

2016-2018 BUDGET HEARINGS

**“Challenges, Changes and Choices Ahead”
Budget in Brief**

June 13 -17, 2016

Budget in Brief - Presentation

- Budget Hearing Materials
- Countywide Budget in Brief
 - Revenues by Category
 - Revenues by Fund
 - Discretionary Revenues
 - Operating Expenditures
- Commitments and Discretionary Revenues
- Capital Expenditure Summary
- Key Issues in FY 2016-17 and Near Term
- Revenue Updates
- Available Fund Balances
- Funding for Board Deliberations
- Closing Comments

Budget Hearing Materials (Revised 6/9/16)

Binder Tabs/Description

1. Board Letter and Resolution (D), AOT Resolution & Adjustment (F-1 & F-2), NBJ Resolution & Adjustment (G-1 and G-2)
2. Board Inquiry Forms
3. Attachment A-1: CEO Rec. Budget Adjustments
Attachment A-2: Other Final Budget Adjustments
4. Attachment A-3: Dept. Budget Requests - Defer to Hearings, Prior Year Adopted Expansions and Attachment E: Board Adjustments
5. Attachments B & C: Ongoing Grants/Contracts
6. Addendum & Misc.
7. Successor Agency to Former RDA-Board Letter and Resolution
8. CEO Budget Overview & Budget in Brief
9. Outside Agency Requests for Funding
- 10-32. Departmental Presentation Materials

Financial Updates

- Received PILT in FY 15-16 for 16-17 appropriation (+\$1.6M)
- Additional TSAC funding for DBW (+\$500k)
- Reduction in Children's H/C Initiative costs (+\$500k)
- NBJ Transition Staff (-\$1.3M)
- Laura's Law Pilot Program (-\$606k)
- District Attorney North County Gang Case (-\$300k)

Transfer:

- Transfer to NBJ Construction Fund (\$14.7M)

Budget at a Glance

Countywide Revenues & Expenditures

	FY 2014-15 Actual	FY 2015-16 Adopted	FY 2016-17 Recommended	FY 2017-18 Proposed
Total Operating Revenues	924.9	971.6	1,018.5	1,049.3
Total Operating Expenditures	882.9	979.2	\$ 1,008.1	1,035.2
Net Operating Impact*	\$ 42.0	\$ (7.6)	\$ 10.4	\$ 14.1
Staffing FTE's	4,141.4	4,340.9	4,350.0	4,348.0

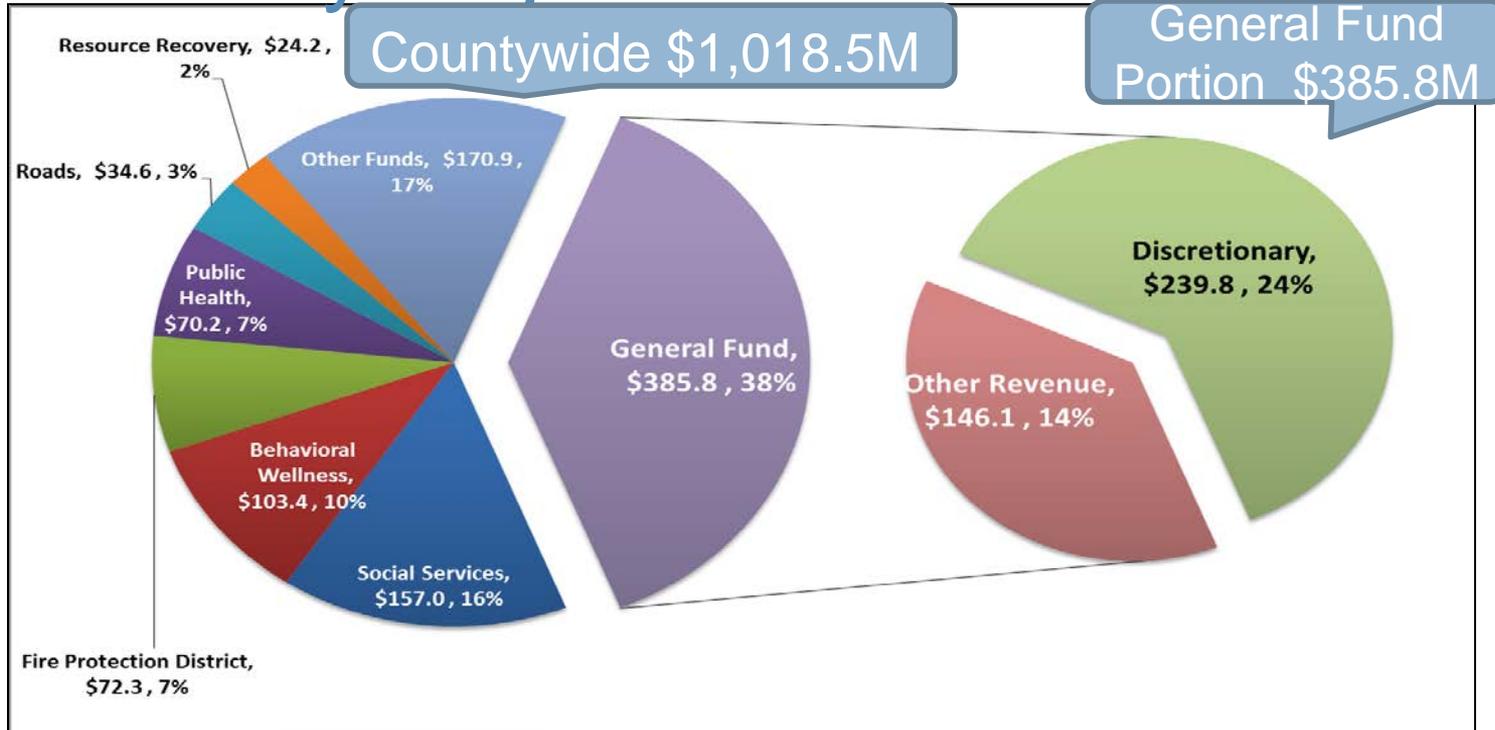
*Net Operating Impact is funded by Other Financing Sources or use of Fund Balances

FY 2016-17 Recommended Budget Countywide Revenue by Category

Budget By Categories of Revenues	Actual FY 14-15	Adopted FY 15-16	Change from FY15-16 Ado to FY16-17 Rec	Recommended FY 16-17	Proposed FY 17-18
Taxes	\$ 269,399,429	\$ 279,148,006	\$ 13,174,102	\$ 292,322,108	\$ 305,423,531
Licenses, Permits and Franchises	16,891,218	18,053,768	587,647	18,641,415	19,106,194
Fines, Forfeitures, and Penalties	9,579,252	7,960,844	(30,027)	7,930,817	7,817,160
Use of Money and Property	5,892,070	4,015,819	17,504	4,033,323	4,125,908
Intergovernmental Revenue	344,784,302	373,026,761	14,425,906	387,452,667	397,502,261
Charges for Services	229,964,379	245,604,661	16,629,932	262,234,593	267,016,673
Miscellaneous Revenue	48,364,904	43,785,647	2,134,069	45,919,716	48,282,137
Total Operating Revenues	924,875,555	971,595,506	46,939,133	1,018,534,639	1,049,273,864

\$46.9M Growth or 4.8%

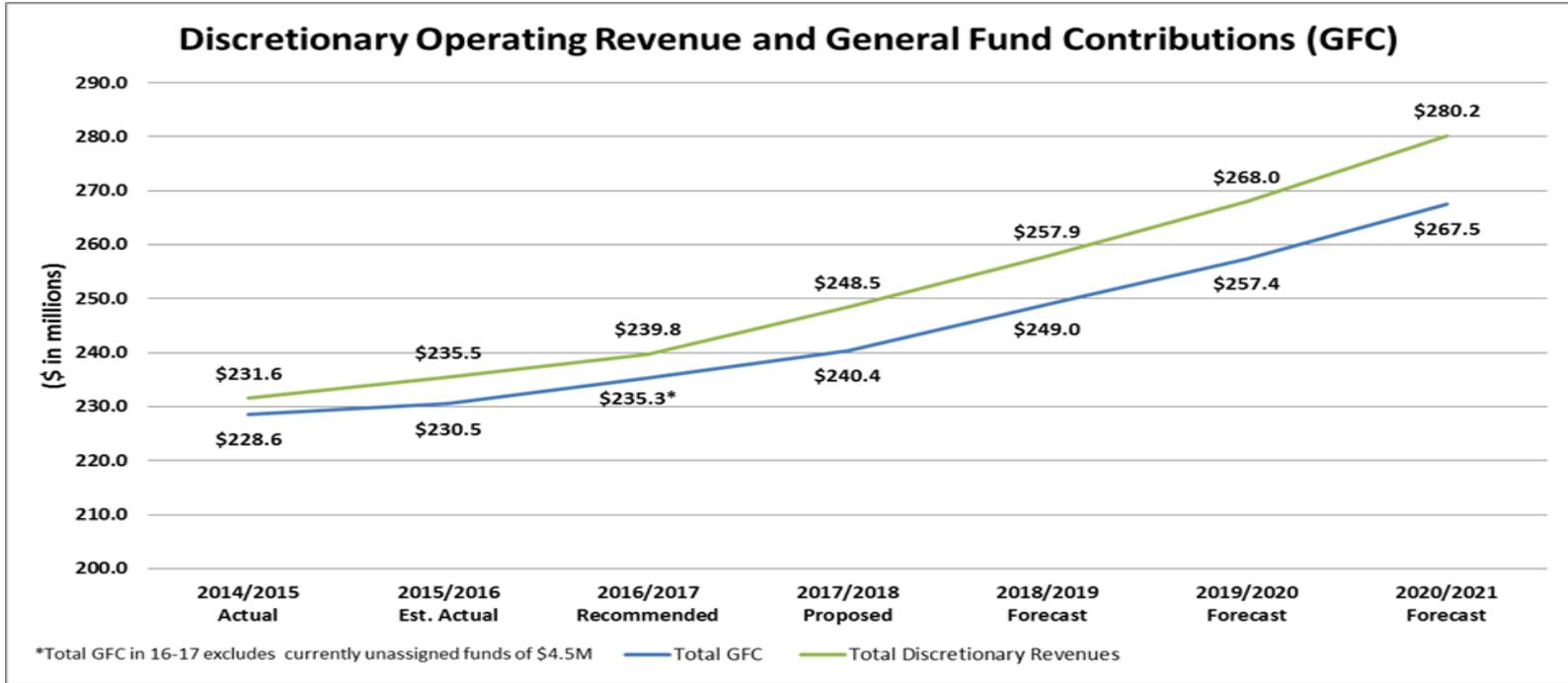
Operating Revenues - \$1,018.5M Shown by Major Fund



FY 2016-17 Recommended Budget Discretionary General Revenues

Discretionary General Revenue Summary:				
Source (Dollars in Millions)	FY 2014-15 Actual	Adopted FY 2015-16	FY 2016-17 Recommend	FY 2017-18 Proposed
Significant Property Taxes	\$ 185.3	\$ 188.1	\$ 198.1	\$ 205.7
RDA Dissolution Proceeds - One time	-	-	-	-
RDA Prop. Tax - Ongoing	5.2	5.4	5.7	5.9
Subtotal Property Taxes	\$ 190.5	\$ 193.5	\$ 203.8	\$ 211.6
Cost Allocation Services	9.3	11.9	11.2	11.3
Local Sales Tax	7.8	8.8	10.2	10.5
Transient Occupancy Tax	8.6	8.0	9.4	9.8
Payments in Lieu of Tax	1.7	-	-	-
All Other (Franchise, interest, misc State)	14.0	8.3	5.2	5.3
Total Discretionary Revenues	\$ 231.8	\$ 230.5	\$ 239.8	\$ 248.5
Growth Year over Year			\$ 9.3	\$ 8.7
Rate of Growth			4.0%	3.6%

FY 2016-17 to 2020-21 Recommended Budget Discretionary General Revenues



FY 2016-17 Recommended Budget Operating Expenditures

(Dollars in millions)	FY 2014-15 Actual	FY 2015-16 Adopted	Change from FY 2015-16 to FY 2016-17	FY 2016-17 Recommend	FY 2017-18 Proposed
Salaries and Employee Benefits					
Regular Salaries	\$ 293.8	\$ 332.2	\$ 15.1	\$ 347.3	\$ 359.5
Budgeted Salary Savings	0.0	(14.8)	(4.1)	(18.9)	(20.2)
Retirement Contribution	113.0	122.2	0.8	123.0	127.0
Retiree Medical OPEB	9.1	12.7	1.3	14.0	15.4
Health Insurance Contrib	27.7	36.0	4.1	40.1	44.4
Workers Compensation	14.8	16.5	0.9	17.4	19.2
Other Salaries & Benefits	53.5	52.5	(2.3)	50.2	50.9
Total Salaries and Benefits	\$ 511.9	\$ 557.3	\$ 15.8	\$ 573.1	\$ 596.2
% Change			2.8%		
Services and Supplies					
Contractual & Special Services	83.5	123.0	1.7	124.7	127.6
All Other Services & Supplies	157.1	176.8	7.4	184.2	178.6
Total Services and Supplies	\$ 240.6	\$ 299.8	\$ 9.1	\$ 308.9	\$ 306.2
% Change			3.0%		
Other Charges					
Cash Assistance Payments	48.3	49.7	1.7	51.4	52.2
All Other Charges	82.0	72.4	2.3	74.7	80.6
Total Other Charges	\$ 130.3	\$ 122.1	\$ 4.0	\$ 126.1	\$ 132.8
% Change			3.3%		
Total Operating Expenditures	\$ 882.8	\$ 979.2	\$ 28.9	\$ 1,008.1	\$ 1,035.2
% Change			3.0%		

Controlled growth in
Salaries & Benefits

Controlled Salary & Benefit Growth

- 57% of countywide costs are Salaries & Benefits
- S&B projected \$15.8M or 2.8% to \$573.1M (revenue growth is 4.8%)
- Salary growth = \$11.0M (net of projected vacancy savings) 3.5% growth
- Retirement increase \$0.8M or 0.7%
- Healthcare increase \$4.1M or 11.4%
- Workers Compensation \$0.9M or 5.5%
- OPEB –contribution rate increased to 4% of pensionable payroll, new funding plan adopted in March 2016

Continued Commitments

- Strategic Reserve
- NBJ Operations Funding
- Deferred Maintenance; capital/infrastructure improvement
- Fire Tax Shift
- Employee agreements
- Plans to address unfunded liabilities:
 - pension and
 - retiree healthcare

NBJ – Funding Construction Overage

Northern Branch Jail - Funding Transfers	
Source (transfer from)	Amount
NBJ Operations Fund Balance	\$ 12,284,377
SB 1022 Fund Balance (unspent funds)	\$ 1,972,476
AB 900 Contingency Fund Balance	\$ 500,000
Transfer to NBJ Construction Fund	\$ 14,756,853

Northern Branch Jail

Revised Operations Funding Plan

If Jail Opens Fully Staffed March 1, 2019

Fiscal Year	GFC Base	GFC Increase	Total GFC	County Match Construction	Operating Costs	End of Year Balance
2011-12	\$ -	\$ 1.0	\$ 1.0	\$ -	\$ -	\$ 1.0
2012-13	1.0	1.0	\$ 2.0	(3.0)	-	-
2013-14	2.0	1.3	\$ 3.3	-	-	3.3
2014-15	3.3	1.3	\$ 4.6	-	-	7.9
2015-16	4.6	1.5	\$ 6.1		(0.2)	13.8
2016-17	6.1	1.5	\$ 7.6	(12.2)	(2.0)	7.2
2017-18	7.6	1.5	\$ 9.1	-	(3.8)	12.5
2018-19	9.1	1.8	\$ 10.9	-	(11.1)	12.3
2019-20	10.9	1.8	\$ 12.7	-	(17.9)	7.2
2020-21	12.7	2.2	\$ 14.9	-	(18.4)	3.7
2021-22	14.9	2.2	\$ 17.1	-	(19.0)	1.8
2022-23	\$ 17.1	\$ 2.2	\$ 19.3	\$ -	(19.5)	1.6

Jail opens March 2019

 Additional construction costs

Maintenance Funding

Maintenance Funding for FY 2016-17				
	Public Works	General Services	Comm. Services Department	Maintenance Total
Baseline	\$ 500,000	\$ 1,300,000	\$ 500,000	\$ 2,300,000
18% Maintenance Funding	1,250,000	875,000	375,000	\$ 2,500,000
One Time Maintenance Funds	1,250,000 ¹	100,000 ²	100,000 ³	\$ 1,450,000 *
Subtotal	\$ 3,000,000	\$ 2,275,000	\$ 975,000	\$ 6,250,000
Funding for Capital Debt Service	-	1,400,000 ⁴	-	1,400,000 *
	\$ 3,000,000	\$ 3,675,000	\$ 975,000	\$ 7,650,000

Notes

¹ Public Works one-time maintenance funds include CEO Recommended Expansions for road maintenance.

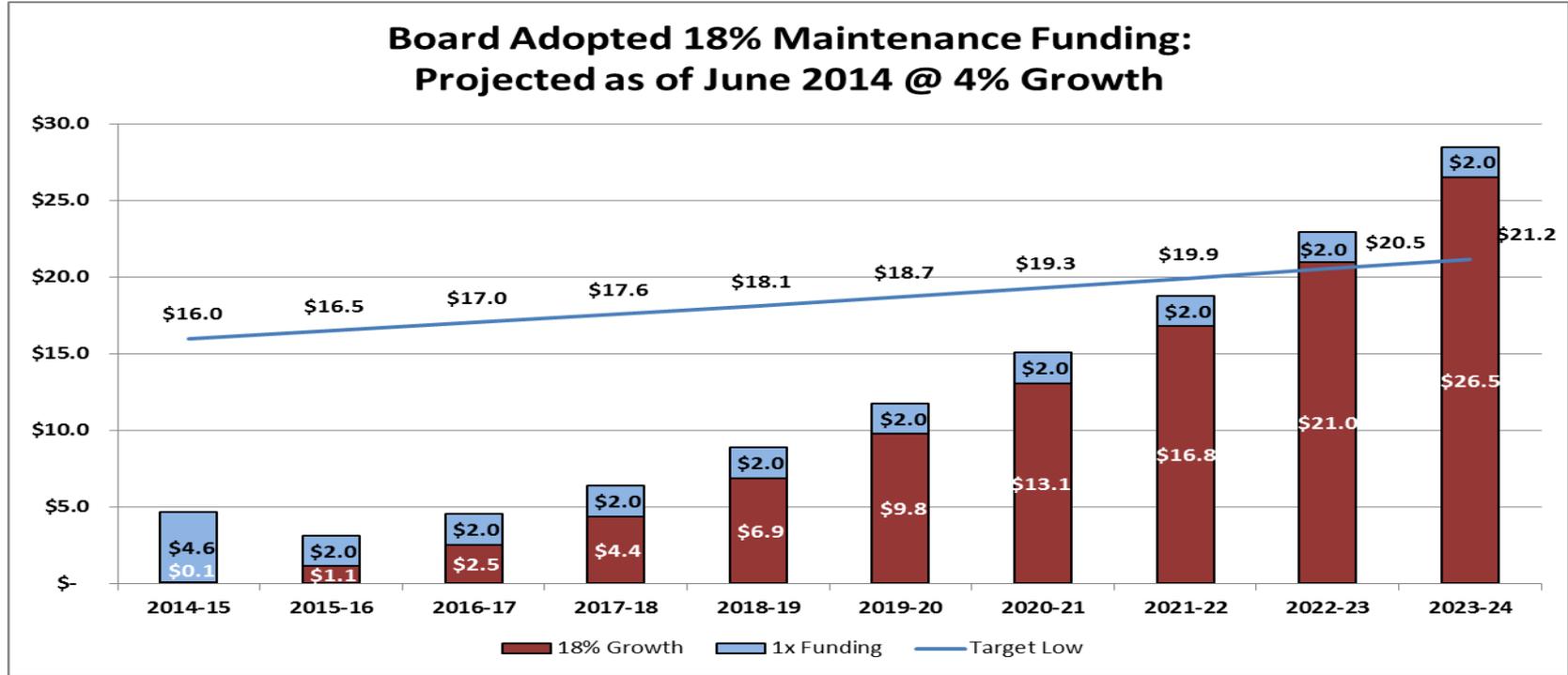
² General Services one-time maintenance funds include CEO Recommendations for water reduction measures.

³ CSD one-time maintenance funds include CEO Recommendations for dead tree clearing.

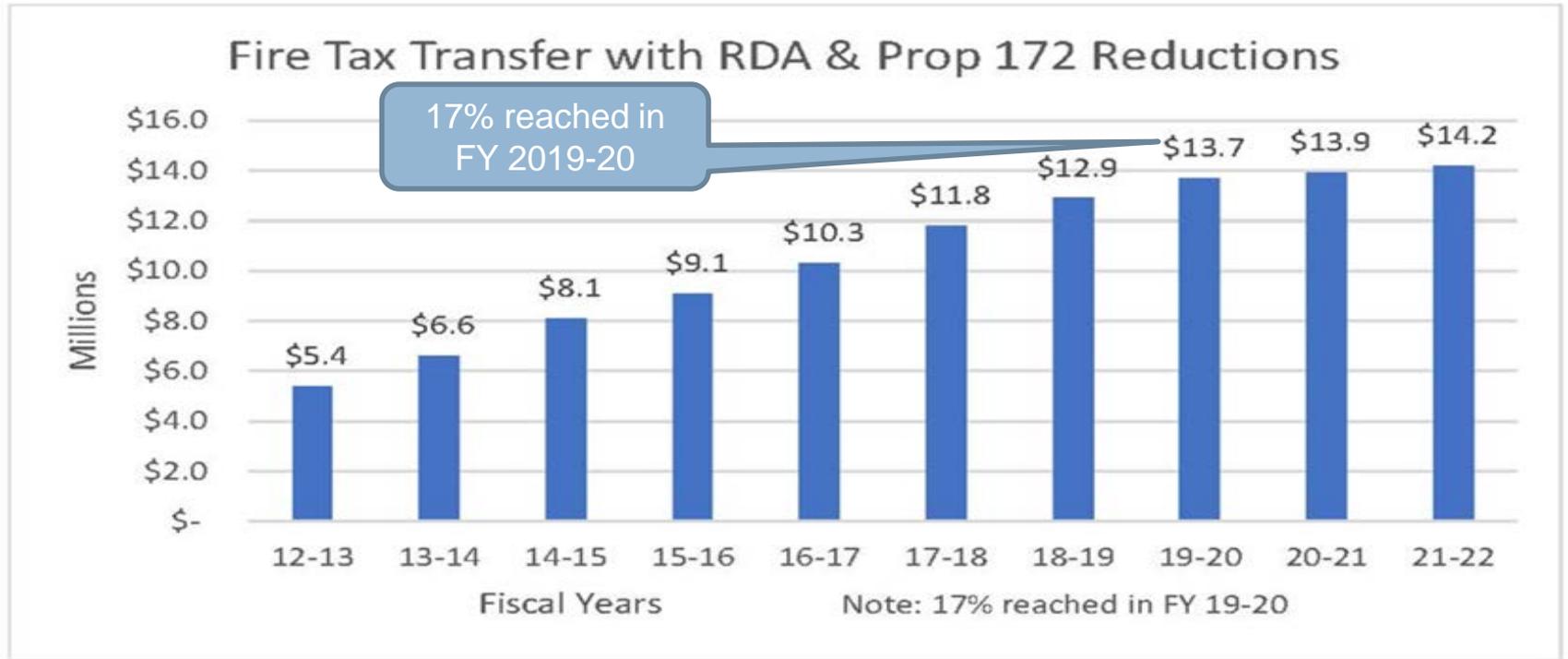
⁴ General Services debt service to support acceleration of needed capital projects is included in CEO Recommendations. Proceeds could be used for non-General Service projects.

* - Additional FY 2016-17 funding, in excess of policy is \$2,850,000

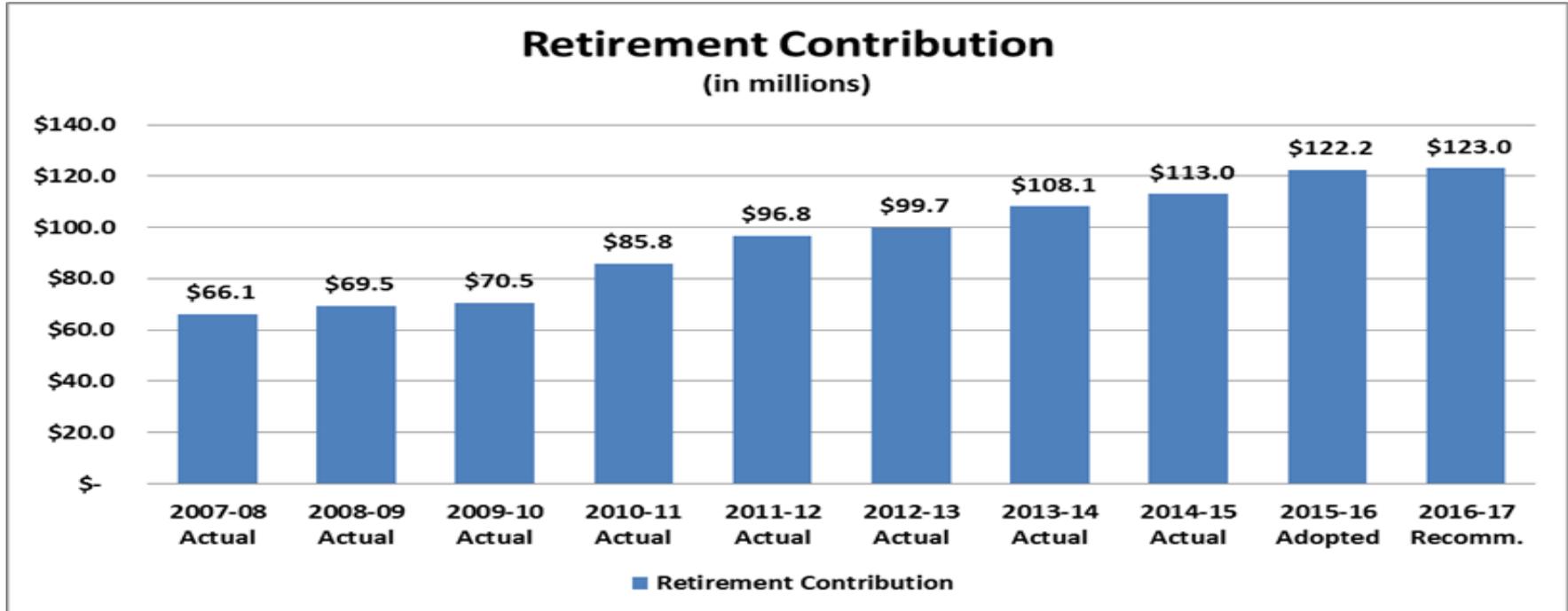
Maintenance Funding



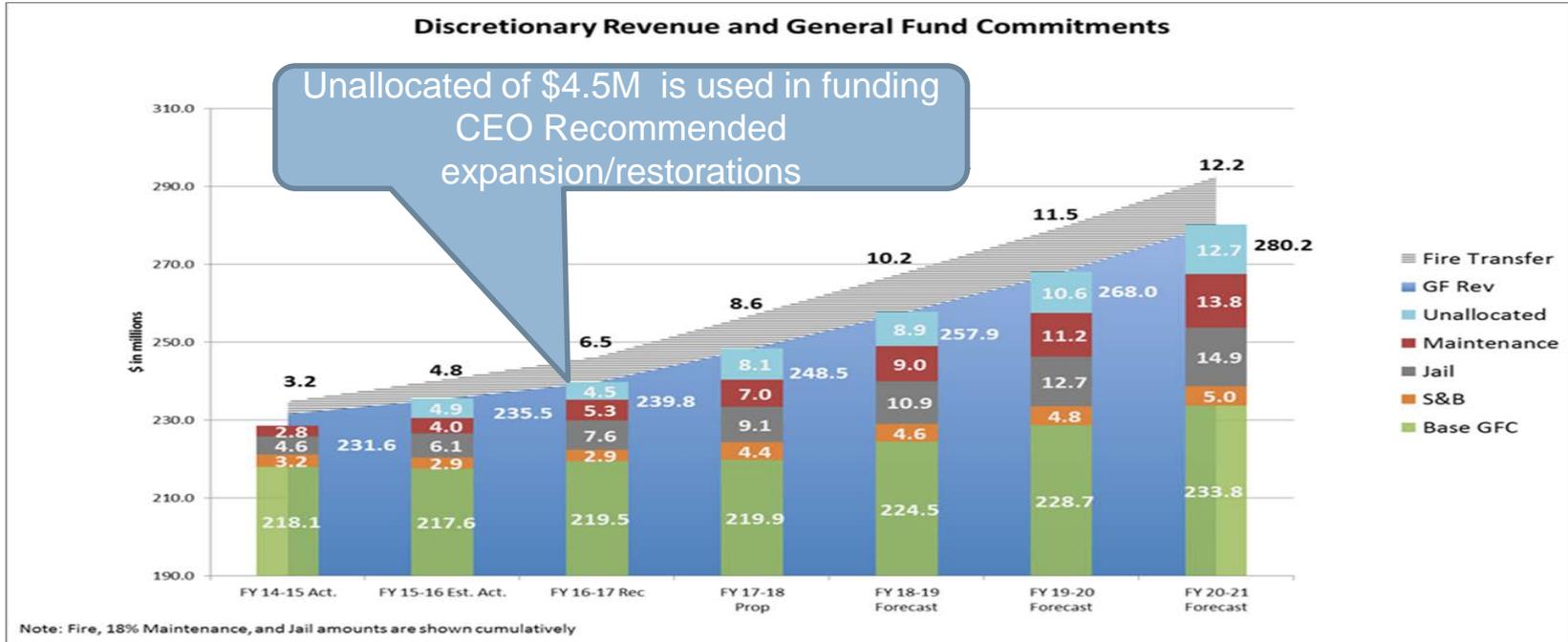
Fire Property Tax Shift



Retirement



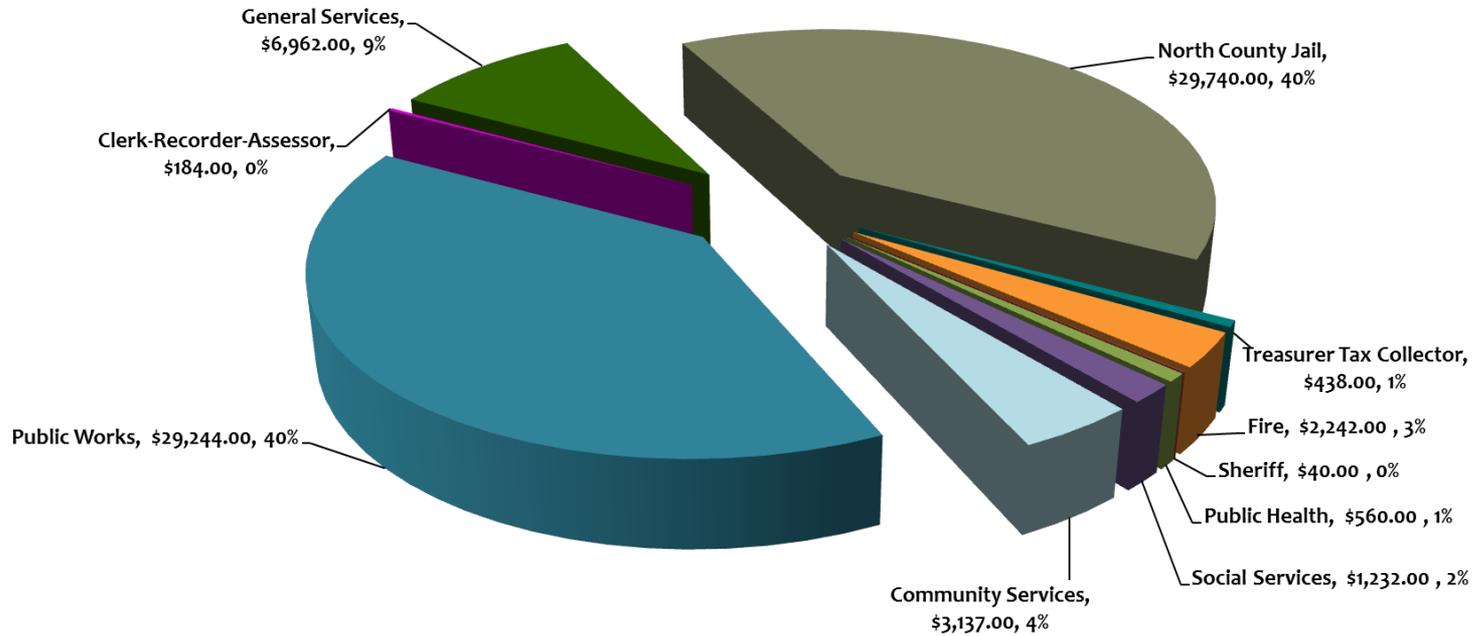
FY 2016-17 Recommended Budget Discretionary Rev. & GF Commitments



Unallocated of \$4.5M is used in funding CEO Recommended expansion/restorations

Capital Summary

CIP Through Fiscal Year 2016-17, By Department



Capital Summary

Significant FY 2016-17 planned projects:

- Northern Branch County Jail AB-900
- Fire Station 21 Rebuild - Cuyama
- Jalama Beach Affordable Overnight Accommodations
- Lower Mission Creek Flood Control Project
- Goleta Beach Access Bridge

Revenue Update:

FY 2016-17:

- Assessor update on the tax roll and pipeline impact within CRA presentation (update)

Current Year FY 2015-16:

- Unanticipated PILT revenue of \$1.6M to be received in FY 2015-16 and used for FY 2016-17 appropriation
- In Q3, we had projected favorable variance of \$4.2M (\$5.8M less PILT recognized above). A tax impound adjustment in FY 2015-16 is expected to reduce this amount by \$700k. Any favorable year end variance will increase Residual Fund balance (after Strategic Reserve & 18% Maint. adjustment).

Available Fund Balances

(per Budget Book)

General Fund Key Discretionary Fund Balance Components Detail					
Fund Balance Component	Per Budget Policies	6/30/2016 Estimated Balance	2016-17 Proposed Increases	2016-17 Proposed Decreases	6/30/2017 Projected Balance
Roads	Yes	\$ -	\$ 500,000	\$ (500,000)	\$ -
Litigation	Yes	\$ 908,153	\$ 350,000	\$ (350,000)	\$ 908,153
Salary, Benefits, & Pension Cost Increases		\$ 1,441,259	\$ -	\$ (961,608)	\$ 479,651
Deferred Maintenance	Yes	\$ 5,997	\$ 2,300,000	\$ (1,800,000)	\$ 505,997
18% Deferred Maintenance	Yes	\$ -	\$ 2,507,000	\$ (2,500,000)	\$ 7,000
Audit Exceptions		\$ 982,295	\$ -	\$ -	\$ 982,295
Mental Health	Yes	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
New Jail Operations	Yes	\$ 13,752,431	\$ 7,600,000	\$ (641,657)	\$ 20,710,774
Emerging Issues		\$ 9,001	\$ 2,556,000	\$ (2,243,664)	\$ 321,337
Contingencies	Yes	\$ 2,732,762	\$ -	\$ (420,000)	\$ 2,312,762
Strategic Reserve	Yes	\$ 29,865,000	\$ 1,089,805	\$ -	\$ 30,954,805
Unassigned Fund Balance		\$ 2,136,494	\$ 4,594,066	\$ (2,136,000)	\$ 4,594,560
TOTAL		\$ 51,833,392	\$ 22,496,871	\$(11,552,929)	\$ 62,777,334

Available Fund Balances – REVISED

(with Recent Updates)

General Fund Key Discretionary Fund Balance Components Detail - Changes since Budget Book							
Fund Balance Component	Per Budget Policy	Estimated Balance 6/30/17	2016-17 Proposed Increases	Note	2016-17 Transfers & Decreases	Note	Estimated Balance 6/30/2017
Capital		\$ -			\$ 1,400,000	3	\$ 1,400,000
Roads	Yes	-	-		-		-
Litigation	Yes	908,153	-		-		908,153
Salary, Benefit, & Pension Cost Increases		479,651	-		770,349	4	1,250,000
Deferred Maintenance	Yes	505,997	-		(500,000)	5	5,997
18% Deferred Maintenance	Yes	7,000	-		-		7,000
Audit Exceptions		982,295	-		(982,295)	6	-
Mental Health	Yes	1,000,000	500,000	1	(500,000)	7	1,000,000
New Jail Operations	Yes	20,710,774	-		(13,608,917)	8	7,101,857
Emerging Issues (one-time)		321,337	1,600,000	2	(1,657,634)	9	263,703
Contingencies		2,312,762	-		(1,312,762)	10	1,000,000
Strategic Reserve	Yes	30,954,805	-		-		30,954,805
Fund Balance Residual (one-time)		494	-		-		494
Unassigned Fund Balance (ongoing)		4,594,066	-		(3,863,371)	11	730,695
Total		\$ 62,777,334	\$ 2,100,000		\$ (21,654,630)		\$ 43,222,704

Available Fund Balances - Notes

(with Recent Updates)

1	Funding from Public Health - TSAC to fund Behavioral Wellness in 16-17
2	Recognize PILT funds in FY 2015-16 and use for FY 2016-17 appropriation
3	Set aside \$1.4 million for planned debt service to address capital needs
4	Transfer remaining balance in account (\$479,651) to Emerging Issues for one-time appropriation and set aside funding (\$1,250,000) for unexpected increases to employee costs or changes to pension contributions.
5	Transfer remaining deferred maintenance fund balance (\$500,000) to Emerging Issues account to fund one-time maintenance needs in 2016-17
6	Transfer funding from Audit Exceptions to Emerging Issues account for one-time appropriation (no identified need at this time).
7	Transfer funds in from Emerging Issues (\$1,105,556) to the MH account, which combined with the \$500,000 of TSAC funds will be used to transfer (\$1,606,556) to DBW for contracted inpatient beds.
8	Transfer funds (\$12.3 million) from NBJ Operations Fund to Jail Construction Fund per Board direction from May 23, 2016 meeting. Allocate funds (\$1.3M) to Sheriff for NBJ transitional hires.
9	This total reflects transfers into this fund balance from other fund balance accounts (see other footnotes) to enable funding of CEO Recommended one-time expansion requests.
10	The adjustment moves most of the balance to Emerging Issues (one-time) fund balance, leaving 1,000,000 in the Contingency account.
11	The reduction funds CEO Recommended ongoing expansions, primarily for; \$1,250,000 for unanticipated employee salary, benefit and pension costs (see #4) and to fund increases in Debt service of 1,400,000 for capital projects.

Attachment E

FY 2016-17 Attachment E - Board Adjustments to FY 2016-17 Recommended Budget - Template

Dept	Description	Ongoing Amount	One-Time Amount	Carbajal	Wolf	Farr	Adam	Lavagnino
	Funding Sources:							
	Unassigned Fund Balance - ongoing (9940)	730,695						
	Emerging Issues - one-time (9890)		263,703					
	Total Sources:	730,695	263,703	-	-	-	-	-
	Remaining Funding Sources	\$ 730,695	263,703					
	Board Recommended FY 2016-17 Uses:							
	Total Uses	\$ -	-	-	-	-	-	-

Closing Comments

- Moderate revenue growth:
 - Total county-wide revenue growth 4.8%
 - Property Tax Growth (4.5% gross; 3.4% net of Fire Tax Shift)
- Controlled expenditures for FY 2016-17, salary & benefit growth 2.8% (potential pension increases in FY 2017-18)
- Continue rebuilding the organization and finances after the recession:
 - Strategic Reserve on target;
 - Paying down unfunded liabilities (pension and retiree health)
 - Increasing funding for maintenance and infrastructure

Closing Comments

(Continued)

- Ongoing funding of Board priorities:
 - NBJ Operations Fund
 - Maintenance
 - Fire
 - Labor contracts (many still TBD)

Recommended Actions

- a) Consider and amend the Fiscal Year 2016-2017 Recommended Budget, including CEO Recommended Budget Expansions and Restorations;
- b) Adopt the Resolution of the Board of Supervisors entitled Assisted Outpatient Treatment (Laura's Law, Attachment F-1) and approve the final budget adjustment (Attachment F-2); and
- c) Adopt the Resolution of the Board of Supervisors entitled Updated Funding Contribution Certificate (Attachment G-1) for the Northern Branch Jail and approve the final budget adjustment (Attachment G-2); and

Recommended Actions

- d) Approve all remaining final budget adjustments to, and approve, the Fiscal Year 2016-17 Recommended Budget; including Attachments A-1, A-2 and E; and
- e) Delegate authority to the County Executive Officer to execute renewal of single-year grants and contracts (“ongoing grants and contracts”) included in the Recommended Budget that had previously been approved by the Board, where contract amounts are up to 10% greater or less than previously contracted amounts; and

Recommended Actions

- f) Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2016-17; and
- g) Determine pursuant to CEQA Guidelines §15378(b)(4) that the above fiscal activities are not a project subject to the California Environmental Quality Act.

Recommended Actions

Successor Agency to the former County of Santa Barbara Redevelopment Agency

- a) Adopt the Resolution of the Board of Supervisors of the County of Santa Barbara as the Successor Agency to the former County of Santa Barbara Redevelopment Agency, entitled In The Matter of Adopting The Budget For Fiscal Year 2016-17 For The County of Santa Barbara As Successor Agency To The Former County of Santa Barbara Redevelopment Agency.

QUESTIONS?

Savings from Delay in NBJ Opening

NBJ Operating Costs at Differing Opening Dates (\$'s in millions)				
Year	Original	March 2019	Variance	
2015-16	\$ (0.3)	\$ (0.2)	\$	0.1
2016-17	\$ (2.7)	\$ (2.0)	\$	0.7
2017-18	\$ (10.5)	\$ (3.8)	\$	6.7
2018-19	\$ (17.3)	\$ (11.1)	\$	6.3
2019-20	\$ (17.9)	\$ (17.9)	\$	0.0
Total Operating Costs	\$ (48.7)	\$ (34.9)	\$	13.8
Savings from Original Plan		\$	13.8	

Recent Updates to Available One-Time & Ongoing Funds

FUNDS AVAILABLE FOR APPROPRIATION			
One-Time Funding (Emerging Issues) Detail	One-Time (Emerg. Issues)	Ongoing	Ongoing Funding (Unassigned) Detail
Per Fund Balance Schedule	\$ 263,703	\$ 730,695	
Updates Since June 1, 2016:			
DBW, drawing less from Contingency to balance	383,000	75,000	Children's Healthcare Initiative, reduce transitional funding to \$150,000
Warming shelters, less funding needed	65,000	(390,000)	Property Tax Roll (potential, need Assessor update)
Projected Available Funds	\$ 711,703	\$ 415,695	