



COUNTY OF
SANTA BARBARA



honoring our
commitments / transforming our
future >>>

FY 2019-20 RECOMMENDED BUDGET AT A GLANCE

ONE COUNTY. ONE FUTURE.

FY 2019-20 will be a milestone year, with the culmination of major funding initiatives that have been in the making for years. These projects are the result of the County's commitment of resources, over decades in some cases, and continued prioritization. The County continues its commitment to **Renew '22**, which will be in its third year in FY 2019-20. By transforming how we do our work, constantly learning and improving, and exploring ways to work differently, employees are equipped to thrive in the present, adapt to tomorrow, and anticipate the future.

The photos on the Recommended Budget Book and Recommended Budget at a Glance represent the theme of **Honoring Our Commitments | Transforming Our Future** by showing examples of the tangible results of the commitments we have made as well as our commitment to building a resilient and thriving future.

- 1** The **Santa Maria levee and multipurpose trail** demonstrate the County's commitment to protect land and agriculture and provide recreational opportunities to residents and visitors.
- 2** The **Goleta Beach Park bridge replacement** allows our residents and visitors to enjoy the natural beauty of our county with a dedicated bike path and pedestrian walkway.
- 3** The **Northern Branch Jail** will represent a state-of-the-art corrections and rehabilitation facility.
- 4** The **children** represent our commitment to keep an eye to the future.
- 5** The **Cuyama solar array** is an investment in meeting the State's renewable energy targets.



budget summary

The recommended budget is balanced with total operating revenues of \$1,141.0 million and total operating expenditures and net increase to reserves of \$1,141.0 million. Operating expenditures include both ongoing and one-time costs, and ongoing costs are largely supported by ongoing revenues. This is the first time since FY 2017-18 that no service level reductions were required of any County department to balance revenues and expenditures.

A BALANCED BUDGET WITH MODEST EXPANSIONS

Revenues are expected to continue moderate growth in FY 2019-20. Discretionary revenue sources, including property taxes, sales taxes, and transient occupancy taxes, have largely recovered from the impacts of the Thomas Fire and debris flow in winter 2017-2018, and new revenues from cannabis taxes and hotel openings will boost available funds. State and federal funds for ongoing services are anticipated to improve slightly, with several exceptions. Cannabis tax revenue is expected to reach \$5.6 million next year, which will allow full support for enforcement operations as well as one-time funding for certain Board-identified items.

With no service level reductions required in FY 2019-20 and a modest funding surplus, departments presented expansion requests in response to staffing deficiencies,

structural deficits, or new service requirements. In advance of budget workshops, certain funding needs were addressed given consideration of the severity of the impacts on the County as a whole, or in response to mandated services. In essence, these are items where funding is necessary to avoid liability or address chronic deficiencies. These include additional ongoing funding for warming centers that serve the homeless, positions for human resources recruitment services, IT support for the Public Defender's Office, and staffing for the Treasurer-Tax Collector's Office and the Public Defender's Office for conservatorship services.

Following workshops wherein the Board and public provided input and comments on the departments' budgets, the County Executive Office continued to work with departments on specific issues and conducted more analysis on expenditures and available

Operating Revenues

\$1,141.0
MILLION

Operating Expenditures & Net Increase to Reserves

\$1,141.0
MILLION

Full-Time Equivalents

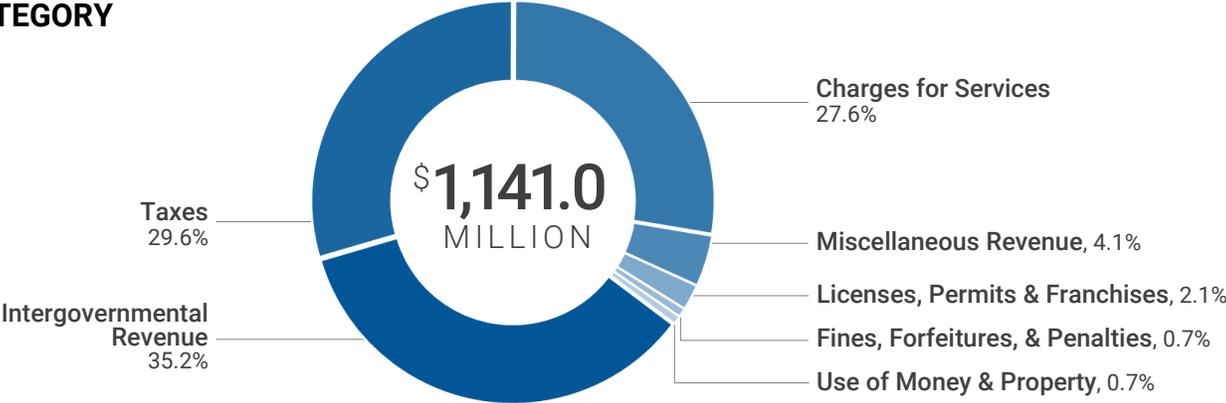
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revenues. As a result, some expansion requests were considered and included in this recommended budget. CEO-recommended expansions total \$2.5 million in General Fund (\$0.6 million in ongoing funding and \$1.9 million in one-time funding) and 3 FTE. Funding recommendations were based on consideration of State and federal requirements, Board priorities, established needs, and areas in which the County could face significant financial, legal, health, or safety risk or liability. They include criminal justice system enhancements and funding for farmstays land use policy, and regional climate action planning.

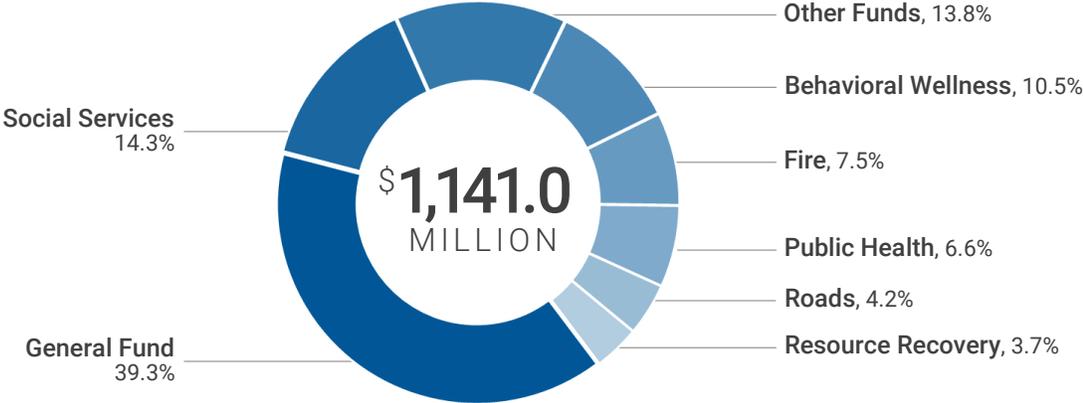
operating revenues

Recommended operating revenues for all funds total \$1,141.0 million. Intergovernmental revenue—revenue from State, federal, and other governmental sources—is the County’s largest source of operating revenue.

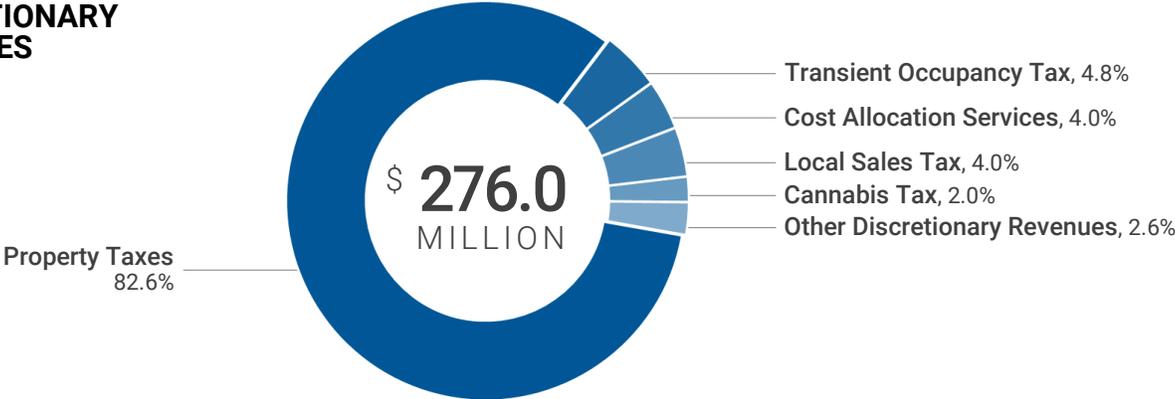
OPERATING REVENUES BY CATEGORY



OPERATING REVENUES BY FUND



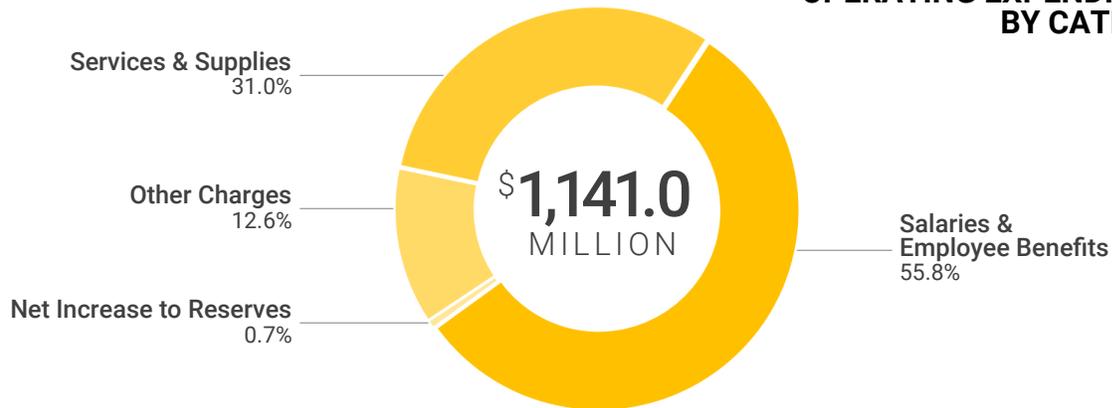
GENERAL FUND DISCRETIONARY REVENUES



operating expenditures

Recommended operating expenditures and net increase to reserves for all funds total \$1,141.0 million. Salaries and employee benefits represent the County's largest operating expenditure.

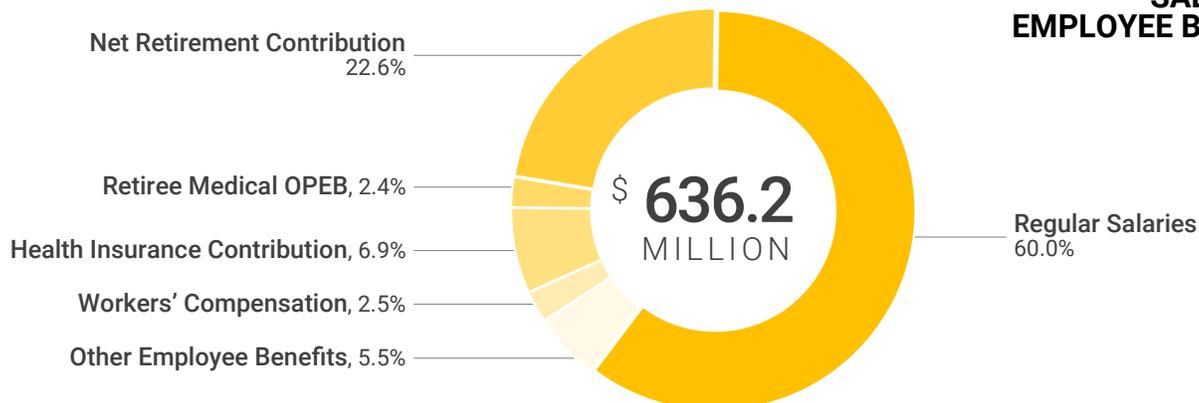
OPERATING EXPENDITURES BY CATEGORY



OPERATING EXPENDITURES BY FUNCTION



SALARIES & EMPLOYEE BENEFITS



FY 2019-20 represents a turning point anticipated for over a decade. Decisions to set aside resources for future initiatives—undertaken even during challenging fiscal times—are coming to fruition, with the County well positioned for any future economic uncertainty.

FIRE TAX SHIFT

The Fire Tax Shift will reach its target of 17% of property tax revenues in FY 2019-20. In 2012, the Board approved a plan to enhance Fire District services and address annual deficits in the District budget. This plan shifts 25% of the General Fund incremental property tax growth each year to the District until the share of local property taxes for the District reaches 17%.

TAJIGUAS RESOURCE RECOVERY PROJECT

Approved in FY 2018-19, the Tajiguas Resource Recovery Project will remain under construction in FY 2019-20. This regional project, when completed, will meet State requirements for landfill waste diversion and will represent the single largest reduction in greenhouse gases in the county.

NORTHERN BRANCH JAIL

The Northern Branch Jail is slated to finish construction and begin operations. Ongoing operating costs are the responsibility of the County General Fund, and are currently estimated at \$18.8 million for the first full year of operations (FY 2020-21) with annual increases in future years. By adding incrementally higher amounts of GFC each year to a dedicated jail operating fund, we are slowly building towards the annual funding amount needed to operate the new jail. Currently, we are well over halfway towards building up sufficient ongoing funding to fully operate the new jail; the Board-approved funding plan for jail operations is expected to continue until FY 2022-23.



honoring our commitments



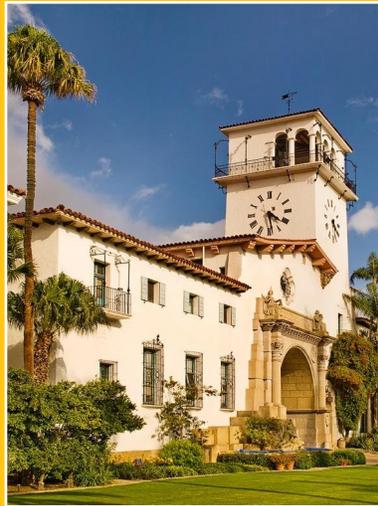


PENSION COST SHARING

Pension cost sharing will result in a net reduction to our pension contribution costs starting in FY 2019-20. Foreseeing potential future pension cost hikes, the County worked with its labor unions on pension cost-sharing agreements to share the risk two years ago. While most agreements were approved in the prior fiscal year, the net reduction takes effect next year, with full impact not experienced until FY 2020-21, since the cost-sharing agreements were phased in over three years. The County's total pension contribution next year is \$143.8 million, representing a \$0.2 million reduction from the FY 2018-19 adopted budget.

CANNABIS ENFORCEMENT

Cannabis enforcement remains a priority. The FY 2019-20 recommended budget increases enforcement staffing to 13.0 FTE from 10.5 FTE in the FY 2018-19 adopted budget. The enforcement team is made up of staff from the Sheriff, District Attorney, Agricultural Commissioner, and Public Health Departments.



MAJOR CAPITAL IMPROVEMENTS

In the current year, the Board approved a list of projects for a combination of debt and one-time funding, including improvements to the Main Jail, Cachuma Park infrastructure upgrades, Courthouse roof replacement, Calle Real campus water system replacement, renewable energy upgrades, public safety radio tower enhancements, a new South County headquarters building for Probation, and expansion of the Emergency Operations Center (EOC).

MAINTENANCE FUNDING

Effective July 2015, the Board developed a funding policy that provided a mechanism to increase ongoing funding available for maintenance projects. The policy commits 18% of unallocated discretionary general revenue growth to address maintenance needs on an annual basis. The recommended budget allocates \$6.4 million in ongoing General Fund revenues for deferred maintenance per the 18% formula, reflecting growth of \$2 million from the prior year's budget. For the first year since the funding plan was implemented, this additional GFC resource allocation exceeds the targeted investment level that was identified in the 2014 analysis. In addition, the recommended budget includes \$2.3 million in ongoing GFC for capital improvements and infrastructure maintenance, as well as \$7.2 million in one-time General Fund resources to address key deferred infrastructure replacement projects. Along with General Fund resources, approximately \$24.1 million is provided by Special Revenue sources for Roads capital projects and maintenance. Statewide, additional funding from SB 1 is assisting local governments with road funding, which is \$6.6 million to Public Works in FY 2019-20.

transforming our future >>>

Renew '22 is a multi-year transformational initiative to ensure fiscal sustainability and operational efficiency.



The essence of Renew '22 is to fortify the organization to be more resilient and prepared for the next economic downturn or natural emergency. This does not mean future reductions in budget, staff, and services will not be necessary; they may. The Renew '22 effort, in its third year in FY 2019-20, is

designed to ensure our County can withstand these changes and bounce back effectively and quickly. This can be achieved through better systems and technology; improved revenues, augmented reserves, and efficient services; responsiveness to our clients and customers; and retention and

attraction of quality employees. By transforming how we do our work, constantly learning and improving, and exploring ways to work differently, employees are equipped to thrive in the present, adapt to tomorrow, and anticipate the future.



COUNTY OF **SANTA BARBARA**

County Executive Office

105 E. Anapamu St., Ste. 406
Santa Barbara, CA 93101
805-568-3400