

FY 2019-20  
**BUDGET WORKSHOPS**

honoring our  
**commitments**

transforming our  
**future** 

# Purpose of Budget Workshops

- 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



A photograph of a historic building with a prominent clock tower, overlaid with a semi-transparent orange filter. The building features a large arched entrance and a balcony on the tower. Palm trees are visible in the foreground and background.

# Historic Context: Where have we been?



# 20 Years Ago | FY 1999-2000

- **County on an upswing:**
  - \$5.1M to the Strategic Reserve
  - Funding for infrastructure
  - Pension costs <10% payroll
  - 4,200 employees
- **Recovering from mid-90s recession**
  - Property value growth rate of 1.8%
  - No strategic reserve; service cuts
- **Sales tax Measure “U” for new jail fails in 2000**

...the County's economic situation has improved...we have been able to maintain the program and service level commitments of past years, while beginning to embark on new program initiatives, such as...dealing with mentally ill jail inmates...  
As the same time, the County remains vulnerable to the impacts of an economic downturn and to policy whims of future State Legislatures. With these risks in mind, we have emphasized the need to continue to build our Strategic Reserve. - Proposed Budget FY 1999-00 Budget

## Sheriff is down but he's not out of options for jail

By RHONDA PARKS MANVILLE

March 9, 2000 12:00 AM

NEWS-PRESS STAFF WRITER

rparks@newspress.com

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Sheriff Jim Thomas said he will continue fighting to get a new jail built in Santa Barbara County, but the half-cent sales tax idea is dead.



# 10 Years Ago | FY 2009-2010

- Great Recession
- Property value growth fell to 1%
- \$12.9 million in reductions and 138 positions cut in Proposed Budget
- One-time funding used; \$72 million gap to close following year
- Pension costs > 39% payroll
- Measure S for new jail fails

...Balanced budget due to...furlough, wage concessions and wage freezes. Use of reserves...cushions and masks the severity of the reductions otherwise needed to take place. One time use of cliff-building revenues, fund balances...have temporarily avoided reductions that would have occurred...  
..will be increasingly difficult...if retirement costs remain unchecked, local revenues...decline and services remain constant. – *Proposed Budget FY 2009-10*

So-called jail tax a last resort, says Sheriff Brown : Half-cent sales levy for North County jail, police and fire departments called an investment

SONIA FERNANDEZ, NEWS-PRESS CORRESPONDENT

July 11, 2010 7:56 AM

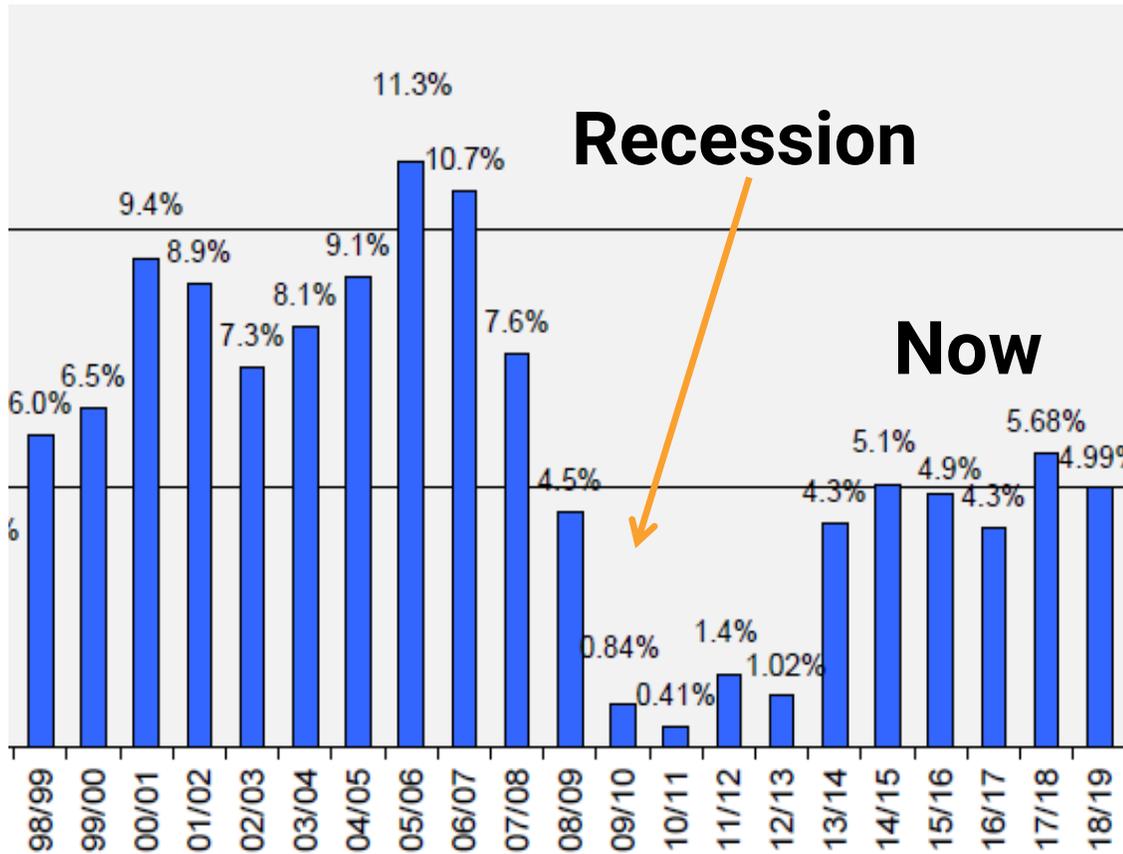


# Since then...



**JOSEPH E. HOLLAND**  
 COUNTY CLERK, RECORDER AND ASSESSOR  
 REGISTRAR OF VOTERS

PERCENT INCREASE IN SECURED ROLL VALUE



- Property tax annual growth steady (4-5% annually)
  - Not the 6-11% growth prior to recession
- Staffing levels at 4,239 FTE, due to NBJ expansion and federal/state programs
- Programs operating with less staff than before recession
- Modest expansions to restore or fund priorities
- Aging infrastructure, outdated technology and deferred maintenance issues grow
- Employee cost increases



# Board Commitments Over Last Decade

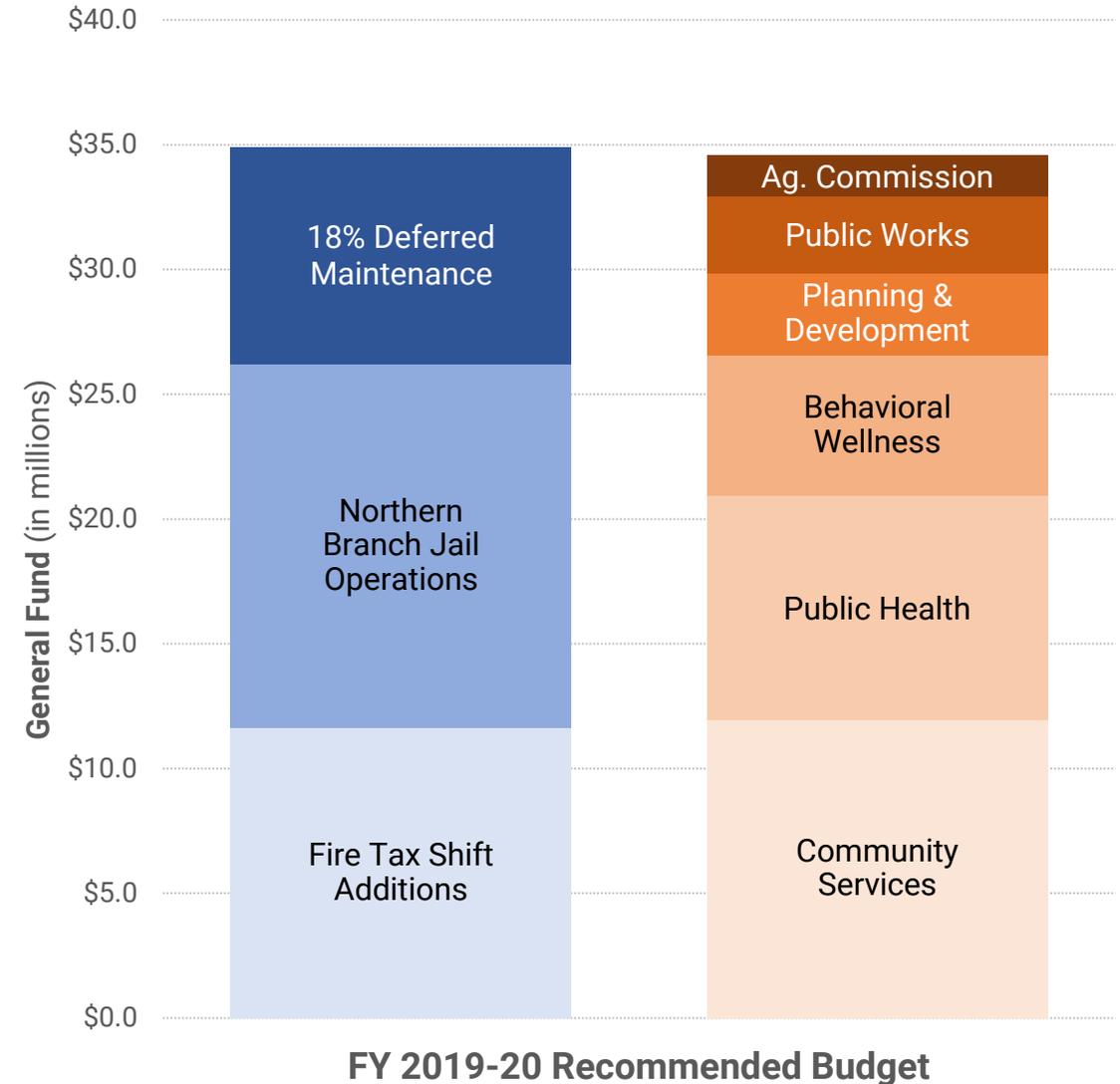
Board committed to funding major initiatives and liabilities over last 10 years

- 2011** Northern Branch Jail operations funding plan begins
- 2012** Fire Tax Shift begins
- 2012** Workers Compensation Program funding plan begins (completed 2018)
- 2012** Began closing retiree health plans; funding plan formalized
- 2014** 18% Deferred Maintenance policy starts
- 2016** Strategic Reserve fully funded (fell below target in 2017 and 2018)



# Board Commitments

- Critical funding plans achieved or making progress
- No significant new funding sources
- Resulted in limited discretionary revenue for other needs
- GFC obligated for commitments roughly equals total GFC for six departments



# Where are we **today**?



# FY 2019-20 | Milestone Year

- Northern Branch Jail slated to finish construction and begin operations
- Property tax transfer to the Fire District will reach 17% target
- Tajiguas Resource Recovery Project will be under construction
- Pension cost sharing will result in a net reduction to the County's pension contribution cost
- Major capital improvement projects have funding strategy in development



# FY 2019-20 | A Stable Outlook

- Moderate growth in revenues
- Service level reductions avoided (first time since 2007)
- Slight reduction in pension costs
- Cannabis tax revenue
- Pre-workshop expansions address mandates, regulatory issues, and critical organizational needs
- Continue addressing top funding priorities



# Key Challenges and Emerging Issues

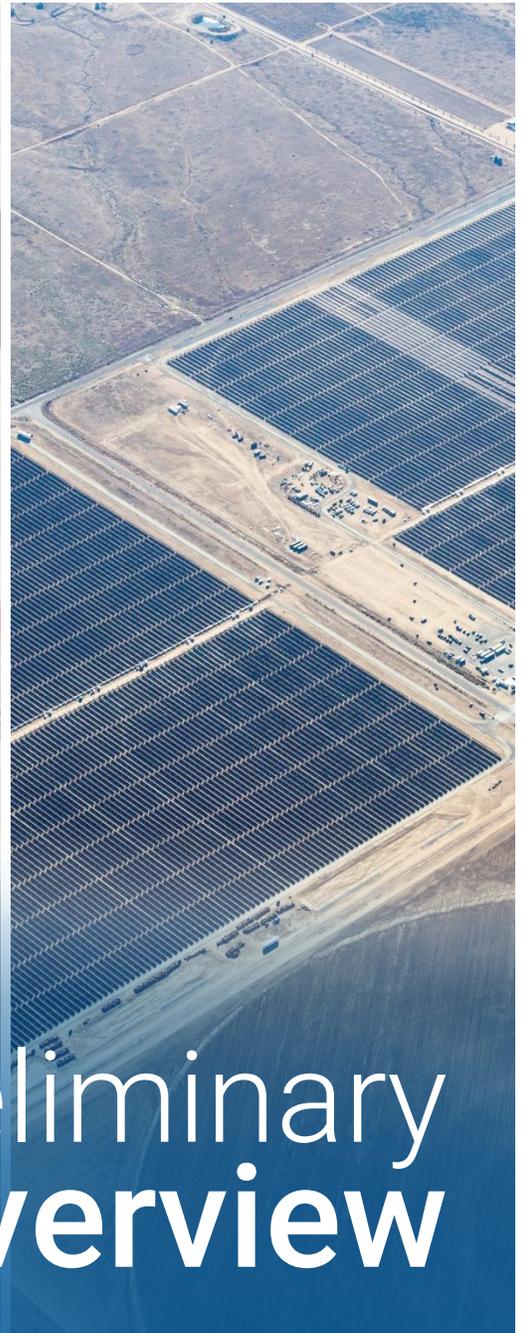
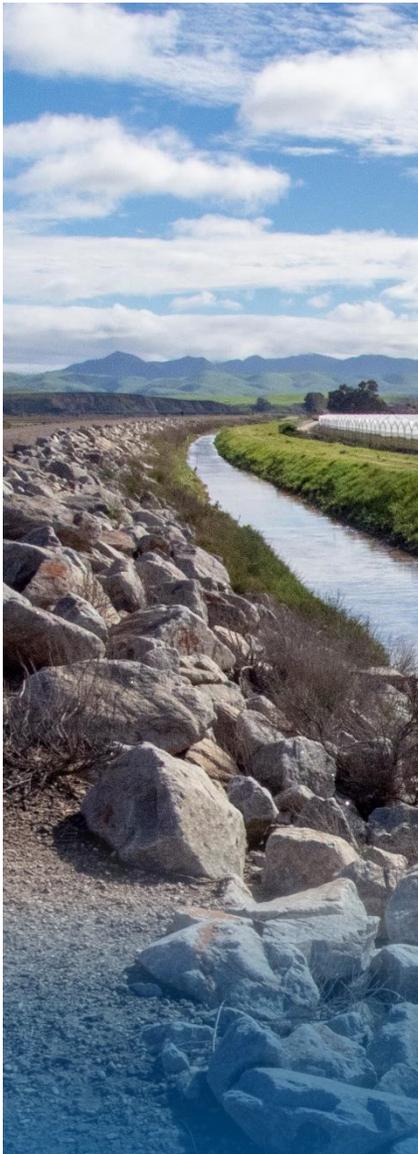
- Recruitment, retention, and succession planning
- Changing State and federal mandates and regulations
- Growing need for updated technology infrastructure
- Deferred maintenance
- Diverting mentally ill individuals from the criminal justice system
- Homelessness



# Beyond FY 2019-20 | Preparing for an Uncertain Future

- Recession possible but still unknown
- Continue adhering to responsible financial practices
  - Use of one-time funds for one-time uses
  - Allocation of cannabis revenue to one-time uses after funding enforcement costs
  - Restore the Strategic Reserve to full funding
  - Making investments that yield ongoing returns
  - Implementation of efficiencies and process improvements
  - Partnering with other departments and agencies
- Building organizational resiliency through Renew '22 helps address uncertainty



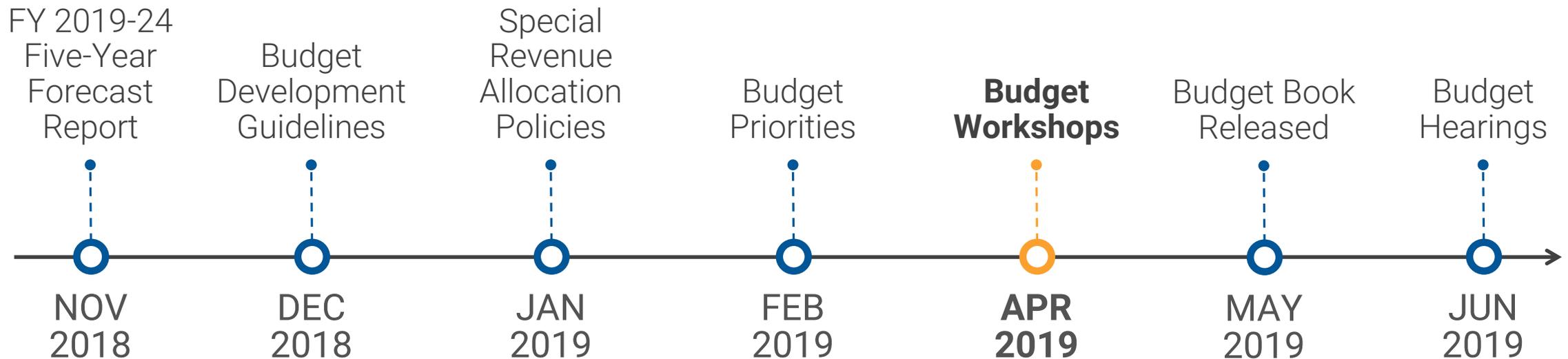


FY 2019-20  
**BUDGET WORKSHOPS**

# preliminary budget overview

# 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



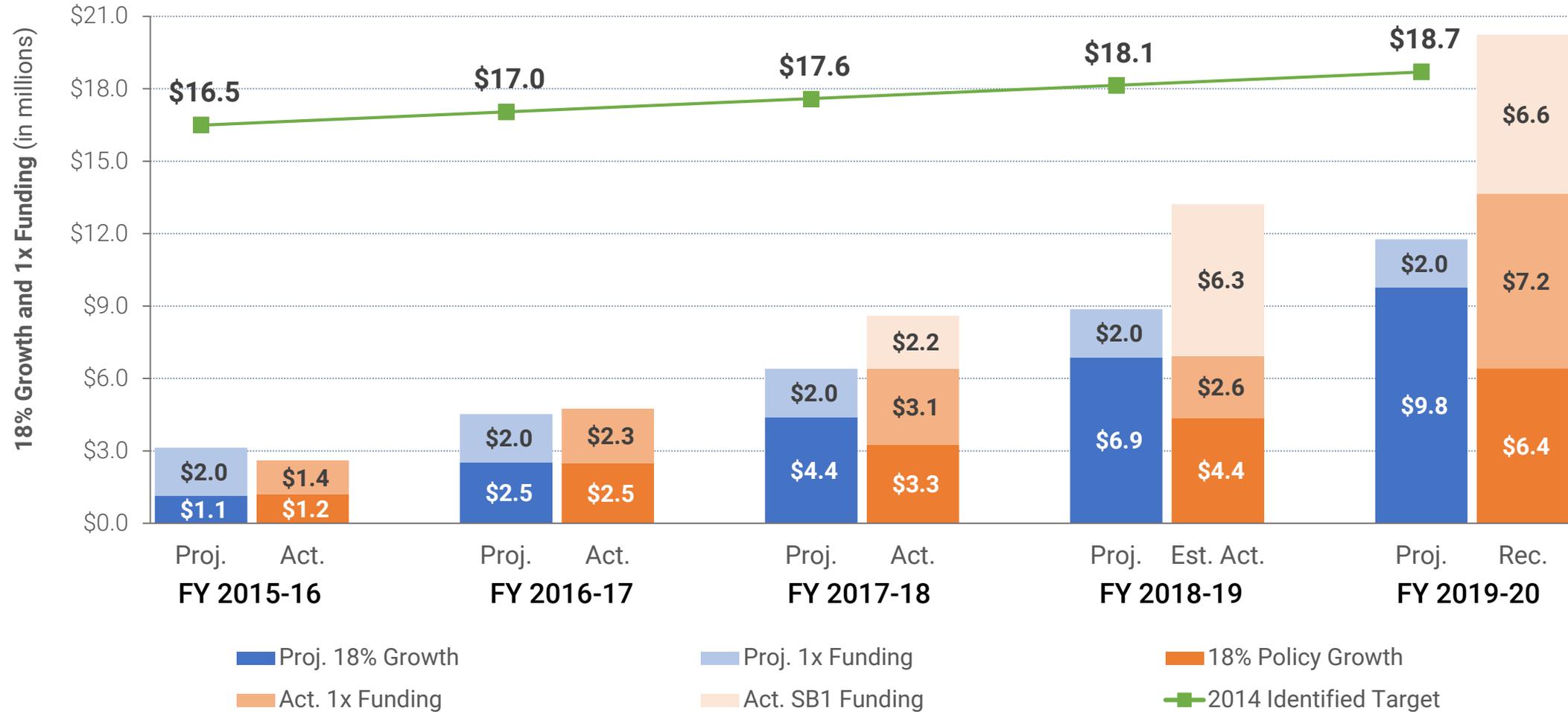
# Cannabis Tax Revenues & Expenditures

<b>Sources</b>	18-19 Unspent Carryover	\$	323,500
	19-20 Estimated Tax Revenue		5,615,000
	<b>Total</b>	<b>\$</b>	<b>5,938,500</b>
<b>Uses</b>	Enforcement	\$	2,815,800 *
	Tax Collection & Program Administration		329,700
	Planning & Development Project Carryover		610,800
	<b>Total</b>	<b>\$</b>	<b>3,756,300</b>
<b>Remaining Available Funds</b>		<b>\$</b>	<b>2,182,200</b>

\* \$1.1 million increase from FY 2018-19 Adopted Budget of \$1.7 million



# 18% Maintenance Funding



# Fiscal Issues Report Update

Addressed in Preliminary Budget

Fiscal Issue	Estimated Cost	Update
Deferred Maintenance	\$438 million	Preliminary budget includes: <ul style="list-style-type: none"><li>• \$2.3 million in ongoing base funding</li><li>• \$6.4 million in ongoing 18% maintenance policy funding</li><li>• \$7.2 million in one-time Capital Projects funding</li></ul>
Solar Projects	\$4.8 million	Funding sources include: <ul style="list-style-type: none"><li>• \$2.4 million in CEC 1% loan</li><li>• \$0.8 million in 0% on bill financing</li><li>• \$1.6 million included in preliminary budget</li></ul>
Countywide Cloud-Based Website	\$0.5 million	Preliminary budget includes \$0.5 million in one-time funding



# Fiscal Issues Report Update

Addressed in Preliminary Budget *(Continued)*

Fiscal Issue	Estimated Cost	Update
Technology Replacement & Investment Fund	\$2 million	Preliminary budget includes \$2 million in ongoing funding
Main Jail Renovations	Under review	Project to be included in the proposed COP issuance in FY 2019-20
Public Safety Communications System Replacement	\$48.7 million	<ul style="list-style-type: none"><li>• CEO/GS to develop funding strategy for \$48.7 million in estimated costs</li><li>• Preliminary budget includes \$2 million set aside to begin to address portion of the project that will not otherwise be able to be funded through debt financing</li></ul>



# Fiscal Issues Report Update

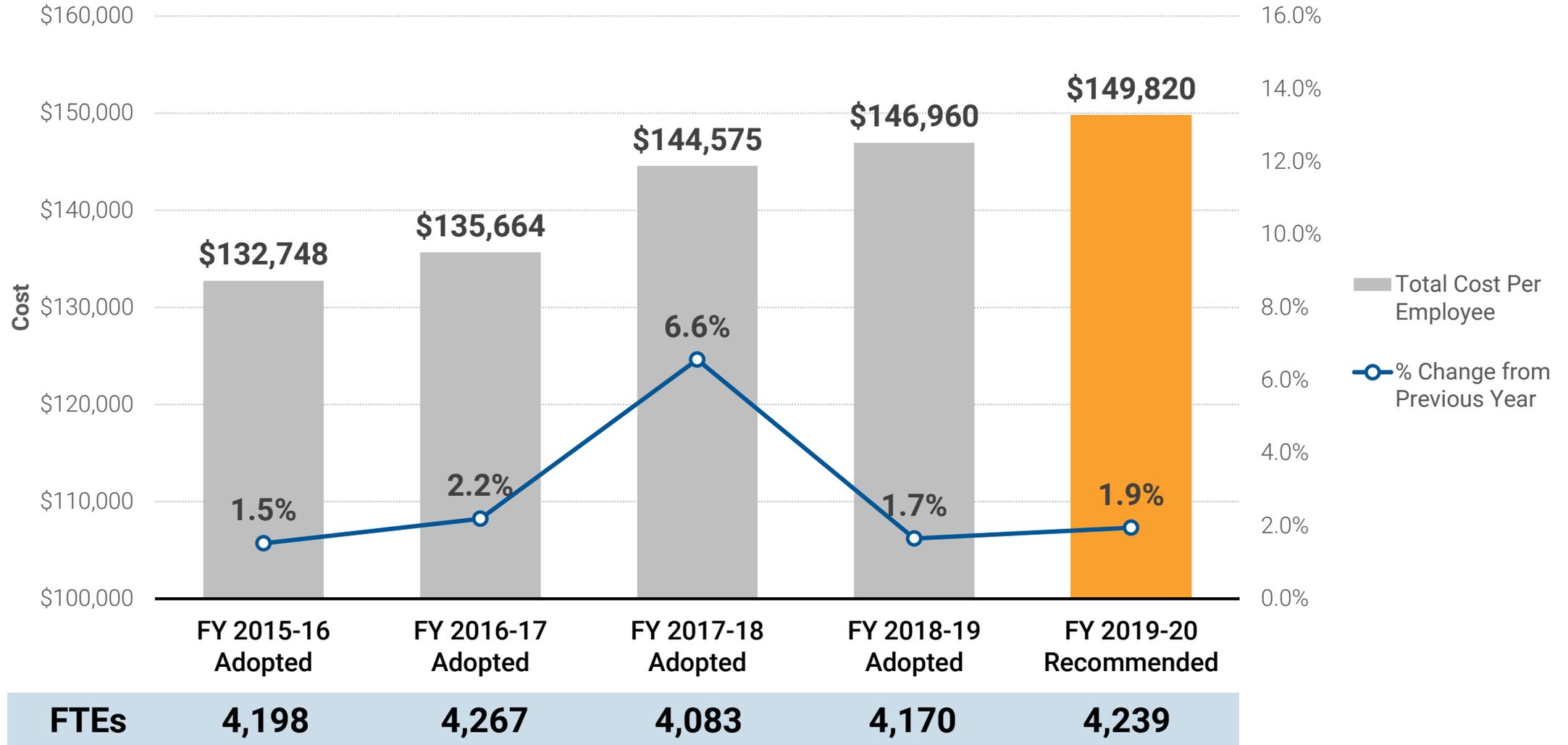
Fiscal Issue	Estimated Cost	Update
<b>Submitted as Expansion Request</b>		
Jail Control Room Consolidation	\$1.35 million	Submitted as expansion request
Sheriff Data Center Replacement	\$1.34 million	Submitted as expansion request
Sheriff COBAN MDC Replacement	\$1.1 million	Submitted as expansion request
<b>Not Included in Preliminary Budget</b>		
Hazard Mitigation Grant Program (Local Match)	\$10.4-\$11.6 million	Will be addressed from Flood and Transportation funds as actual cost information is available



# Salary & Benefit Trends



# Salary & Benefit Cost Per FTE



# Revenue Trends



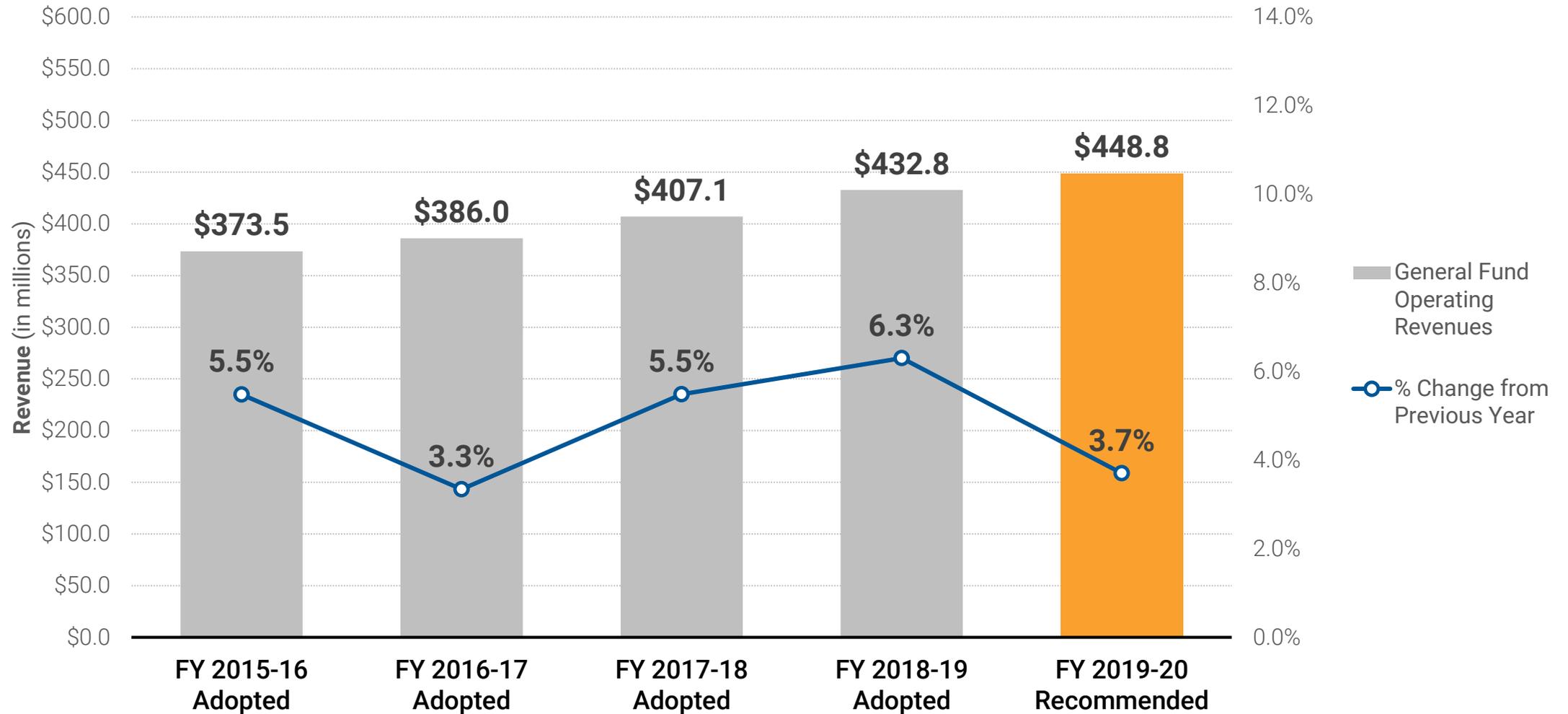
# Changes to General Fund Revenues

FY 2018-19 Adopted vs. FY 2019-20 Projected

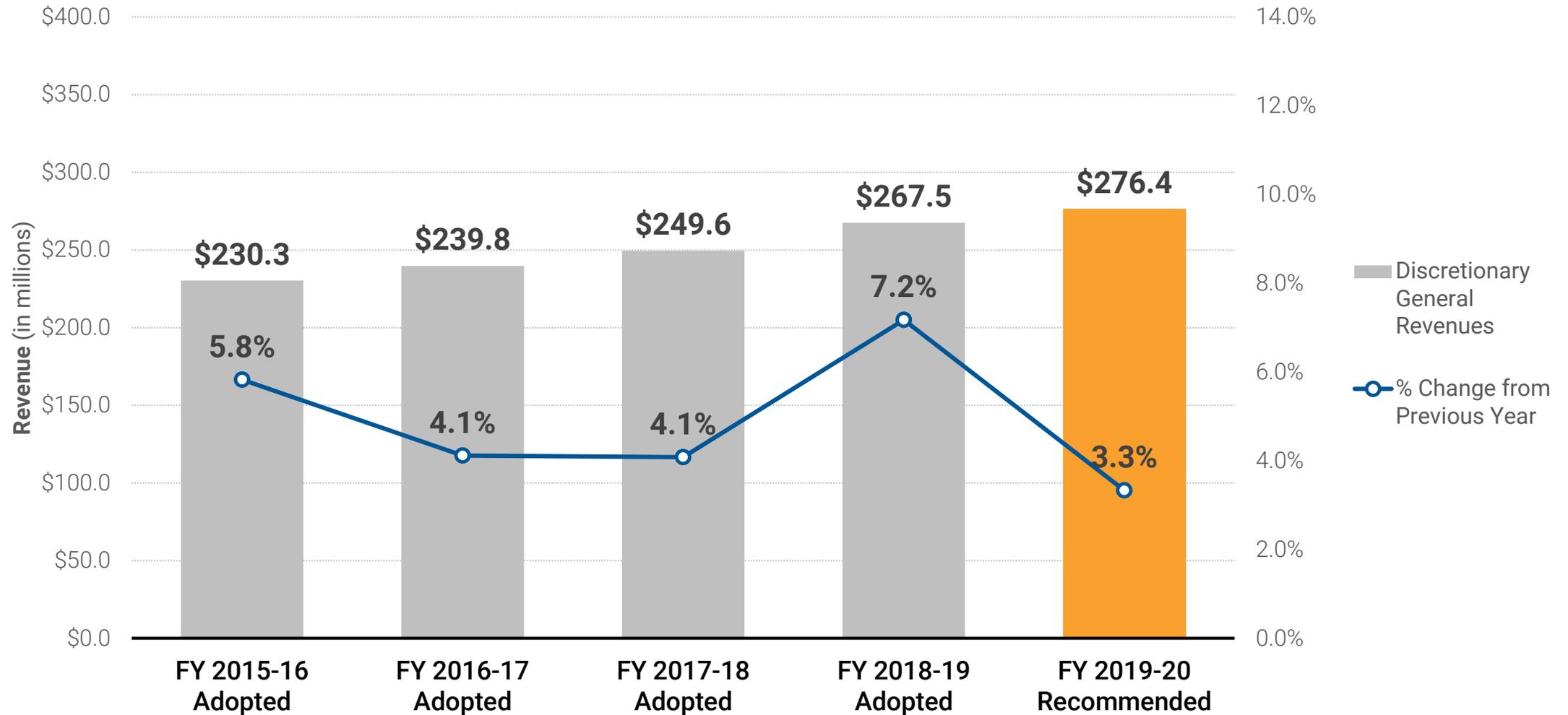
General Fund Operating Revenues	↑ 3.7%
Discretionary General Revenues	↑ 3.3%
Property Tax (Current Secured)	↑ 4.4%
Transient Occupancy Tax	↑ 21.2%
Sales Tax	↑ 2.0%



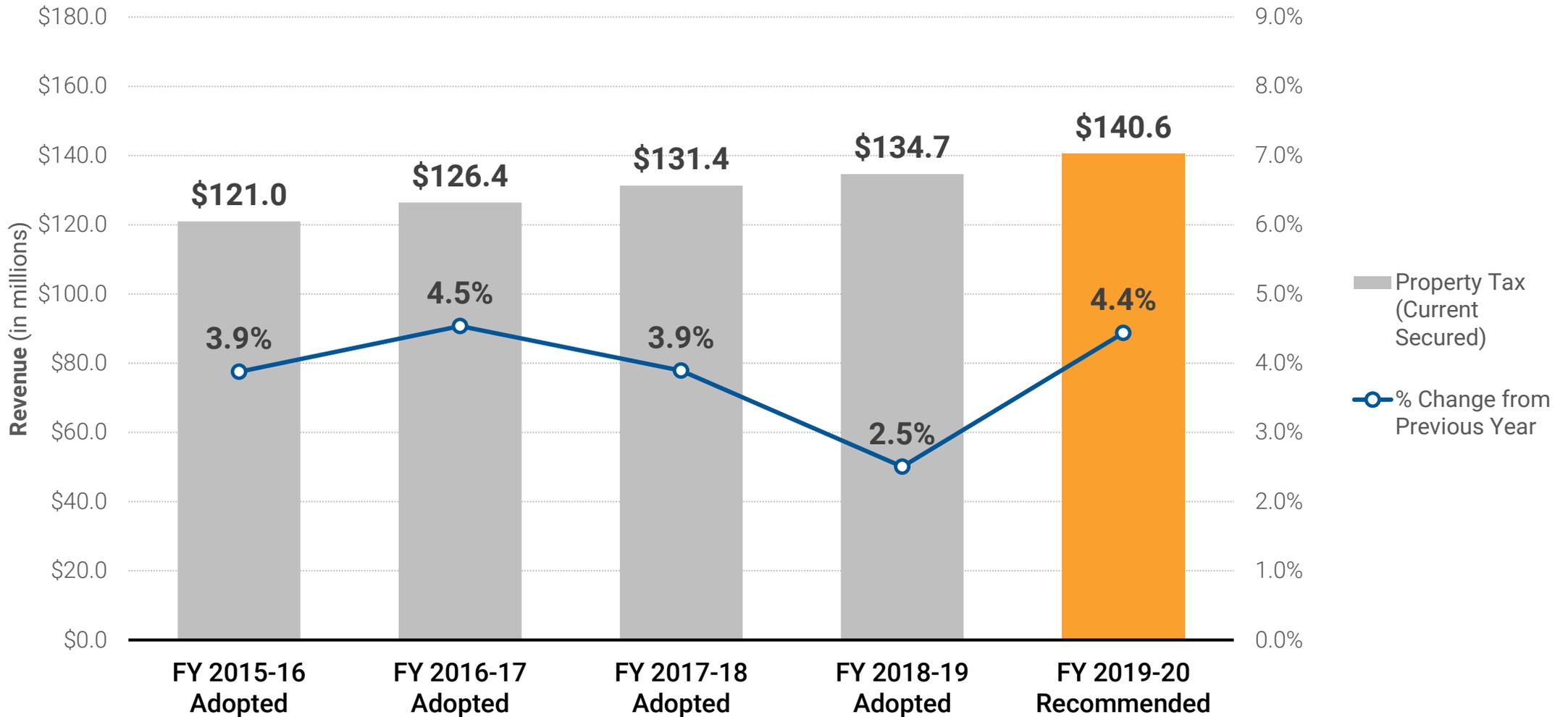
# General Fund Operating Revenues



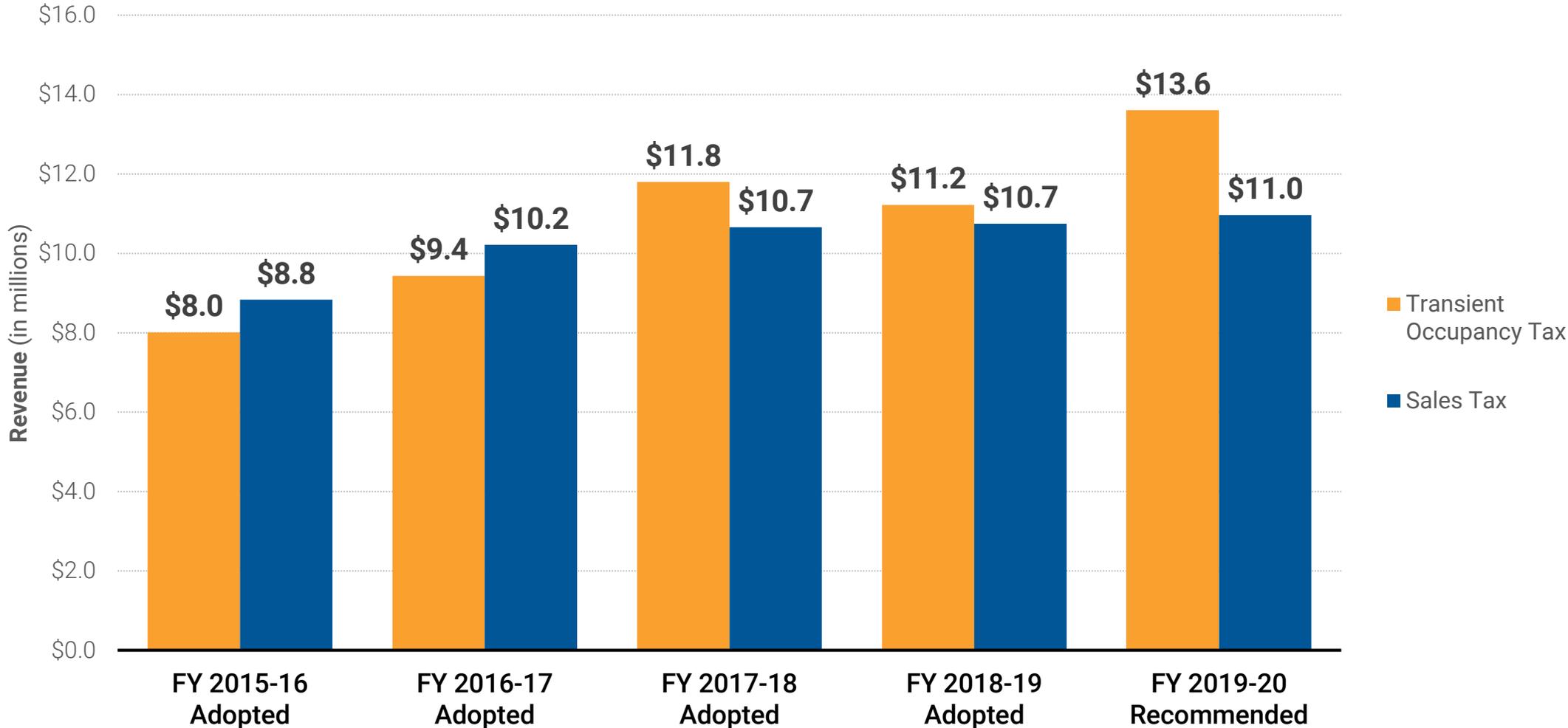
# Discretionary General Revenues



# Property Tax (Current Secured)



# TOT & Sales Taxes



# Expansions | Pre-Workshop

Total: **\$718,000**

Staff: **5.0 FTEs**

Department	Description	GFC	FTEs
Community Services	Warming Centers increased funding	\$ 30,000	-
Human Resources	2.0 FTE Program/Business Leaders for Recruiters	278,900	2.0
Public Defender	1.0 FTE Computer Systems Specialist	110,800	1.0
Public Defender	1.0 EXH FTE Deputy PD III; Convert 1.0 EXH FTE PD Investigator to REG for Conservatorship caseload increases	176,700	1.0
Treasurer-Tax Collector	1.0 FTE Public Administrator/Conservator II	121,600	1.0
<b>Total</b>		<b>\$ 718,000</b>	<b>5.0</b>



# Expansions | Remaining

Total: **\$18.7 million (General Fund)**

Staff: **34.8 FTEs**

Department	Ongoing GFC	One-Time GFC	Non-GFC	FTEs
County Executive Office	\$ 125,000	\$ -	\$ -	1.0
Clerk-Recorder-Assessor	85,000	157,000	-	-
Community Services	TBD	1,424,000	-	-
General Services	126,000	-	144,000	2.0
Human Resources	192,500	-	-	2.0
Probation	624,700*	-	44,000	11.0
Public Defender	234,200	110,000	-	1.0
Public Works	5,490,700	2,438,000	-	-
Sheriff	2,813,000	4,889,000	-	17.8
<b>Total</b>	<b>\$ 9,691,100</b>	<b>\$ 9,018,000</b>	<b>\$ 188,000</b>	<b>34.8</b>

\* \$589,000 in Courts GFC may be available to offset a portion of this cost



# Looking Forward

- Possible recession in the immediate future
- Unmet needs continue
- Continue following responsible fiscal practices
- Continue Renew '22 efforts
  - Better systems and technology
  - Improved revenues, augmented reserves, and efficient services
  - Responsiveness to our clients and customers
  - Retention and attraction of quality employees



# Next Steps

## Departmental Presentations

- Preliminary Budgets
- Emerging Issues
- Accomplishments
- Objectives
- Renew '22 Initiatives
- Performance Measures
- Expansion Requests

## Special Issues Presentations

*Policy issues affecting department budgets*

- Assisted Outpatient Treatment (AOT) Update
- Mental Health Diversion Efforts
- Northern Branch Jail Operating Fund Update
- County Efforts to Address Homelessness
- Library Update



# After Budget Workshops

- CEO will finalize recommendations after Budget Workshop
- Complete Recommended Budget; scheduled to be released in May
- Final Budget Hearings – June 11 and 13



# Recommended Actions

- a) Hold budget workshops to receive presentations on the FY 2019-20 Budget
- 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

