

Section 4

Budget Overview – County Executive Officer

2010-2011

Proposed Budget 2010-2011 Fiscal Year

SANTA BARBARA COUNTY OPERATING PLAN



Paths to Performance

Hearing Schedule

Housekeeping

Context

10-11 Budget

Recommendation

- Hearings begin Monday, June 7, 2010
- They continue on Wednesday, June 9 and Friday, June 11
- Hearings start at 9 am each day



FY 2010-2011 Proposed Operating Plan and Budget

Budget Hearing Materials

Contents of the Board's Budget Binder

1. Schedule
2. Budget Inquiry Forms
3. County, RDA Board Letters & Budget Resolutions
4. County Executive Officer's Presentation
5. Department Pages/Presentations (Tabs 5-28)
6. Final Budget Adjustments, Ongoing Grants, Contracts (Tabs 29-30)

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FY 2010-2011 Proposed Operating Plan and Budget

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FY 2010-11 Budget Development Process

2010 and Beyond



FY 2010 - 2011 Proposed Operating Plan and Budget

Budget Development Process

Housekeeping

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- August 2009 – Incremental Reductions needed
- October 2009 – Fiscal Issues Report
- October 2009 – Budget Principles
- February 2010 – Defining the Problem
- February 2010 – Potential Service Level Impacts
- March 2010 – Board Preference Workbook



FY 2010-2011 Proposed Operating Plan and Budget

Balancing Future Risks

- Expenditures rising faster than revenue for FY 2010-11
- Will need to reduce expenditures to meet upcoming issues
 - Adverse State budget actions
 - Economy
 - Debt
 - Mortgage
 - Employee health insurance
 - FIR issues
 - Examples include:
 - Goleta Revenue Neutrality
 - Retiree Healthcare
 - 5-year expenditure growth
 - Examples include:
 - Fire level of service
 - Social Service cost of doing business cap
 - Negotiated labor agreements
 - ADMHS

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FY 2010-2011 Proposed Operating Plan and Budget

ADMHS Funding Challenges

- Five potential financial risks related to the Alcohol, Drug and Mental Health Services department (“ADMHS”) billing of Medi-Cal cast a threat to the County’s fiscal stability. These financial risks include:

1. Medi-cal billing errors, Medicare billing errors and contractor payment errors covering fiscal years 2002-2007 (2007 Self-Disclosure);
2. Annual Medi-Cal Settlement Audits;
3. Multi-agency Integrated System of Care Program; (MISC/CEC) Eligibility Disallowance;
4. Patient Registration, Eligibility and Billing; and,
5. Uninsured clients.

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FY 2010-2011 Proposed Operating Plan and Budget

ADMHS Funding Challenges

- Self Disclosure: Estimated liability of **\$9.1 million** owed to the State based on incorrect claiming and cost reporting practices.
- Audit Settlement: Estimated liability of **\$3.6 million**.
- MISC/CEC: Potential additional liability of **\$12.6 million** related to disallowed MISC/CEC program costs.
- Billing practices: The long-term financial health of the department is dependent on addressing immediate short-term issues related to billing practices. ADMHS has provided assurances that it has strengthened its eligibility and patient registration and billing systems sufficiently to gain control over this ongoing financial drain.
- Indigent Clients: In the first six months of Fiscal Year 2009-10, ADMHS provided unreimbursed services to approximately 1,500 uninsured and indigent persons at a cost of \$3.5 million. If this trend continues, unreimbursed costs are expected to reach \$6.9 million by the end of the current fiscal year.

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FY 2010-2011 Proposed Operating Plan and Budget

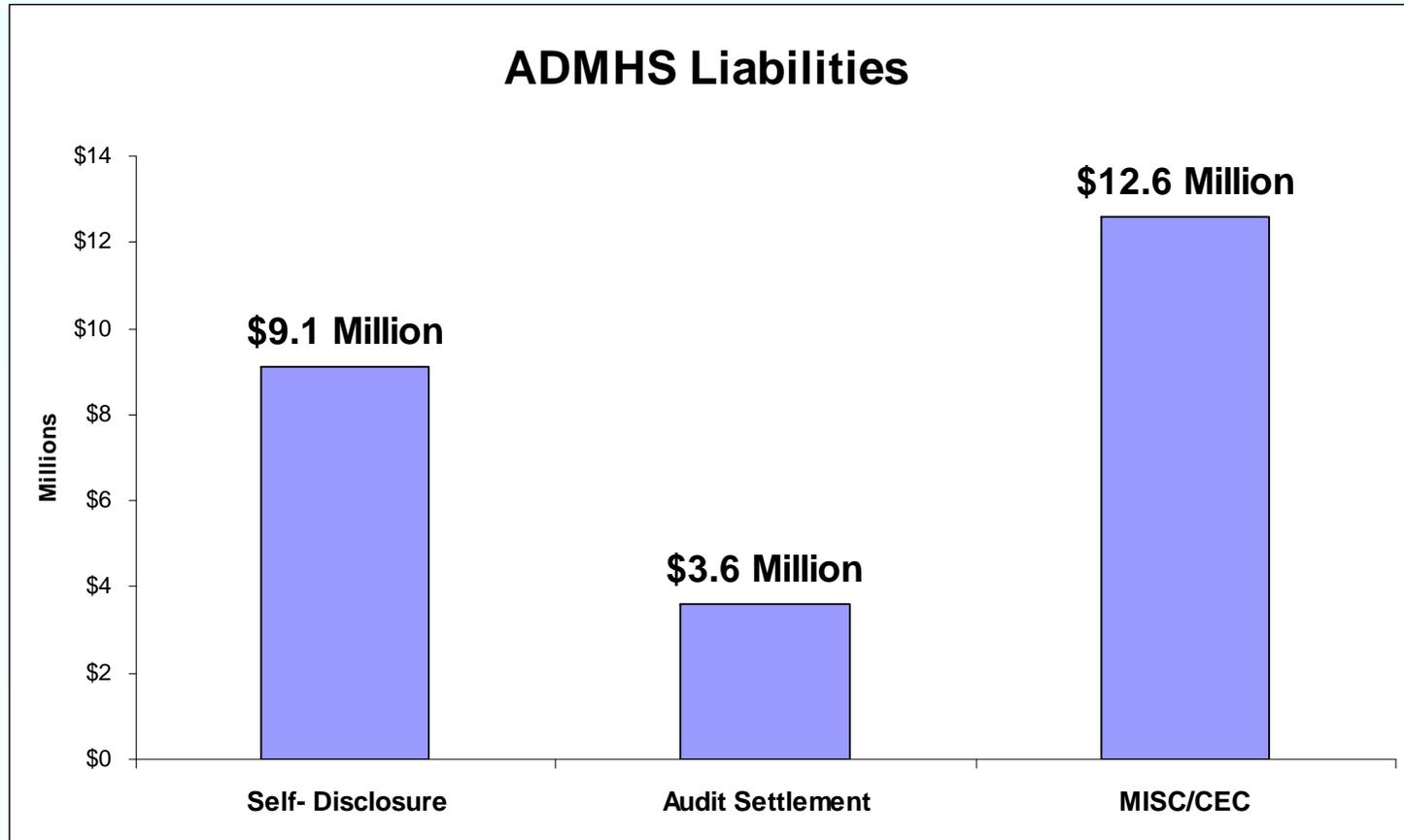
ADMHS Total Liabilities

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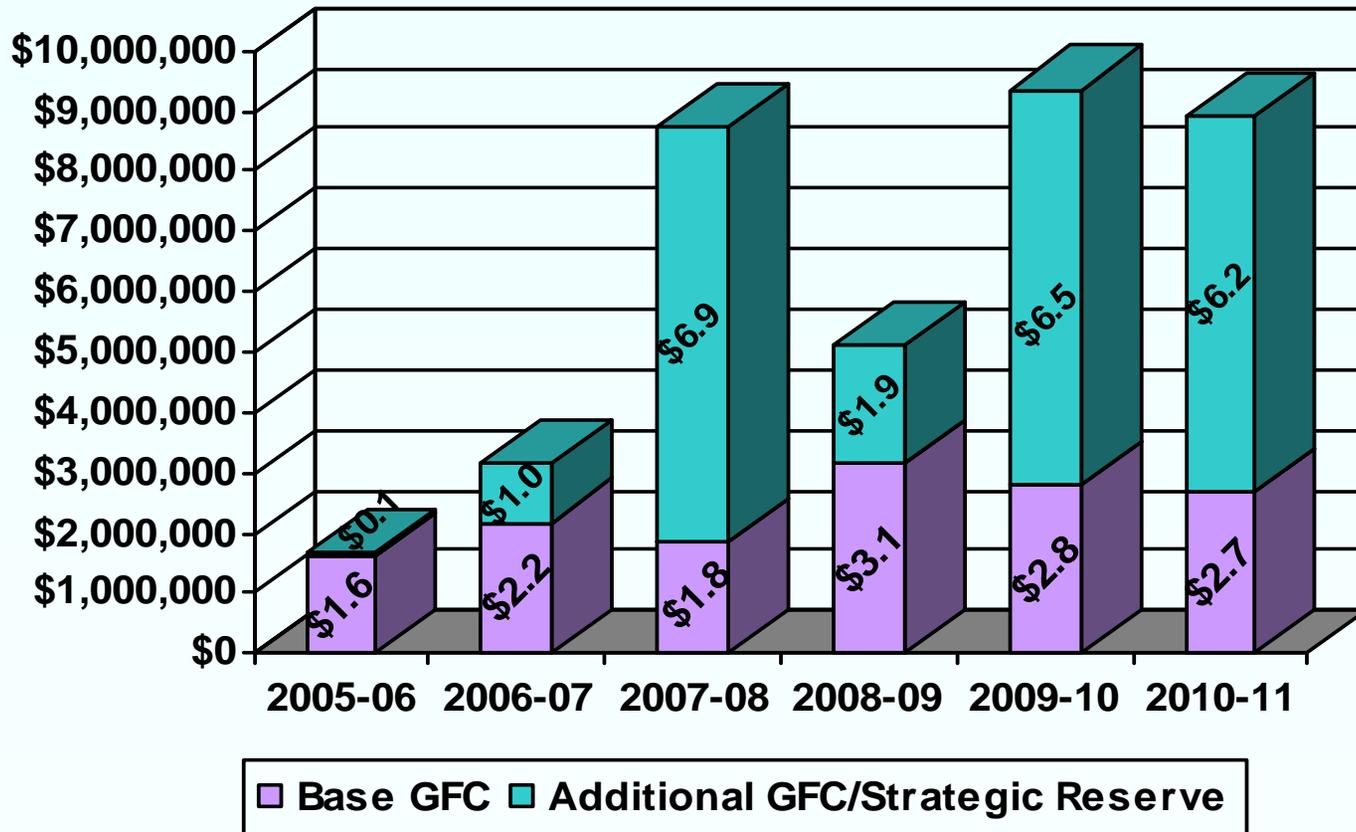
Recommendation



FY 2010-2011 Proposed Operating Plan and Budget

ADMHS General Fund Contribution History

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\$12.7 million includes no speculation and matches the booked liability

This appropriation is required to enable the Mental Health Fund to remain positive

FY 2010-2011 Proposed Operating Plan and Budget



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Proposed FY 2010-11 Operating Budget

Budget Summary



FY 2010 - 2011 Proposed Operating Plan and Budget

FY 2010-11 Budget Summary

Strategies to Balance

- Reduce Expenditures
- Reduce Staffing
- Use One-Time Funds
- Responsiveness to Budget Workshops
 - Preserve Public Safety and Justice
 - Preserve Children's programs

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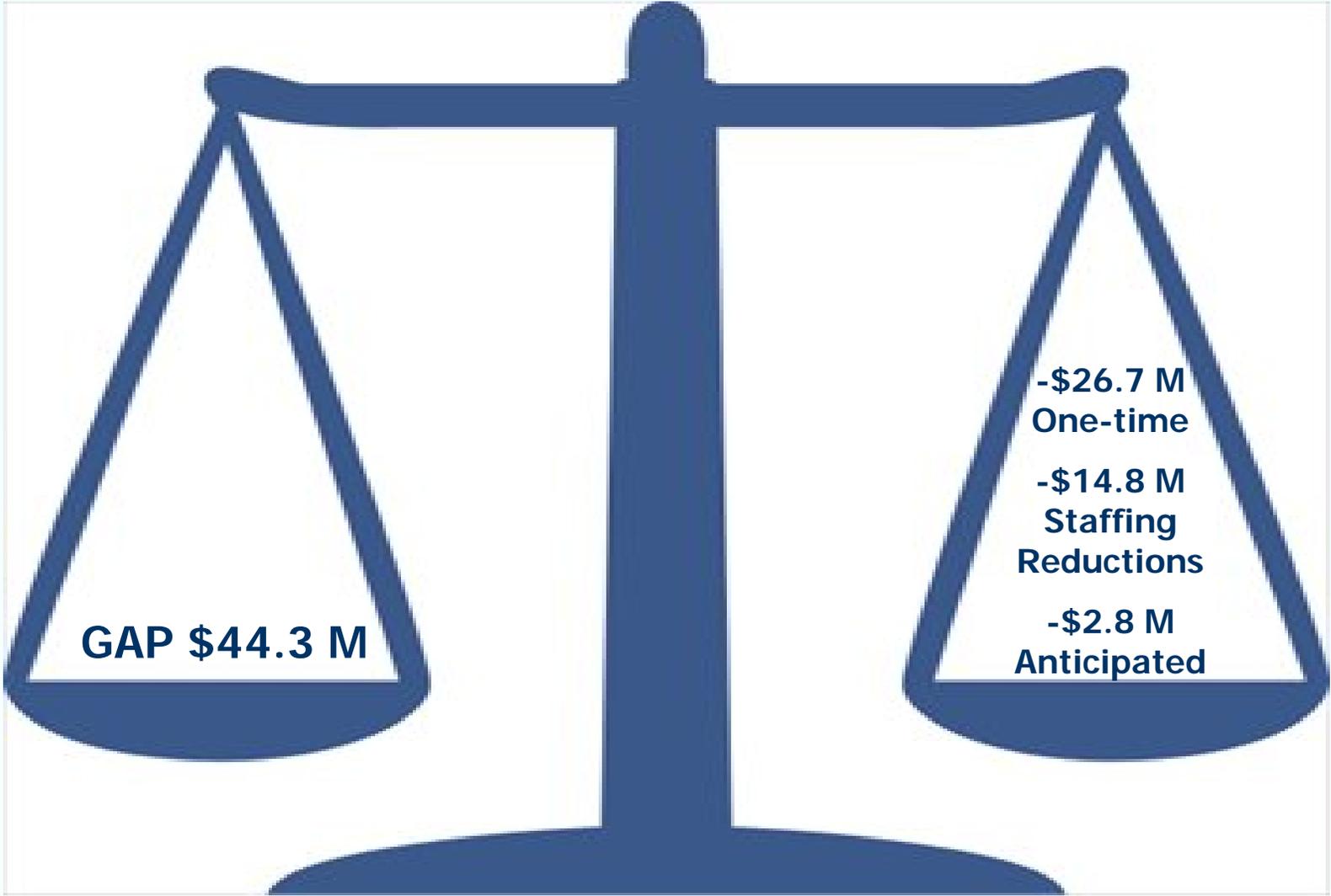
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FY 2010-2011 Proposed Operating Plan and Budget

Balancing the Budget

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Assumptions Update

- Change in Revenue Assumptions
- Change in Expenditure Assumptions
- Labor Agreements
- State Budget Impacts

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FY 2010-2011 Proposed Operating Plan and Budget

FY 2010-11 Budget Summary

● \$831 Million Balanced Budget

Budget at a Glance \$ in Millions

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	Actual 08-09	Adopted 09-10	Estimated 09-10	Recommend 10-11
Total Revenues	\$ 725.7	\$ 761.8	\$ 757.7	\$ 745.3
Other Financing Sources	\$ 101.5	\$ 95.6	\$ 103.3	\$ 119.0
Total Sources	\$ 827.2	\$ 857.4	\$ 861.0	\$ 864.3
Total Expenditures	\$ 733.2	\$ 795.3	\$ 777.5	\$ 831.5
Designated for Future Use	\$ 94.0	\$ 62.1	\$ 83.5	\$ 32.8
Total Uses	\$ 827.2	\$ 857.4	\$ 861.0	\$ 864.3
Staffing FTEs	4,172.2	4,045.0	4,099.5	3,875.1

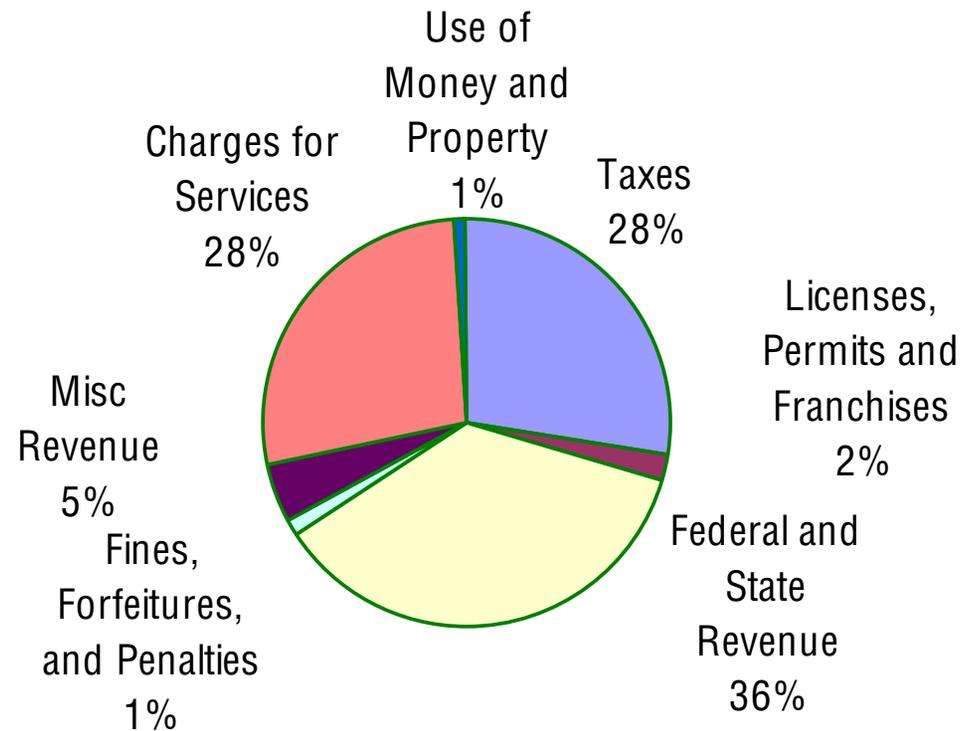


FY 2010-2011 Proposed Operating Plan and Budget

Revenues by Source

REVENUES

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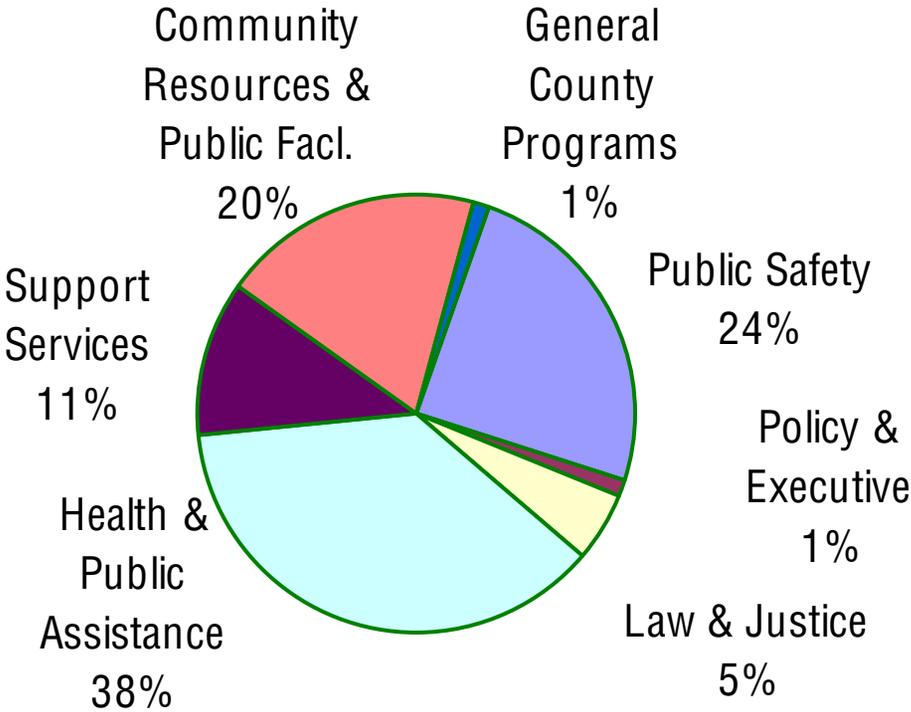


FY 2010-2011 Proposed Operating Plan and Budget

Expenditures by Function

EXPENDITURES

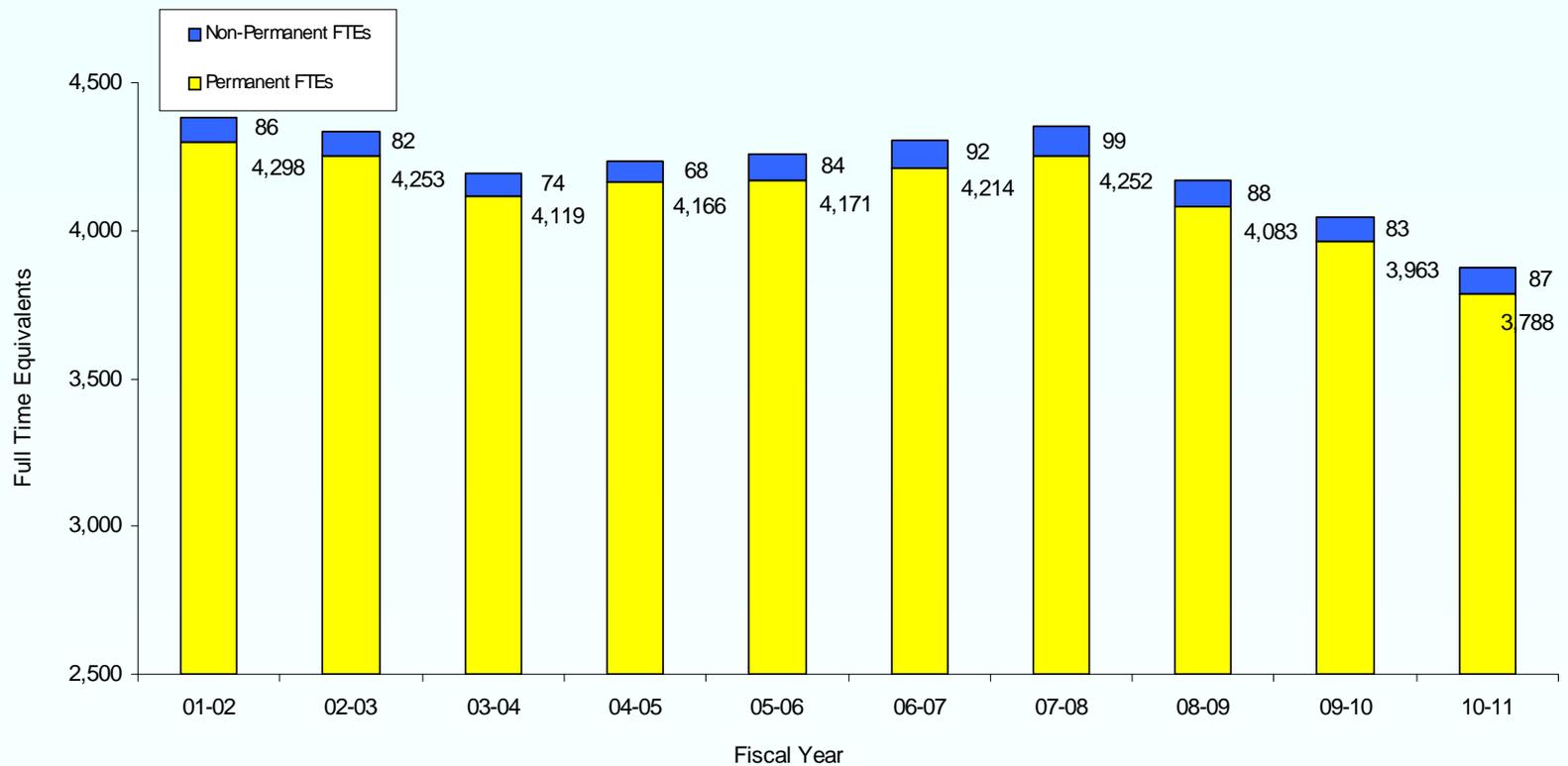
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Ten Year Staffing Trend

Santa Barbara County: Budgeted Permanent Full Time Equivalent (FTEs) vs. Non-Permanent FTEs

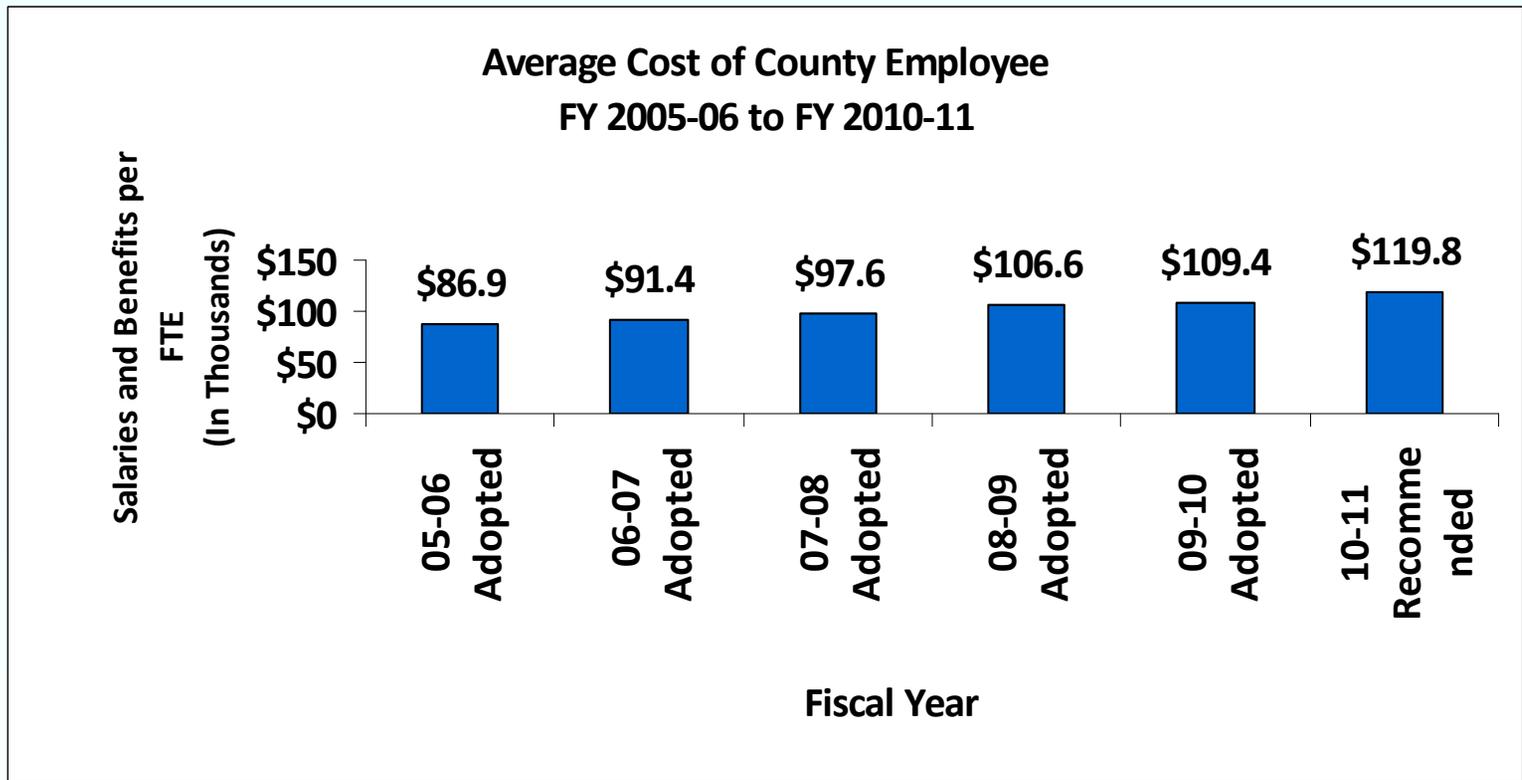
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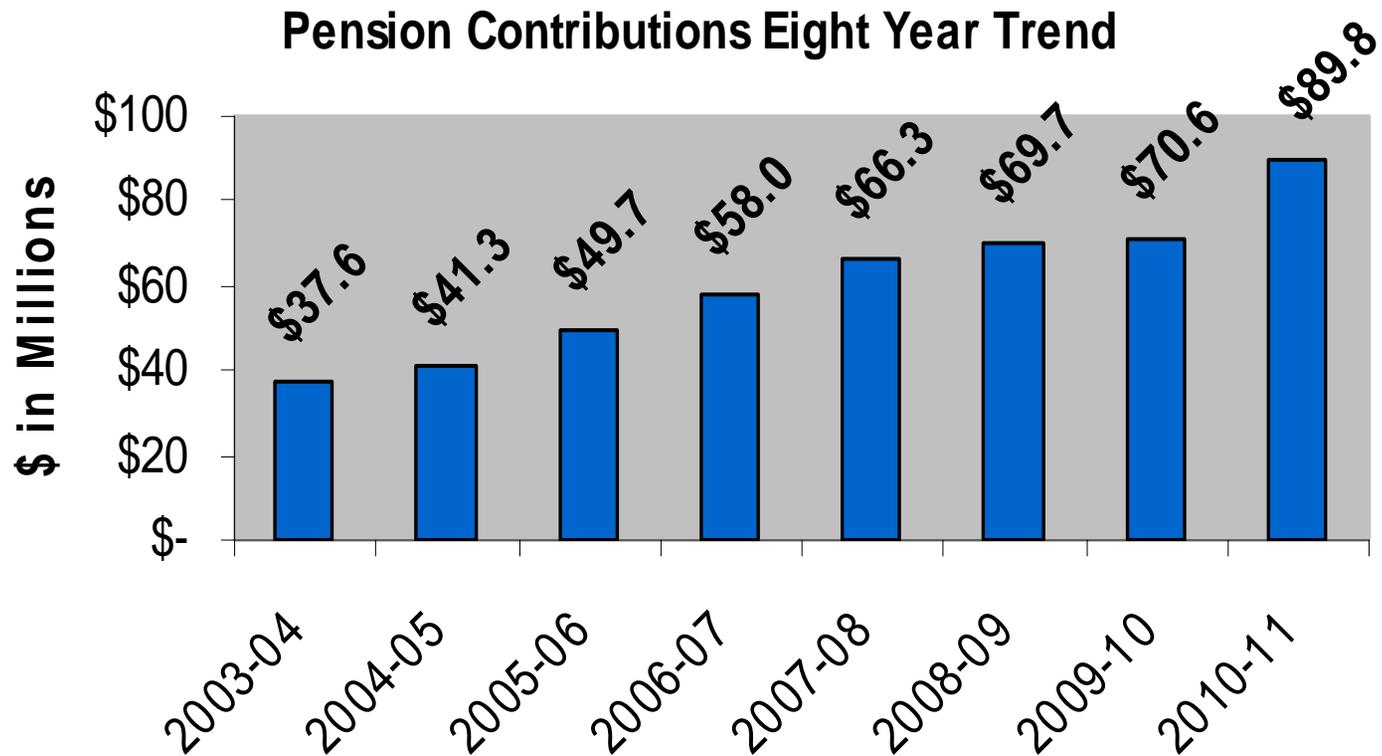
Salaries Per FTE

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Pension Contributions

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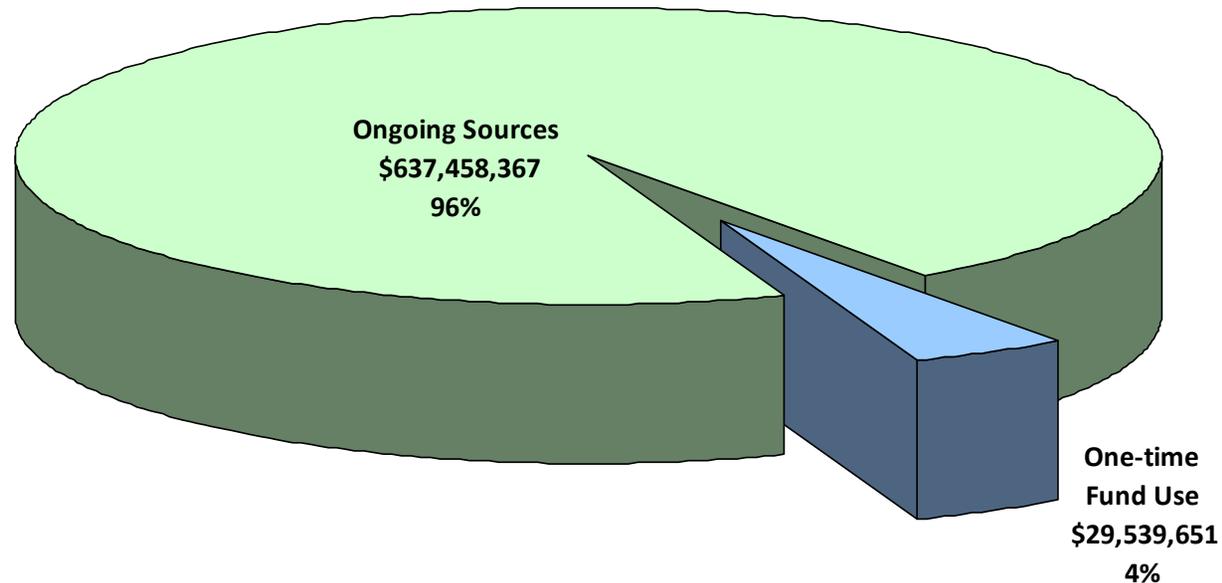


FY 2010-2011 Proposed Operating Plan and Budget

Use of One-Time Funds

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**Fiscal Year 2010-2011 Recommended Operating Budget:
Ongoing Sources vs. One-time Fund Use**



Note: Sum of Ongoing Sources and One-time Fund Use totals \$667 million and does not include the non-local share portion of the Department of Social Services' budget (an additional \$120 million).



Types of One-Time Funds

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General Fund Capital Designation	\$ 3,387,300
General Fund Salaries & Retirement Offset Designation	1,225,675
General Fund Strategic Reserve	7,087,064
Departmental Designations	6,735,623
TSAC Reserve	1,213,613
Special Revenue Funds Balance	6,326,430
Internal Service Funds Balance	833,442
Coastal Resource Enhancement Fund (CREF)	637,101
Other Sources	2,093,403
<hr/>	
Total	\$29,539,651



FY 2010-2011 Proposed Operating Plan and Budget

FY 2010-11 Budget Summary

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General Fund Designations					
Designation	6-30-2009 Ending Balance	2009-2010 Estimated Changes	6-30-2010 Estimated Balance	2010-2011 Recommended Changes	6-30-2011 Projected Balance
Capital	\$6,438,975	(\$2,063,000)	\$4,375,975	(\$2,887,300)	\$1,488,675
Roads	\$0	\$0	\$0	\$500,000	\$500,000
Litigation	\$3,795,291	(\$100,000)	\$3,695,291	(\$1,000,000)	\$2,695,291
ARRA Matching	\$0	\$580,383	\$580,383	\$0	\$580,383
Salary & Benefits Reductions	\$1,343,240	(\$1,229,240)	\$114,000	\$0	\$114,000
Salaries & Ret. Offset	\$2,232,926	(\$876,000)	\$1,356,926	(\$1,225,675)	\$131,251
Deferred Maint. & Repair	\$292,472	(\$292,472)	\$0	\$0	\$0
Audit Exceptions	\$3,003,951	(\$877,035)	\$2,126,916	\$0	\$2,126,916
Contingencies	\$0	\$0	\$0	\$800,000	\$800,000
Strategic Reserve	\$22,395,981	(\$1,332,628)	\$21,063,353	(\$11,934,142)	\$9,129,211
TOTAL	\$39,502,836	(\$6,189,992)	\$33,312,844	(\$15,747,117)	\$17,565,727



FY 2010-2011 Proposed Operating Plan and Budget

FY 2010-11 Budget Summary

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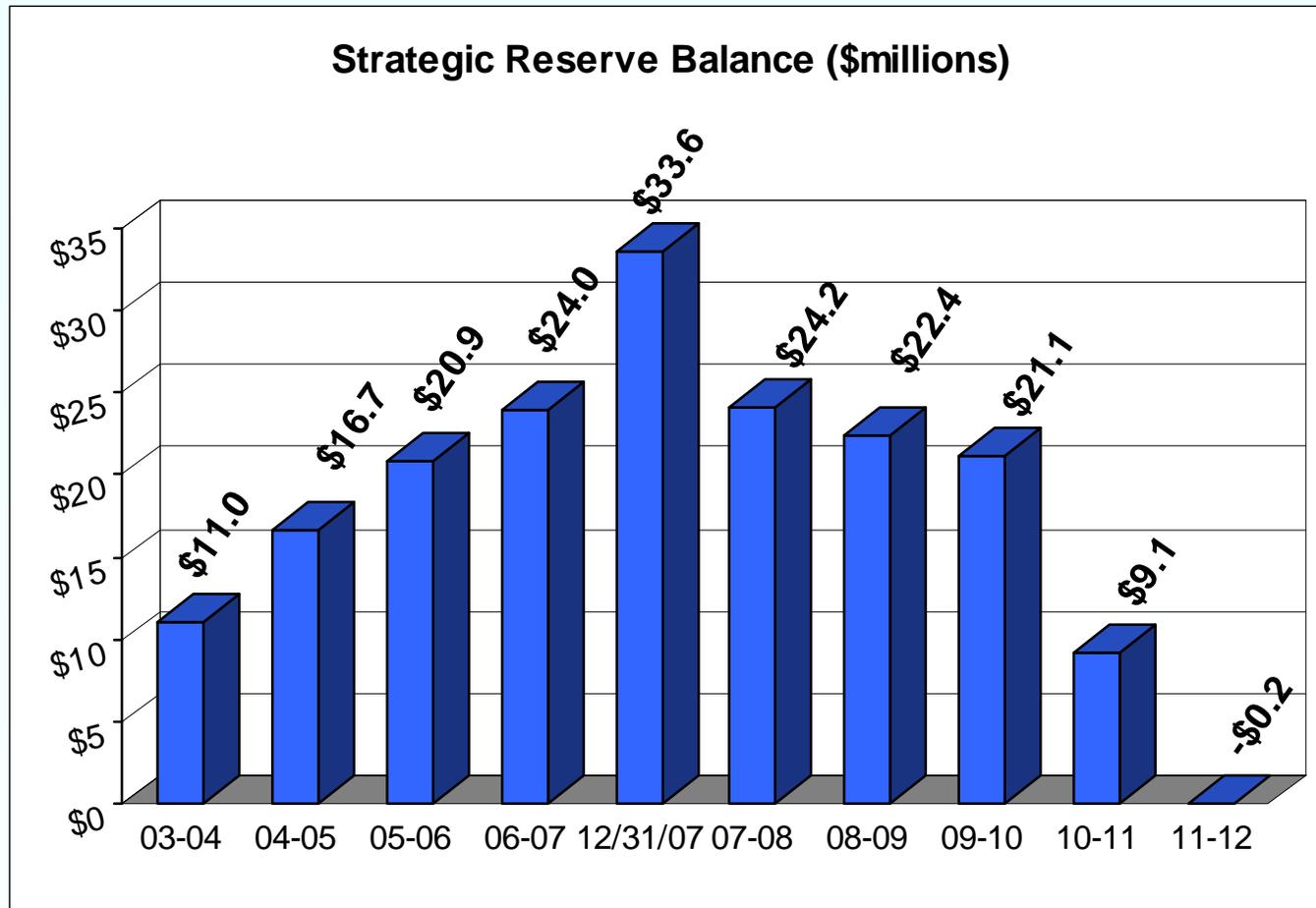
- General Fund Allocations to Designations:
 - \$800,000 for Board contingency to have appropriation for unanticipated needs
 - Average annual use has been \$711,000
 - \$500,000 for Capital Designation for capital expenditure requirements that arise during the fiscal year & unanticipated cost over-runs
 - Recent examples include: Russell Ranch, Property acquisition settlements, CIP preliminary design
 - \$3 million for Deferred Maintenance and Repair
 - County has \$42 million backlog and this designation provides funding for a fourteen year cycle
 - Less expensive to provide ongoing maintenance than to fund future replacements
 - \$15 million backlog for Parks
 - \$27 million for County facilities



FY 2010-2011 Proposed Operating Plan and Budget

Strategic Reserve Balance

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General Fund portion of the MISC contingent liability is \$9.4 million



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	Estimated Fund Balances as of June 30, 2010	Revenues & Other Financing Sources	Expenditures & Other Financing Uses	Estimated Fund Balances as of July 1, 2011
Governmental Funds				
<u>Major Funds</u>				
General Fund	\$ 77,065,938	\$ 395,729,387	\$ 416,233,697	\$ 56,561,628
Flood Control Districts	60,000,719	17,425,784	16,150,857	61,275,646
Public Health	24,092,220	81,803,496	86,719,130	19,176,586
Capital Projects	18,768,753	20,460,985	34,575,444	4,654,294
Roads Fund	8,522,876	40,370,074	41,316,840	7,576,110
Alcohol Drug & Mental Health Services	4,967,654	80,443,740	77,615,658	7,795,736
Social Services	4,954,025	138,569,590	141,804,278	1,719,337
RDA - Debt Service	(14,997,290)	186,603	742,287	(15,552,974)
<u>Other Governmental Funds</u>				
Muni Finance - Debt Service	7,169,179	6,412,025	8,427,131	5,154,073
First 5 Children and Families Commission	5,429,471	5,002,110	4,950,378	5,481,203
RDA - Special Revenue	17,240,030	4,105,000	8,850,485	12,494,545
Water Agencies	5,992,573	10,728,458	11,311,818	5,409,213
Fire Protection District	7,558,156	28,592,232	34,315,489	1,834,899
County Service Areas	2,158,284	29,505,784	29,785,403	1,878,665
Public and Educational Access	1,591,772	10,000	138,050	1,463,722
Affordable Housing	3,900,703	6,557,060	6,628,011	3,829,752
Seawalls	29,305	400	27,918	1,787
Inmate Welfare	855,943	941,000	1,396,343	400,600
Criminal Justice Construction	290,064	1,080,069	1,367,881	2,252
Lighting Districts	345,051	408,077	406,898	346,230
Courthouse Construction	206,481	1,080,000	582,089	704,392
Coastal Resources Enhancement	1,517,614	638,000	1,470,856	684,758
Special Aviation	279,590	17,250	3,000	293,840
Fishermen Assistance	424,640	11,950	35,100	401,490
Community Facilities Districts	277,654	400,308	397,389	280,573
Court Operations	163,343	14,860,684	14,848,684	175,343
IHSS Public Authority	23,229	6,752,173	6,752,173	23,229
Child Support Services	204,491	9,481,889	9,481,889	204,491
Fish and Game	32,170	4,850	17,531	19,489
Petroleum	145,211	361,500	490,111	16,600
Sub-Total	239,309,848	901,940,478	956,842,817	184,407,509
Proprietary Funds				
<u>Major Funds</u>				
Resource Recovery Enterprise	38,868,527	22,355,591	23,137,457	38,086,661
Laguna Sanitation Enterprise	27,117,026	7,166,862	6,195,377	28,088,511
<u>Other Proprietary Funds</u>				
Vehicle Operations ISF	29,356,228	9,517,100	10,584,483	28,288,845
Communications ISF	9,696,936	3,570,833	3,914,676	9,353,093
Data Processing ISF	4,044,821	6,209,880	6,693,999	3,560,703
Utilities ISF	5,307	6,739,679	6,739,679	5,307
Reprographics & Digital Services	354,654	965,500	1,245,451	74,703
Risk Management	9,774,915	20,848,871	33,510,704	(2,886,918)
Municipal Energy Finance Prog	797,500	6,329,192	16,532,785	(9,406,093)
Sub-Total	120,015,914	83,703,508	108,554,611	95,164,810
Total All Funds	\$ 359,325,762	\$ 985,643,986	\$ 1,065,397,428	\$ 279,572,320



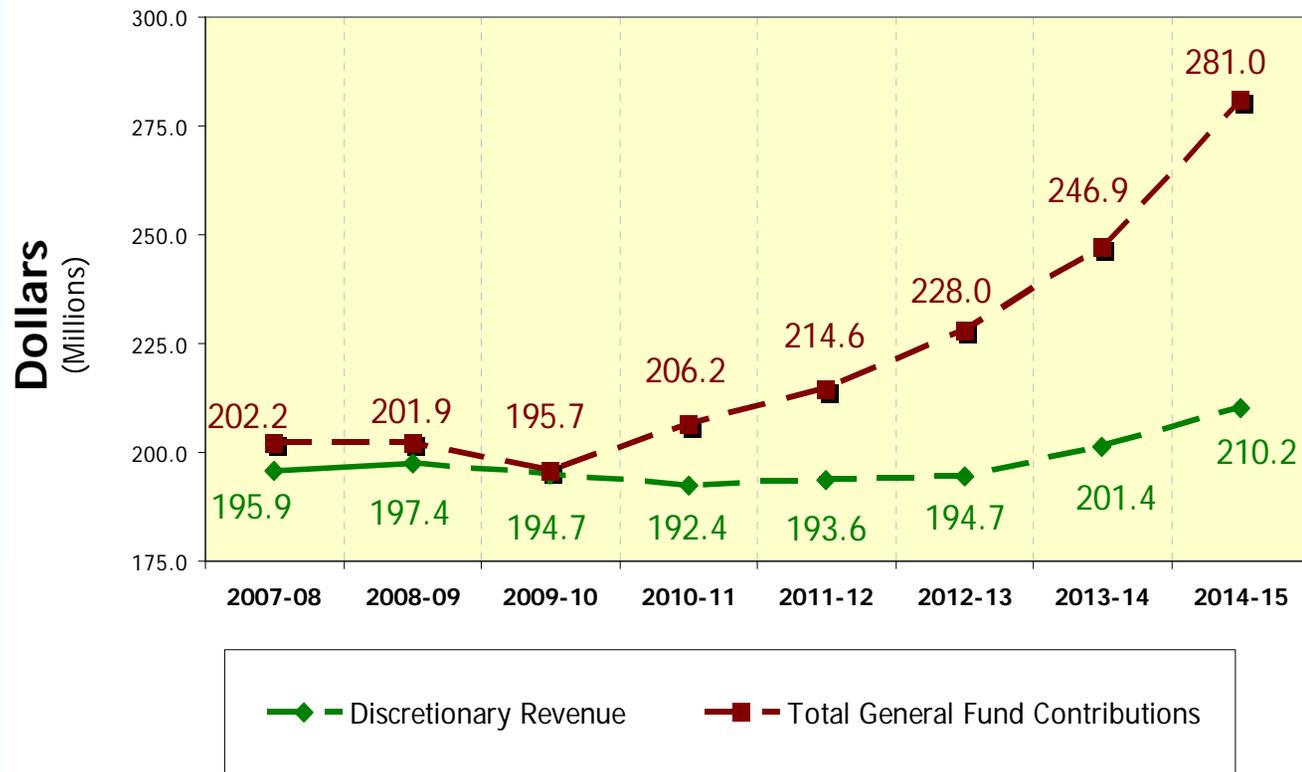
FY 2010-2011 Proposed Operating Plan and Budget

Five Year Forecast

Chart data as shown in Budget Book (A-19)

Five Year Local Discretionary Revenue & General Fund Contribution

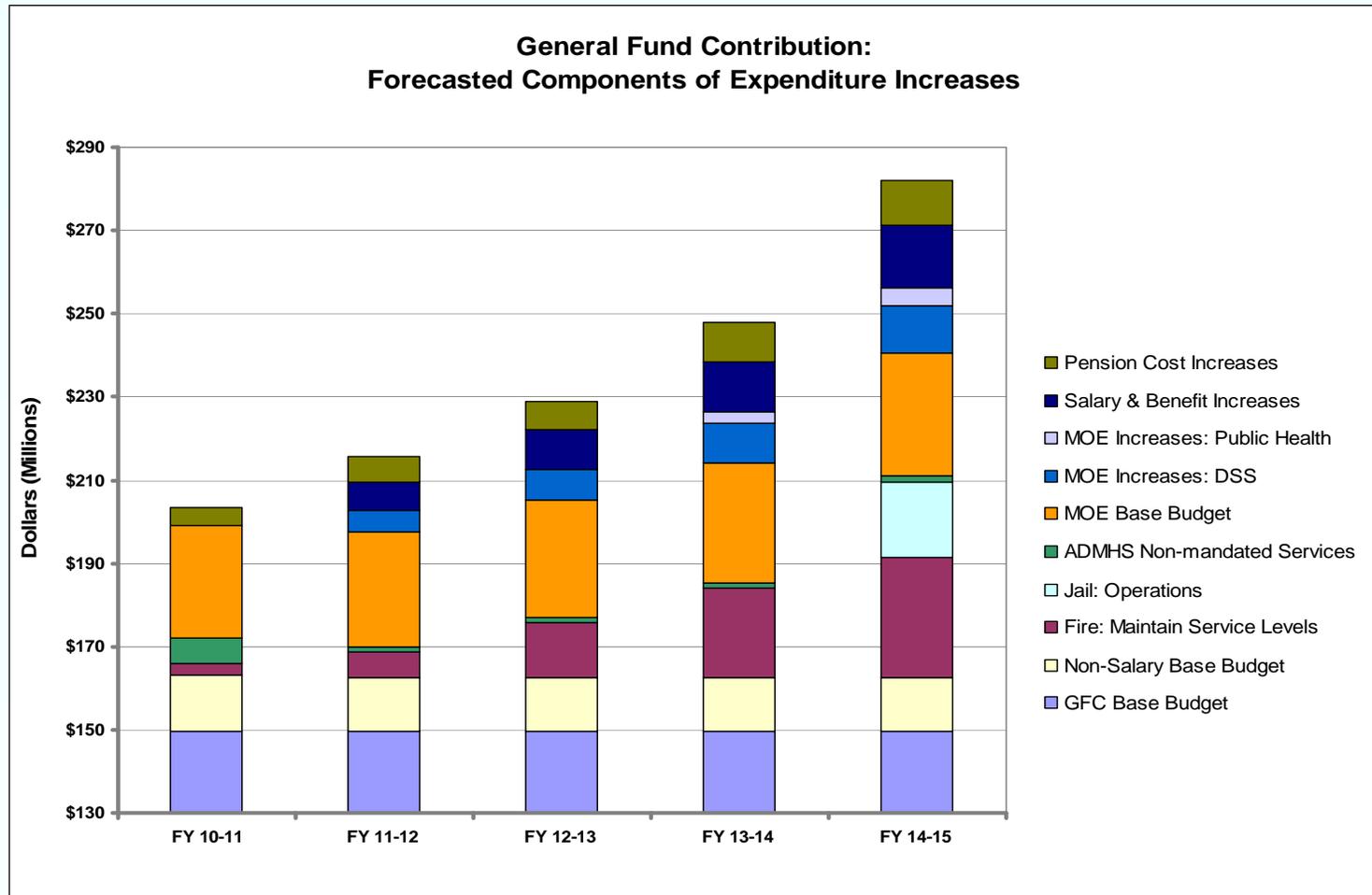
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Five Year Forecast

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FY 2010-2011 Proposed Operating Plan and Budget

Revenue Trend

Major Discretionary Revenues to Decline through FY 2013-14

Property Taxes

300% increase from latest peak in 1994

Foreclosures

Median Home Price 35% decrease from 2008 to 2009
Down to \$251K

Supplemental & Documentary Transfer Taxes down based on lower value and low sales.

Sales Tax

Sales Tax
Positive Growth but Expected Decline in FY 2012-13

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Positive Growth but Expected Decline in FY 2012-13

Revenues could mitigate the use of one-time

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Recommendations

To Adopt FY 2010-11 Budget



FY 2010 - 2011 Proposed Operating Plan and Budget

Recommendations

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Recommend

1. Approve final budget adjustments to the Fiscal Year 2010-11 Recommended Budget;
2. Delegate authority to the County Executive Officer to execute ongoing grants and contracts included in the Recommended Budget;
3. Authorize the County Executive Officer to approve ongoing contracts where amounts are up to 10% more or less than indicated amounts, or up to \$5,000 more or less than indicated amounts on contracts under \$50,000, without returning to the Board for approval; and
4. Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2010-11.
5. By separate resolution, adopt the County Redevelopment Agency budget for FY 2010-11.



FY 2010-2011 Proposed Operating Plan and Budget