transforming our future

honing our commitments

FY 2019-20 ADOPTED BUDGET AT A GLANCE
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 of Santa Barbara’s commitment of resources, over decades in some cases, and continued prioritization. The County of Santa Barbara continues its commitment to Renew 2022, 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 FY 2019-20 Adopted 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.
The adopted budget is balanced with total operating revenues of $1,148.0 million and total operating expenditures and net increase to reserves of $1,148.0 million. Operating expenditures include both ongoing and one-time costs, and ongoing costs are largely supported by ongoing revenues. This is the first year since FY 2007-08 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 in FY 2019-20, 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 requested expansion requests in response to staffing deficiencies, structural deficits, or new service requirements. In advance of budget workshops, certain funding needs were addressed given their potential impact 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 departmental budgets, the County Executive Office continued to work with departments on specific issues and conducted more analysis on expenditures and available revenues. As a result, some expansion requests were considered and included in the recommended budget. CEO-recommended expansions totaled $2.5 million in General Fund ($0.6 million in ongoing funding and $1.9 million in one-time funding) and included 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 included criminal justice system enhancements, farmstays land use policy development, and regional climate action planning. Additionally, the Board approved one-time funding totaling $1.1 million for other expansions considered at the budget adoption hearing. These included cannabis tax compliance audits, library services, and a countywide recreational master plan.
Adopted operating revenues for all funds total $1,148.0 million. Intergovernmental revenue—revenue from State, federal, and other governmental sources—is the County’s largest source of operating revenue.
Adopted operating expenditures and net increase to reserves for all funds total $1,148.0 million. Salaries and employee benefit costs represent the County’s largest operating expenditure.

**Operating Expenditures by Category**

- Services & Supplies: 31.0%
- Other Charges: 12.6%
- Net Increase to Reserves: 0.9%
- Salaries & Employee Benefits: 55.5%

**Operating Expenditures by Function**

- Community Resources & Public Facilities: 18.0%
- General Government & Support Services: 9.5%
- Policy & Executive: 4.8%
- General County Programs: 0.1%
- Public Safety: 31.2%
- Health & Human Services: 36.4%

**Salaries & Employee Benefits**

- Net Retirement Contribution: 22.4%
- Retiree Medical OPEB: 2.4%
- Health Insurance Contribution: 6.9%
- Workers’ Compensation: 2.5%
- Other Employee Benefits: 6.2%
- Regular Salaries: 59.6%
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%.

**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.

**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.
Pension Cost Sharing
Pension cost sharing will result in a net reduction to our pension contribution costs 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 2 years ago. While most agreements were approved in the prior fiscal year, the net reduction takes effect in FY 2019-20, with full impact not experienced until FY 2020-21, since the cost-sharing agreements were phased in over 3 years. The County’s net pension contribution in FY 2019-20 is $142.9 million, representing a $1.0 million reduction from the FY 2018-19 Adopted Budget.

Cannabis Enforcement
Cannabis enforcement remains a priority. The FY 2019-20 adopted budget increases enforcement staffing to 13.0 FTE from 10.5 FTE in the prior year’s budget. The enforcement team is made up of staff from the Sheriff, District Attorney, County Counsel, Planning and Development, Agricultural Commissioner, and Public Health Departments.

Major Capital Improvements
In FY 2018-19, 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 adopted 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 FY 2019-20 Adopted Budget allocates $6.4 million in ongoing General Fund revenues for deferred maintenance per the 18% formula, reflecting growth of $2.0 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 an analysis conducted in 2014. In addition, the adopted 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 $25.4 million is provided by special revenue sources for the Public Works Roads Division to fund capital projects, operations, and maintenance. Of this amount, $7.2 million is dedicated to deferred maintenance, which includes $6.6 million in SB1 funding to support road maintenance and repair.

Renew ’22
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.
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