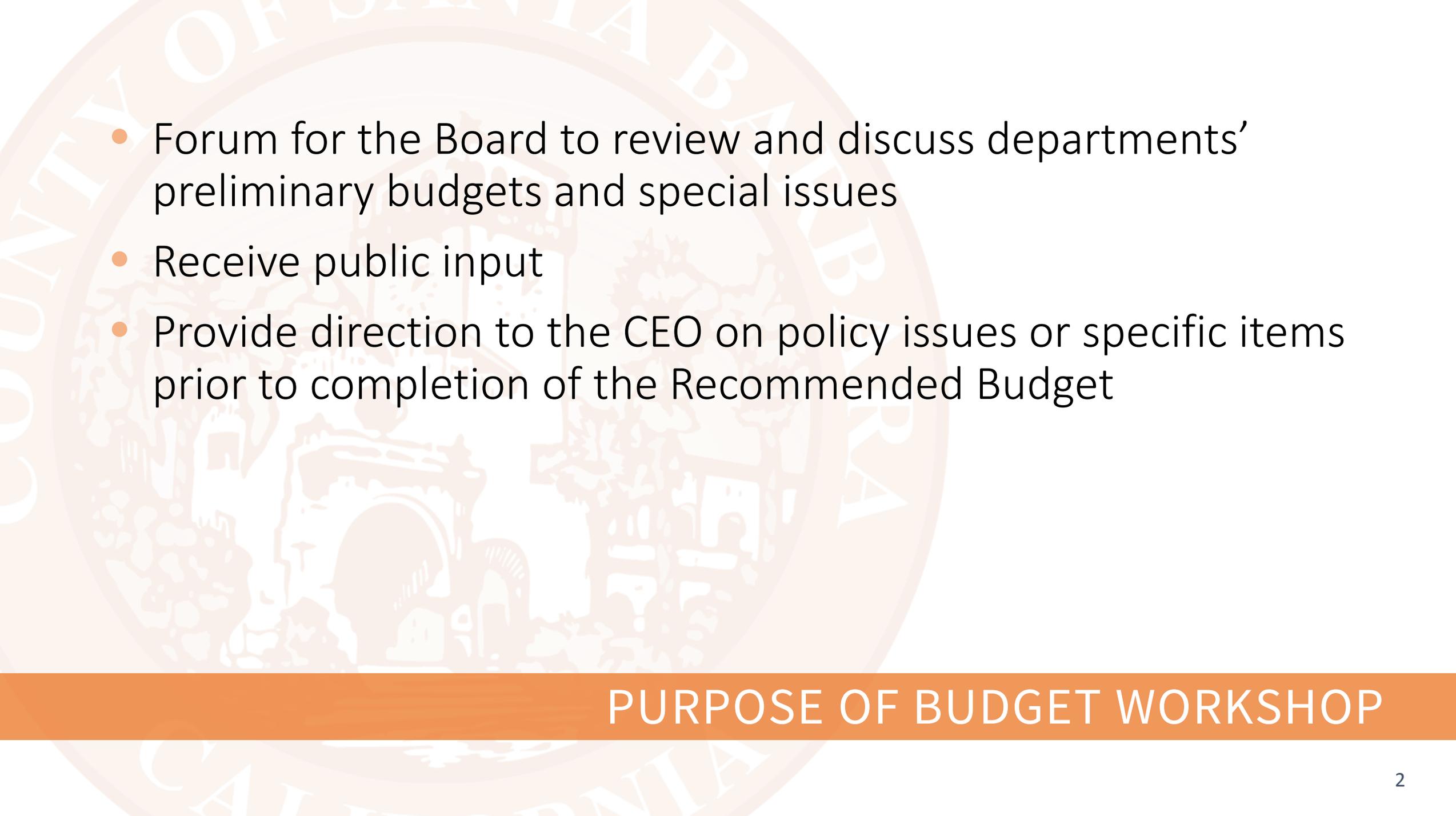




FY 2018-19

BUDGET WORKSHOP

GENERAL OVERVIEW

- 
- The background of the slide features a large, faint watermark of the University of Alberta seal. The seal is circular and contains the text "UNIVERSITY OF ALBERTA" around the top and "1907" at the bottom. In the center of the seal is a crest depicting a building, a tree, and a figure holding a staff.
- Forum for the Board to review and discuss departments' preliminary budgets and special issues
 - Receive public input
 - Provide direction to the CEO on policy issues or specific items prior to completion of the Recommended Budget

PURPOSE OF BUDGET WORKSHOP

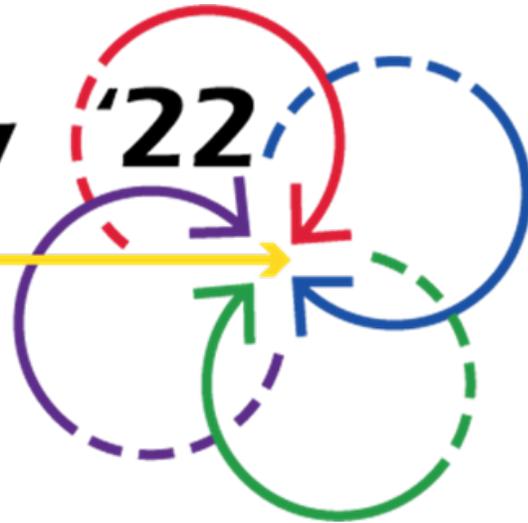


UNPRECEDENTED DISASTER. COMPLEX RECOVERY.
COUNTYWIDE IMPACT.

- Threat continues until revegetation; will FEMA be there the next time?
- Mitigation measures to address hazard under development
- Recovery process underway; rebuilding will occur over several years
- Multi-year impact on County finances
- Board foresight to rebuild Strategic Reserve
- Significant commitment of staff resources and funding
- Generosity and dedication of community

IMPACTS AND ISSUES OF 1/9 DEBRIS FLOW

Renew



“To transform into a new form”

An initiative to drive
Sustainable finances
Organizational efficiency and effectiveness
Employee high performance
Responsive service

Renewal

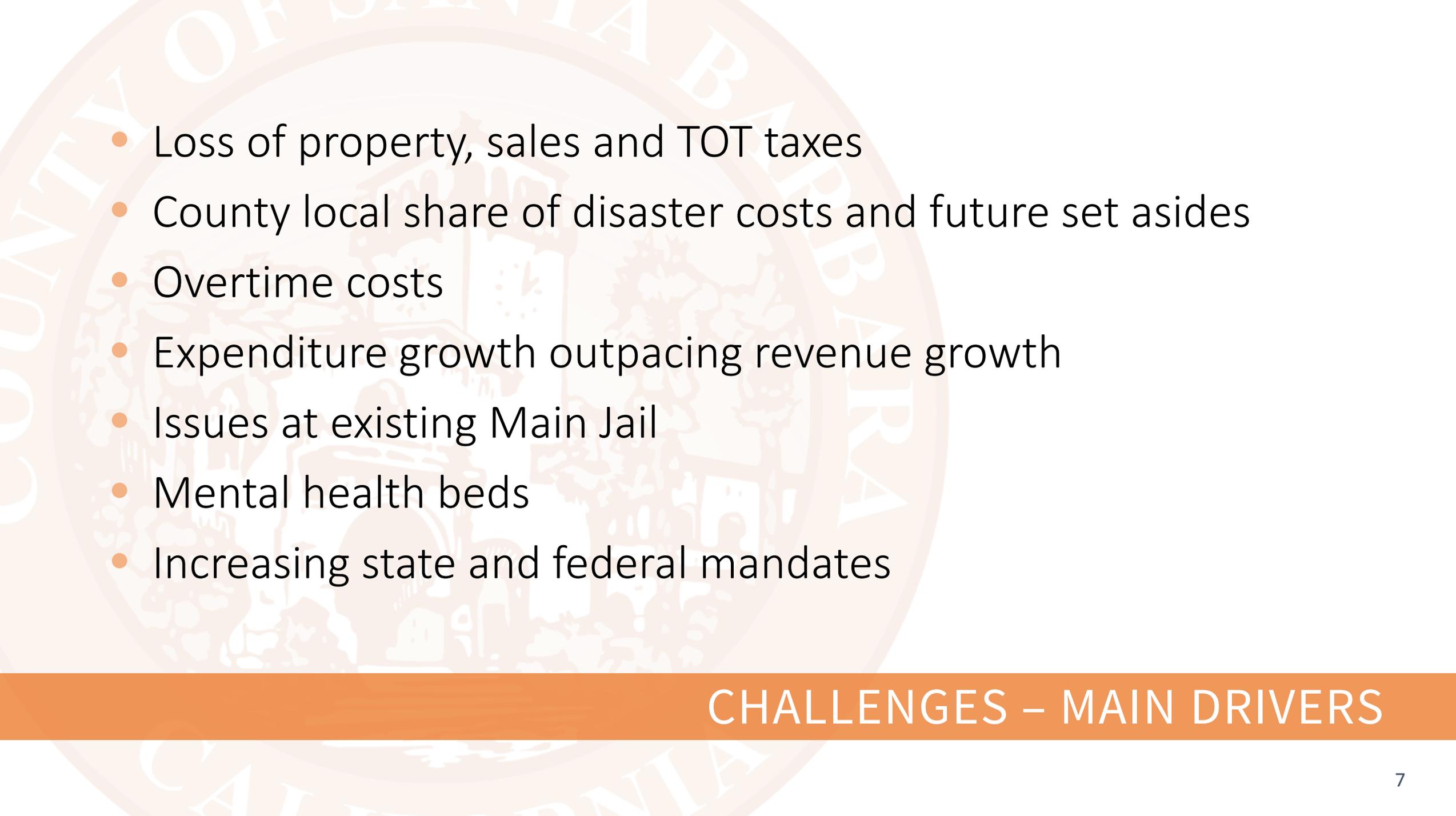
ONE COUNTY. ONE FUTURE.



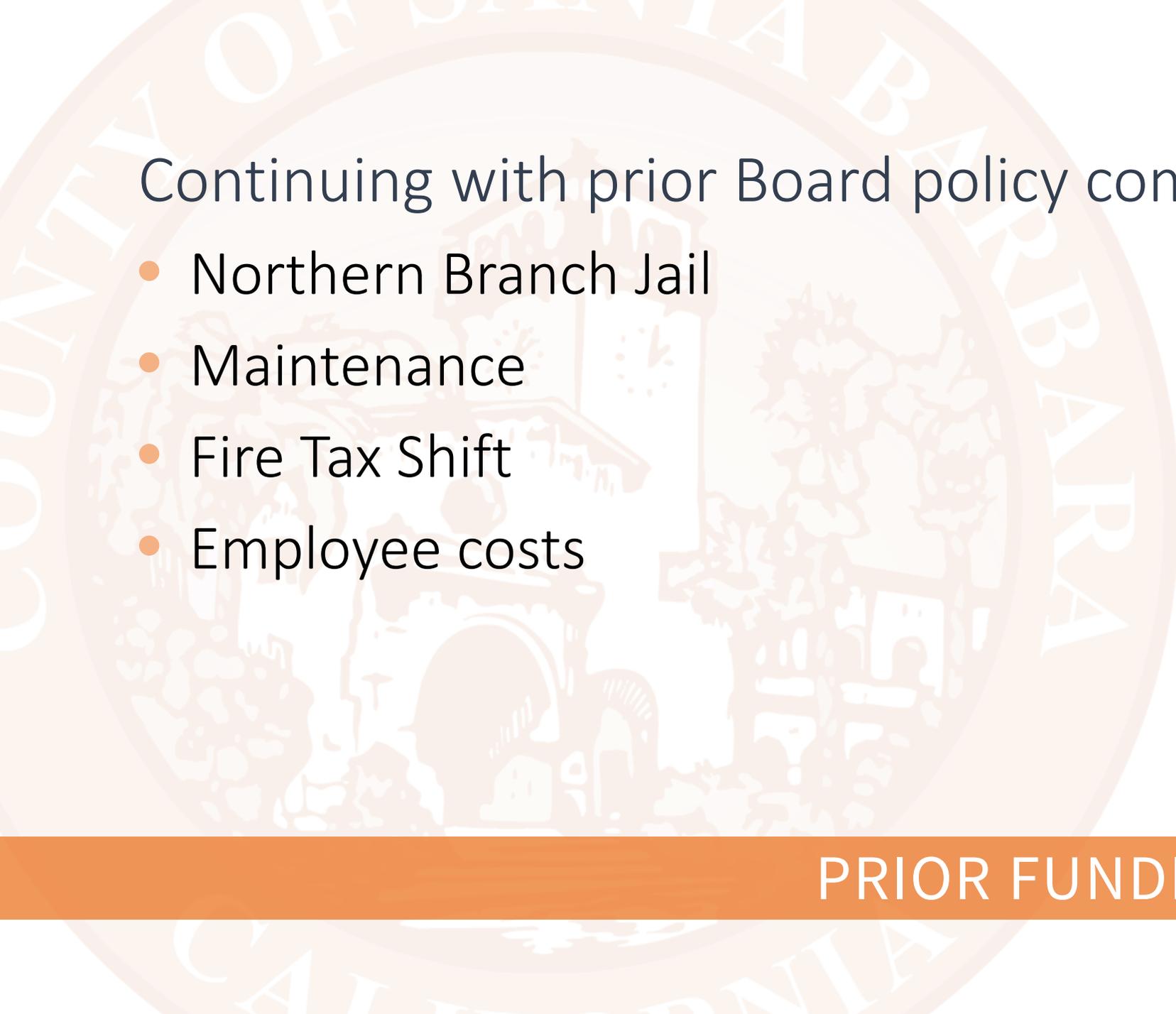
“Ability to withstand and recover from uncertain challenges and future threats.”

Resilience

ONE COUNTY. ONE FUTURE.

- 
- The background of the slide features a large, faint watermark of the University of Alabama seal. The seal is circular and contains the text "UNIVERSITY OF ALABAMA" around the top and "1820" at the bottom. In the center of the seal is a depiction of a building, likely the Old College Building, with a flag flying from a pole in front of it.
- Loss of property, sales and TOT taxes
 - County local share of disaster costs and future set asides
 - Overtime costs
 - Expenditure growth outpacing revenue growth
 - Issues at existing Main Jail
 - Mental health beds
 - Increasing state and federal mandates

CHALLENGES – MAIN DRIVERS

The background of the slide features a large, faint, circular seal of Santa Barbara County. The seal contains a central illustration of a building, likely a courthouse or government building, surrounded by a circular border with the text "SANTA BARBARA COUNTY".

Continuing with prior Board policy commitments:

- Northern Branch Jail
- Maintenance
- Fire Tax Shift
- Employee costs

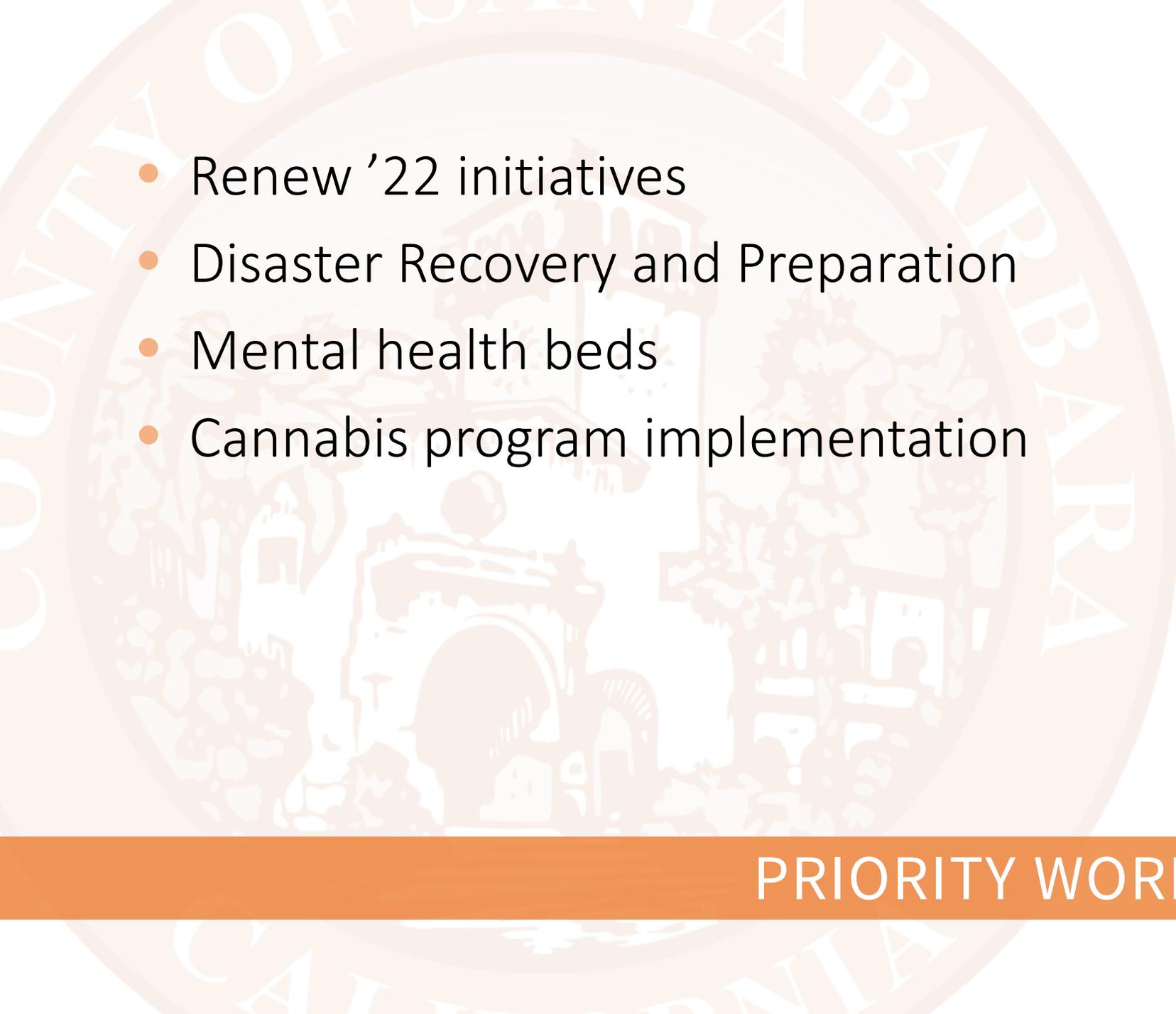
PRIOR FUNDING COMMITMENTS

Possible cannabis tax revenue on June 2018 ballot

- Estimated at \$5 - \$25 million
- Enforcement is priority
- Public safety, criminal justice, health, infrastructure and other needs
- Timing and amount is difficult to determine
- Revenue will fluctuate until market stabilizes
- Preliminary Budget excludes revenue for now; Recommended Budget in June will incorporate Board direction given at these workshops or at subsequent BOS meetings

Pension cost sharing with employees under negotiation with unions

POTENTIAL REVENUE AND SAVINGS

- 
- The background of the slide features a large, faint watermark of the University of California, Berkeley seal. The seal is circular and contains the text "UNIVERSITY OF CALIFORNIA BERKELEY" around the perimeter. In the center, there is a depiction of a building with a clock tower and a figure holding a book.
- Renew '22 initiatives
 - Disaster Recovery and Preparation
 - Mental health beds
 - Cannabis program implementation

PRIORITY WORK PLAN INITIATIVES

- Coordinated, interconnected
- Building upon strengths
- Rebalancing for highest priorities
- Collaboration, common goals and relationships
- 10 Commitments



ONE COUNTY. ONE FUTURE.



Preliminary Budget Overview

FY 2018-19 BUDGET WORKSHOP



TIMELINE

- Workshops held early – allows Board and public review and input prior to completion of the Recommended Budget
- Board direction to be incorporated in Recommended Budget
- Funding decisions – Budget Adoption Hearings scheduled for June

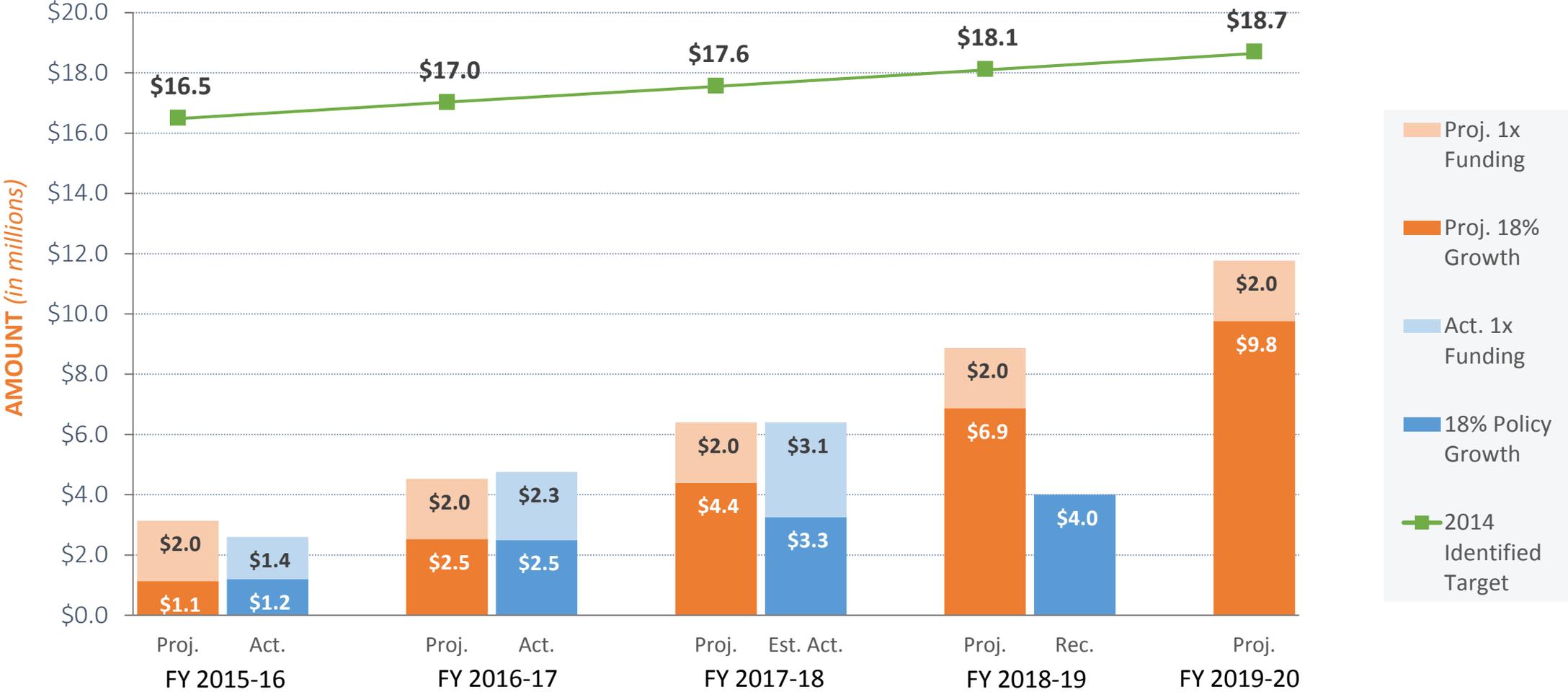


KEY CHALLENGES AND EMERGING ISSUES

- Cannabis legalization
- Immediate and long-term fiscal impacts as a result of disasters
- Recruitment, retention, and succession planning
- Increasing and changing State and federal mandates
- Growing capabilities and demands of technology
- Serving the mentally ill both in and out in the criminal justice system
- Northern Branch Jail commitment
- Deferred maintenance commitment



18% MAINTENANCE FUNDING



FISCAL ISSUES REPORT UPDATE

| FISCAL ISSUE & DEPARTMENT | EST. FY 2018-19 IMPACT (Presented in December) | FY 2018-19 BUDGET WORKSHOP UPDATE |
|--|---|---|
| Deferred Maintenance (PW, CSD, GS) | \$5.4 million (ongoing) | Partially included |
| IHSS Mandated County Share (DSS) | \$0-\$75,000 (ongoing) | Resolved for FY 2018-19 |
| In-Car Video and Computer Systems Replacement (Sheriff) | \$1 million (one-time) | Deferred |
| Inpatient System of Care & IMD Cost Increases (DBW) | \$4 million (ongoing) | Budget balanced through service level reductions and revenue restructuring; service level restorations under review |
| Public Safety Portable Radio Replacement (Sheriff, Fire, Probation) | \$420,000 (ongoing for five years) | Included |
| Solar Projects (GS) | \$4 million (one-time) | Under review |
| Vintage Ranch Bridge Project (PW) | \$400,000-\$500,000 (one-time) | Under review – submitted as an expansion request |



DISASTER RECOVERY IMPACTS

- Costs and Losses
 - Total Estimated Cost: **\$55 million**
 - County Share: **\$12.3 million** (at minimum, \$6.3 million General Fund impact)
 - County cost estimate not final until proposed permanent rebuilding projects are approved
 - Projected Revenue Losses
 - FY 2017-18: **\$2.9 million**
 - FY 2018-19: **\$3.6 million**
- Potential future draws on Strategic Reserve
- Necessitates setting aside significant portion of available resources to cover local portion of overall cost and provide cash flow to impacted special revenue departments
 - Preliminary budget includes set-aside of **\$6.25 million** for disaster recovery
- Monitor Governor's May Revise; may include backfill for some portion of property tax loss



STRATEGIES TO CLOSE THE BUDGET GAP

Five-Year Forecast Gap

- General Fund: \$12.2 million
- Special Revenue Funds: \$11.5 million

Changes

- Pension costs lower than projected for public safety; higher for non-safety plans
- Improvement in some State and federal revenues
- Updated information about revenue trends and expenditure requirements

Strategies

- Efficiency measures and reorganizations
- New or improved revenue generation
- Service Level Reductions
- Renew '22 proposals
- Use of one-time funds

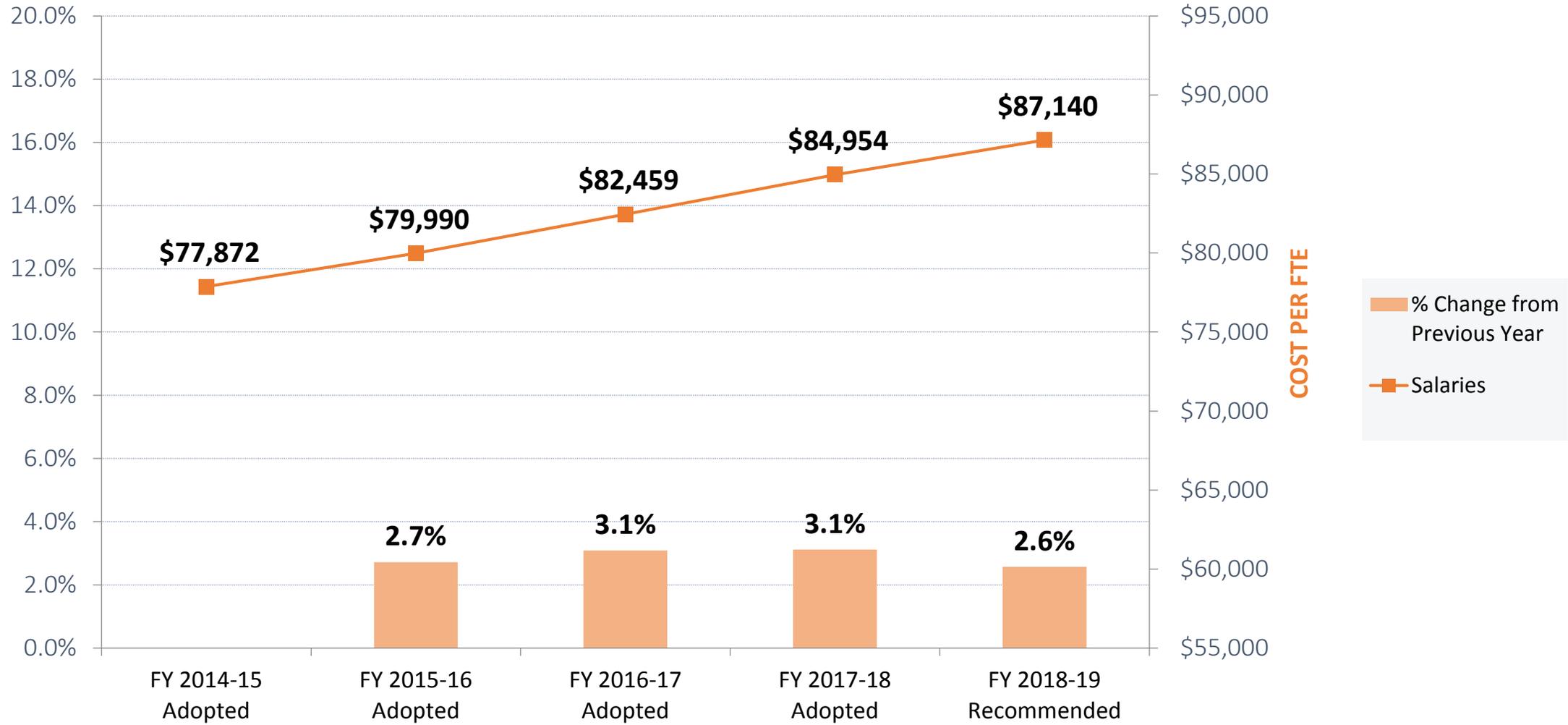




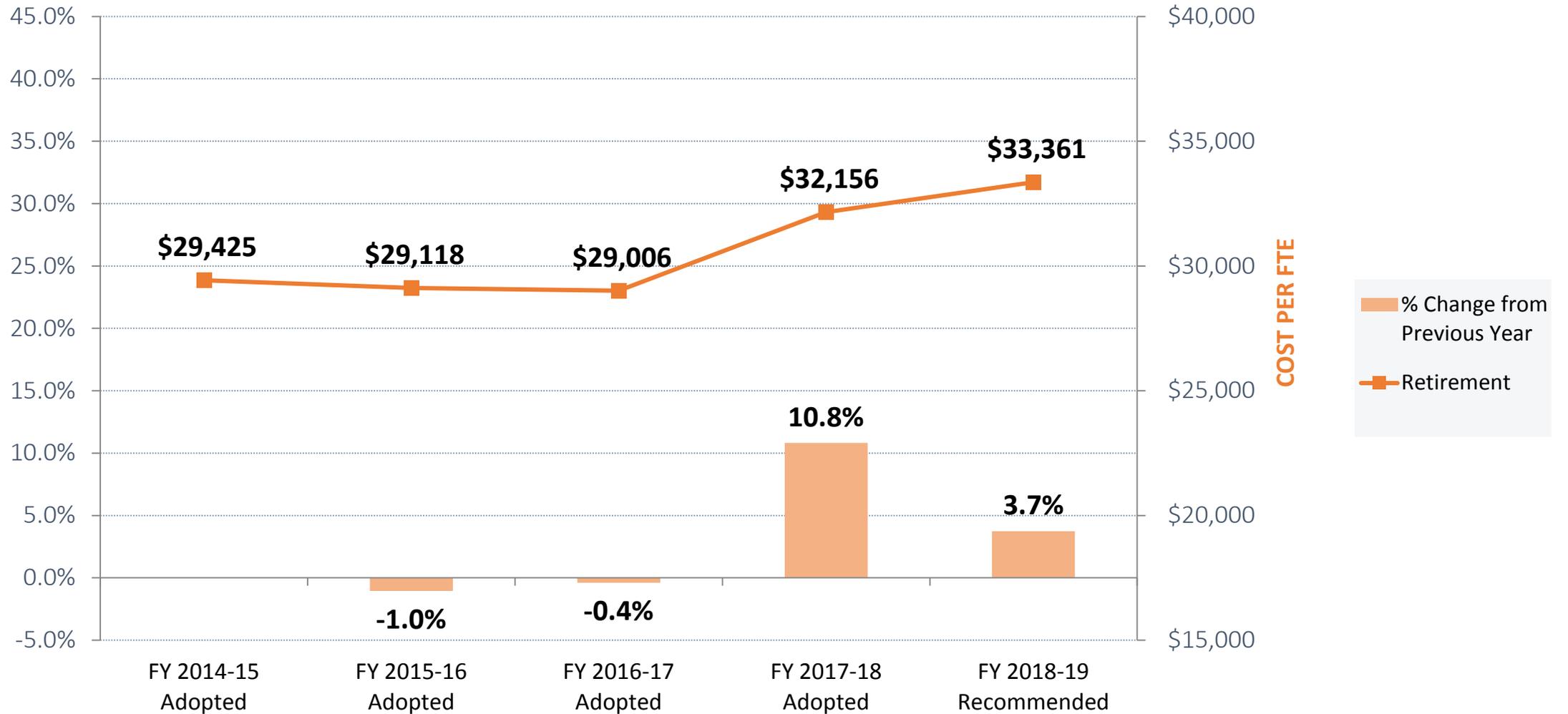
SALARY & BENEFIT TRENDS



SALARY & BENEFIT TRENDS | Salary Cost Per FTE



SALARY & BENEFIT TRENDS | Retirement Contribution Per FTE





REVENUE TRENDS



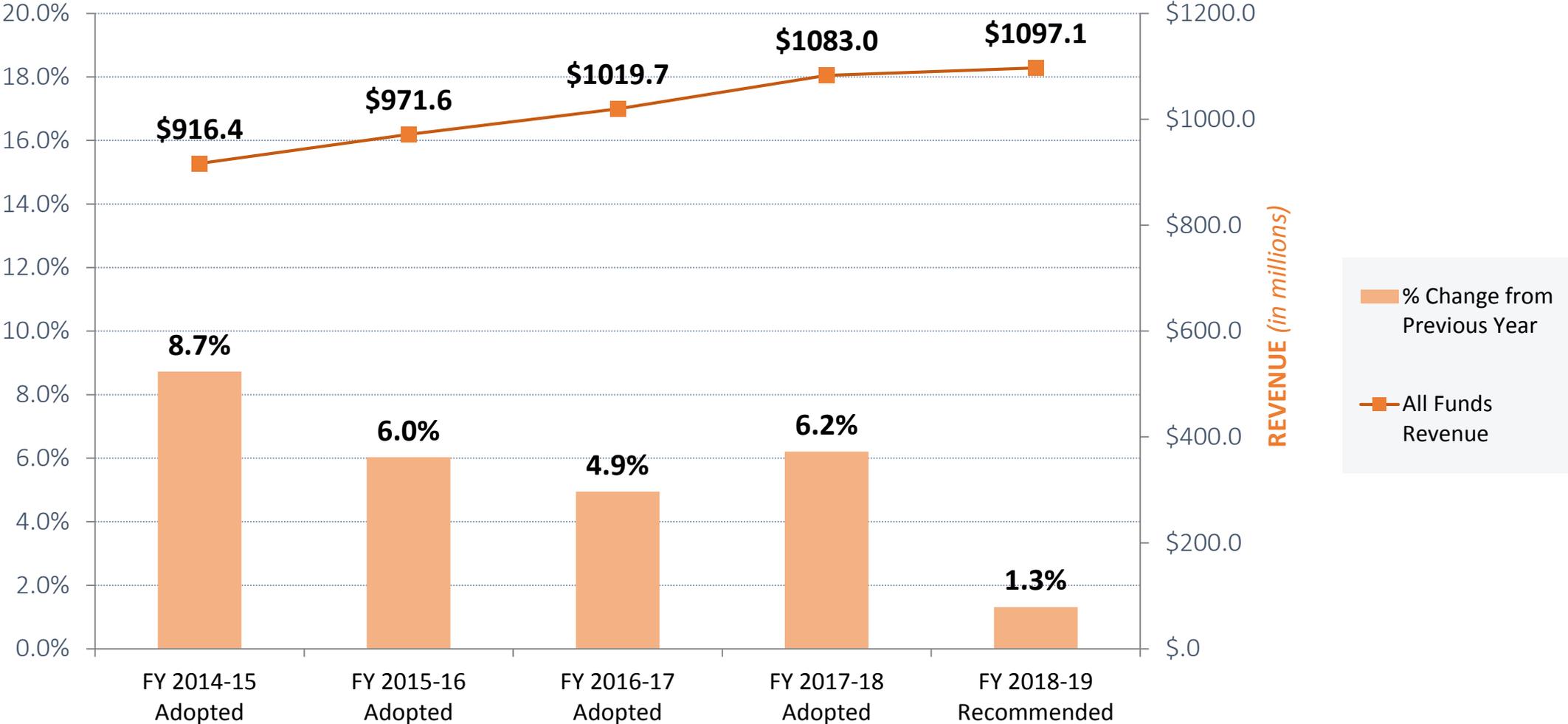
CHANGES TO COUNTY REVENUES

FY 2017-18 Adopted vs. FY 2018-19 Projected

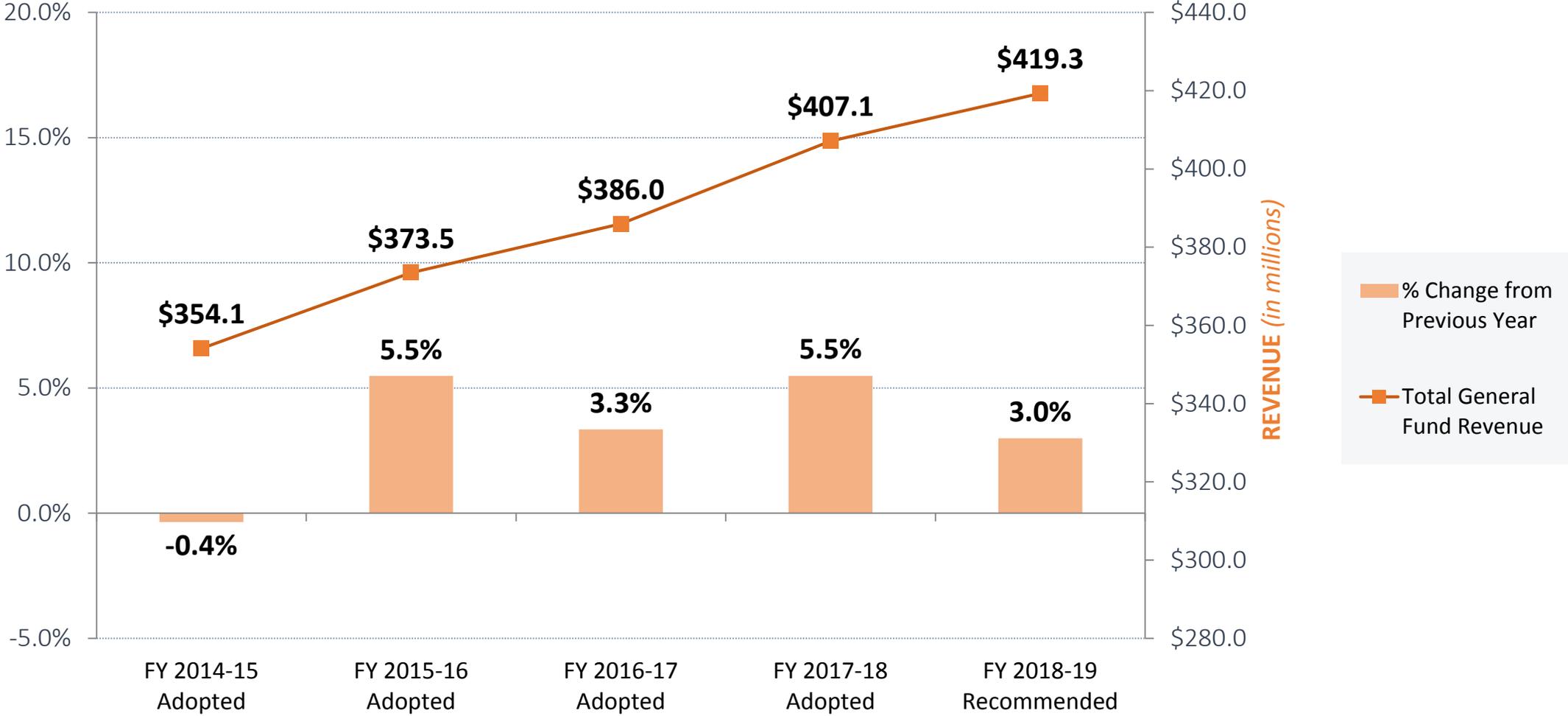
- 1.3% anticipated growth across all funds
- General Fund Operating Revenues: ↑ 3.0%
- Property Taxes: ↑ 2.4%
- Sales Tax: ↑ 0.9%
- Transient Occupancy Tax: ↓ 20.8%
- Prop 172: ↑ 3.0%
- Public Works' SB 1: ↑ 100.0%+



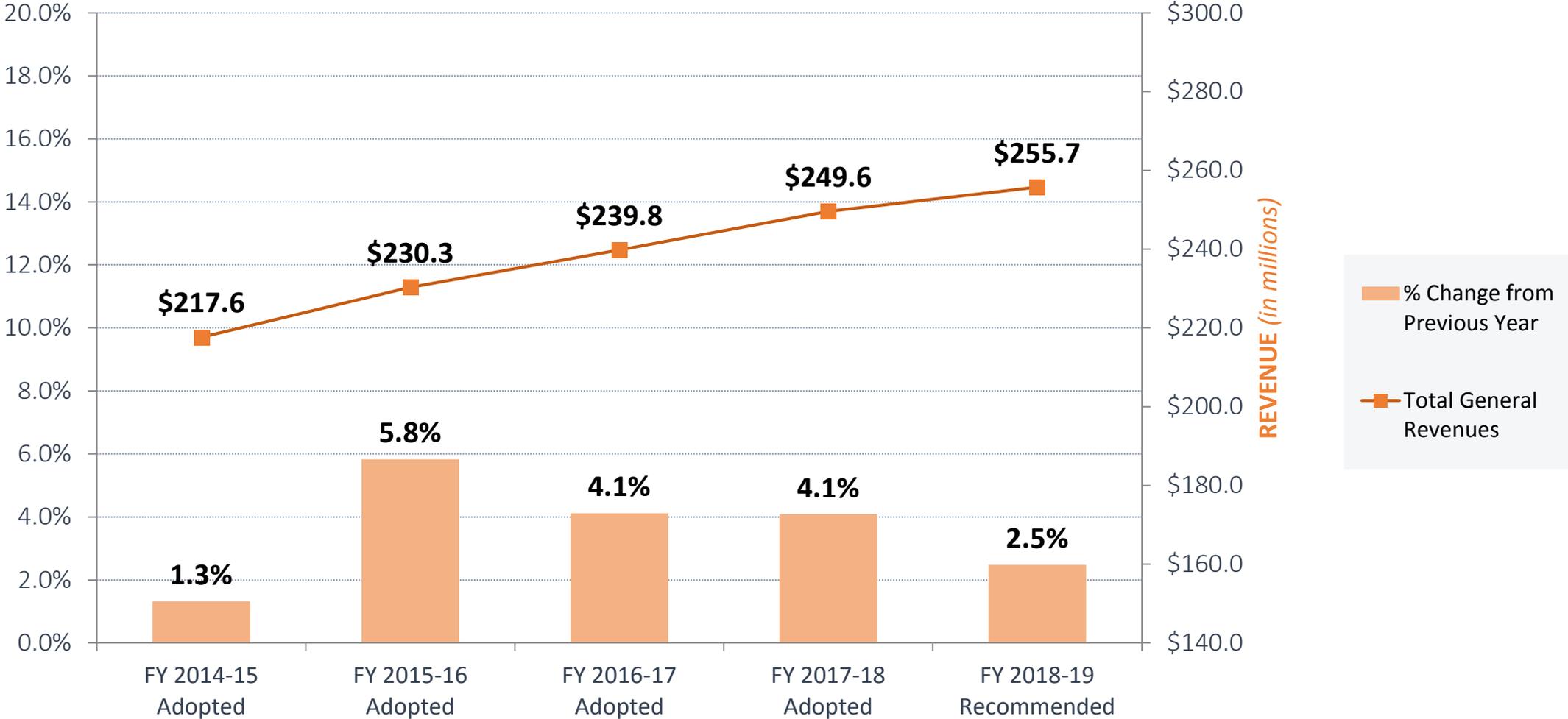
REVENUE TRENDS | Countywide Revenues



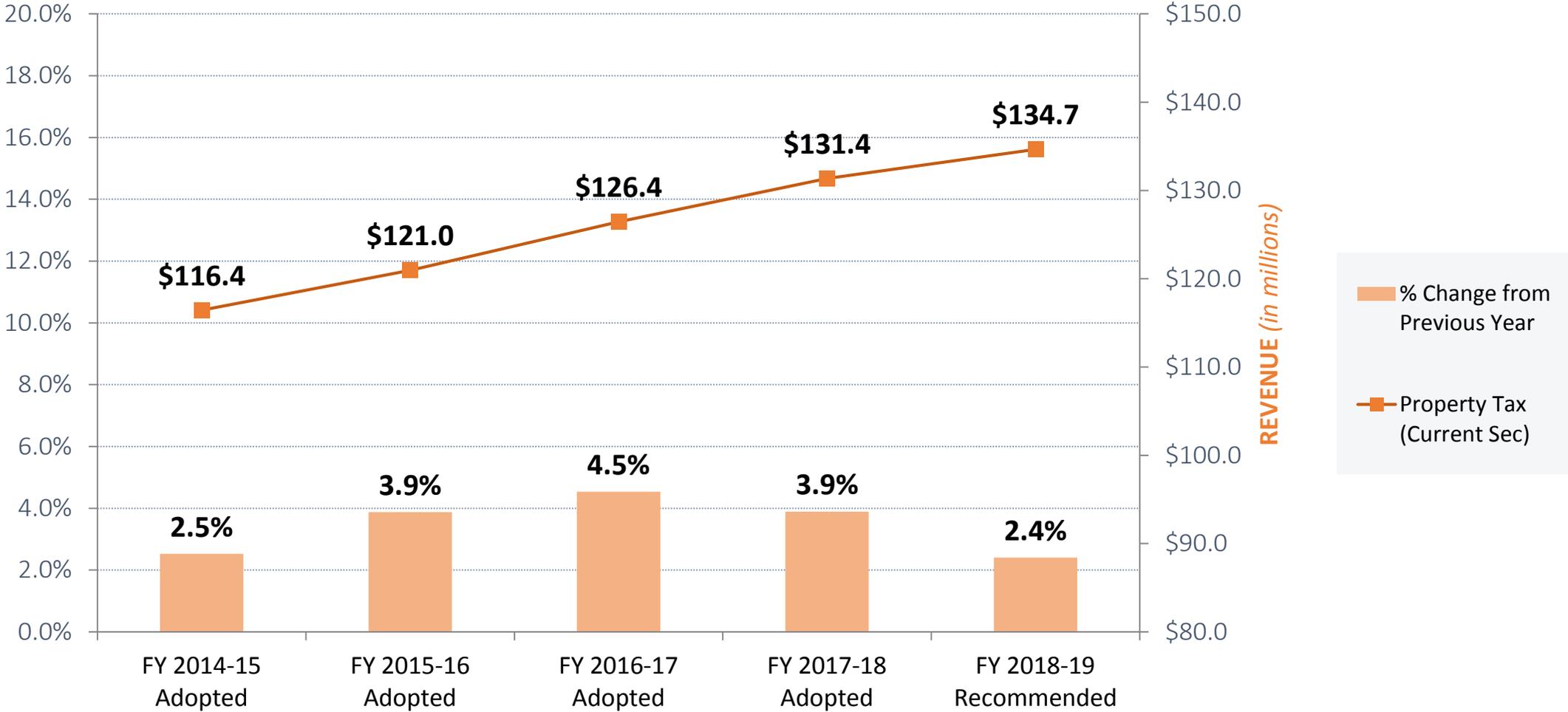
REVENUE TRENDS | General Fund



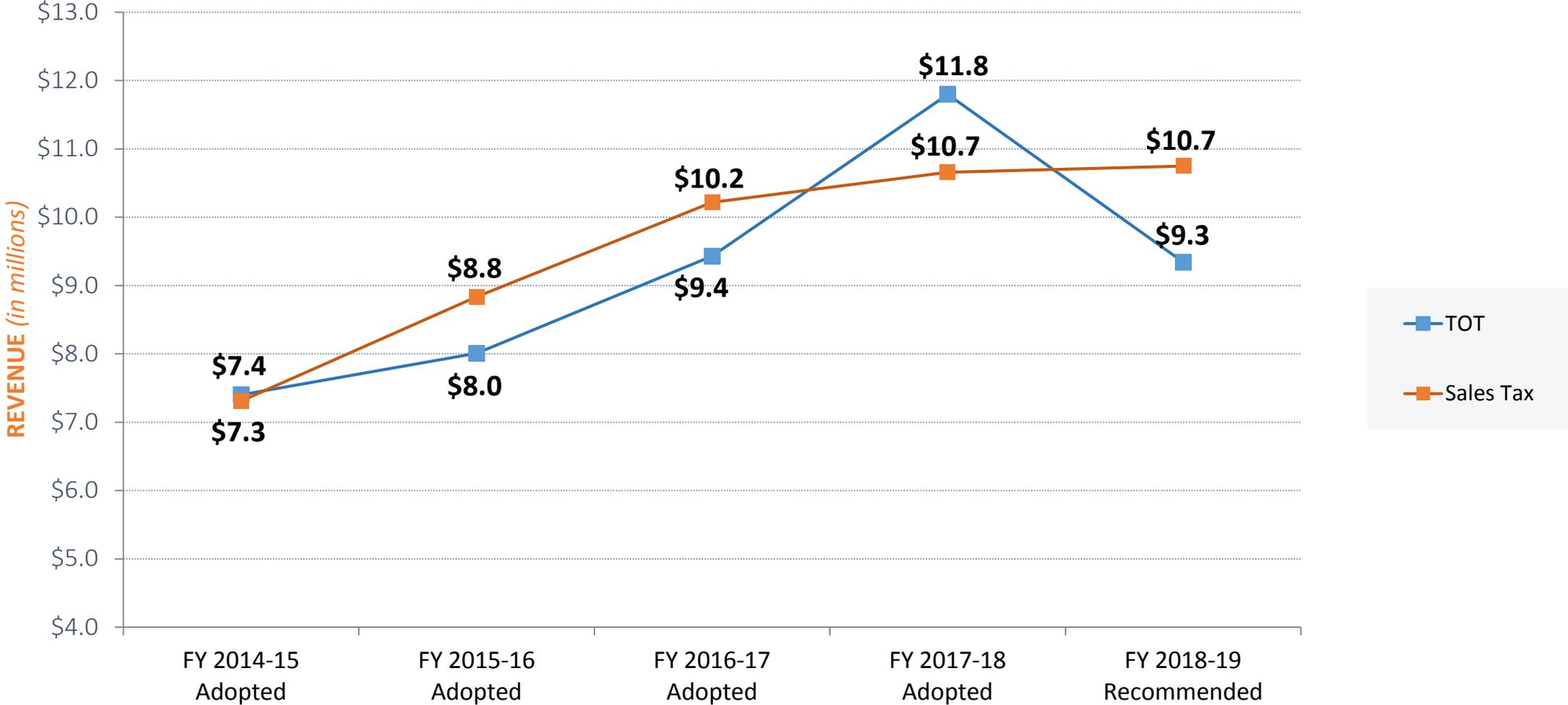
REVENUE TRENDS | Discretionary General Revenues



REVENUE TRENDS | Property Taxes



REVENUE TRENDS | TOT & Sales Taxes



IMPACTS

Service Level Reductions

Total: \$5.2 million

Staff: 10.9 FTEs

Impacted Departments:

| DEPARTMENT | Amount | FTEs |
|-------------------|-----------|------|
| County Counsel | \$159,800 | 1.5 |
| District Attorney | 241,500 | 1.0 |
| Public Defender | 478,600 | 2.0 |
| Sheriff | 1,579,000 | 3.7 |

| DEPARTMENT | Amount | FTEs |
|------------------------|-------------|------|
| Behavioral Wellness | \$2,350,850 | 0.0 |
| Child Support Services | 221,700 | 2.0 |
| Community Services | 186,000 | 0.7 |

Use of One-Time Funds for Ongoing Operations

- Ease departmental impacts of service level reductions over a multi-year period
- Close budgetary gaps in lieu of service level reductions



RESTORATION AND EXPANSION REQUESTS

Pre-Workshop Restorations and Expansions

Total: \$9.3 million

Staff: 18.0 FTEs

| DEPARTMENT | DESCRIPTION | GFC | FTEs |
|-------------------------|---|--------------------|-------------|
| Public Defender | Deputy Public Defender positions to preserve core services | \$325,300 | 3.0 |
| Clerk-Recorder-Assessor | Motor voter cost increases in response to impacts from new legislation | \$340,000 | 0.0 |
| Sheriff | Dispatch Call Takers for public safety dispatch as recommended by the consultant report | \$442,500 | 5.0 |
| Sheriff | Service Technicians for Main Jail to address conditions of confinement issues identified by disability advocates | \$945,500 | 10.0 |
| General County Programs | Disaster recovery funding to address local portion of disaster cost and cash flow needs in non-General Fund departments | \$6,250,000 | 0.0 |
| General County Programs | Behavioral Wellness contingency funds for potential costs related to IMD/mental health beds for conserved clients | \$1,000,000 | 0.0 |
| Total | | \$9,303,300 | 18.0 |



RESTORATION AND EXPANSION REQUESTS

Remaining Restorations and Expansions

Total: \$27.3 million

Staff: 43.8 FTEs

Departments:

| DEPARTMENT | Amount | FTEs |
|-------------------------|-----------|------|
| County Executive Office | \$325,000 | 0.0 |
| County Counsel | 282,200 | 2.0 |
| District Attorney | 464,400 | 3.0 |
| Probation | 240,800 | 2.0 |
| Public Defender | 163,500 | 1.0 |
| Fire | 116,200 | 2.0 |
| Sheriff | 5,685,000 | 27.8 |

| DEPARTMENT | Amount | FTEs |
|-------------------------|------------|------|
| Public Health | \$227,000 | 3.0 |
| Behavioral Wellness | 2,350,900 | 0.0 |
| Public Works | 13,730,000 | 0.0 |
| Community Services | 1,165,000 | 1.0 |
| General Services | 1,006,200 | 2.0 |
| General County Programs | 1,575,000 | 0.0 |



OUR FUTURE

- Precarious position regarding future debris flow
- Recession in 2019?
- Until new streams of revenue available and stable, caution advised
- We can do anything, but we can't do everything



NEXT STEPS

- Department and Special Issue presentations
- CEO will finalize recommendations after Budget Workshop
- CEO and Auditor-Controller's Office will complete Recommended Budget; scheduled to be released in May
- Budget Adoption Hearings – June 11, 13, and 15





RECOMMENDED ACTIONS

- a) Hold budget workshops to receive presentations from departments and public input
- b) Provide direction, if any, regarding items to be addressed or included in the CEO's Recommended Budget
- c) Provide direction, if any, regarding Special Issues or other items; and
- d) Determine pursuant to CEQA Guidelines 15378(b)(4) that actions are not a project subject to CEQA review