



Budget Overview

FISCAL YEAR 2018-19 BUDGET HEARINGS



BUDGET HEARINGS AGENDA

- Budget Overview – County Executive Officer
- Budget Summary – Budget Director
- Department Updates (*as needed*)
- Board Deliberation and Decision Making
- Recommended Actions



Budget Development Timeline



FY 2018-19 Recommended Budget

The recommended budget is balanced and presents funding for important initiatives, ongoing and new mandates and liabilities, and increased levels of funding for Board commitments, all within the context of recovering from one of the largest disasters we have encountered in recent history.

Operating
Revenues

\$1,101.7
MILLION

Operating
Expenditures

\$1,103.9
MILLION

Net Operating
Impact*

(\$2.2)
MILLION

*Net operating impact is funded by other funding sources or use of fund balance



CLOSING THE BUDGET GAP

- Projected gap of \$17 - \$23 Million (all funds) in fall – 2% of total budget
- Most in special revenue funds (Social Services, Mental Health) and public safety (Sheriff, Probation)
- Budget balancing
 - Restructuring
 - Service level reductions
 - Greater than anticipated State and federal revenue
 - One-time use of fund balance



BUILDING A BALANCED BUDGET

Guiding Principles

- Continue the Board's prior commitments
- Maintain reserves at prudent levels
- Address priority organizational needs
- Create efficiencies through technology and process changes
- Strategically plan for the future
- Minimize impact of service level reductions on the public to the extent possible
- Address new and emerging needs



KEY CONSIDERATIONS

- Expenditure growth continues to outpace revenue growth
- Implementation of programs and processes related to cannabis operations
- Recovery from the Thomas Fire and 1/9 Debris Flow disasters while simultaneously planning and preparing for future debris flows
- Addressing changes to State and federal mandates
- Serving the mentally ill in the criminal justice system
- Adapting to changing technology and standards



Significant Updates

Following publication of the Recommended Budget, the Governor released the **May Revision** to his Proposed Budget and voters in Santa Barbara County approved the **cannabis tax** ballot measure.



Challenges Ahead

As new revenue becomes available, these needs should be considered before significant expansion of services

Projected budget shortfalls in FY 2018-19 have been resolved through restructuring, service level reductions, greater than anticipated State and federal revenue, and other measures. However, **significant fiscal challenges remain on the horizon.**

- Public safety communications system replacement
- Unfunded capital needs identified in the CIP
- Growing deferred maintenance
- Changing legislation and regulations
- Employee-related cost increases and need to be competitive
- Demands to keep pace with technology advances and public expectations
- Continuing threats of natural disasters and resiliency measures



Building a Stronger Organization

The County will continue to build a stronger and more vibrant organization to serve our community through **RENEW '22**.

Initiatives are in various stages and their benefits will be borne out over many years.

Through efficient and strong systems of service, **RENEW '22** will position the County to be more financially secure and agile so that we are able to address future uncertainties and the impacts of the next disaster.



Renewal and Resilience

The County has balanced its budget and will continue to focus on:

- Balancing short-term needs with long-term impacts
- Strategically realigning services and the costs to provide these services
- Seeking opportunities for new ways of doing business

The County will continue to strive to **do the most essential things well to best serve our community.**

