



Proposed Budget 2007-2008 Fiscal Year
SANTA BARBARA COUNTY OPERATING PLAN

Paths to Performance

Hearing Schedule

- Hearings Begin Monday, June 11, 2007
- They continue on Wednesday, June 13 and Friday, June 15
- Hearings start at 9 am each day
- Hearings may be continued, if necessary, through Friday, June 22



Budget Hearing Materials

Contents of the Board's Budget Binder

1. Schedule
2. Budget Inquiry Forms
3. County Executive Officer's presentation
4. Department pages/presentations
5. County and RDA Budget Resolutions, Final Budget Adjustments, Ongoing Grants and Contracts
6. Summary of Budget Expansion (additional funding) Requests



County Executive Officer's Presentation

- Overview and Perspective
- Future Outlook: 5 Year Financial Forecast FY 2007- 2012
- FY 2007-08 Budget Overview



FY 2007-2008 Proposed Operating Plan and Budget

Overview and Perspective

- The Proposed FY 2007-08 Budget is balanced and contains \$757.9 M in recommended expenditures
- The \$757.9 M represents a \$40.5 M and 5.7% increase over FY 06-07 estimated expenditures
- The budget includes an estimated General Fund FY 06-07 ending fund balance of \$6.8 M, most of which, \$5 M, is set aside for future use.



Overview and Perspective

- Looking toward the future, however, the County faces major challenges if it is to:
 - ➡ Maintain current service levels
 - ➡ Attract and retain employees
 - ➡ Find and fund solutions to jail overcrowding
 - ➡ Meet other capital needs and
 - ➡ Provide health coverage for children

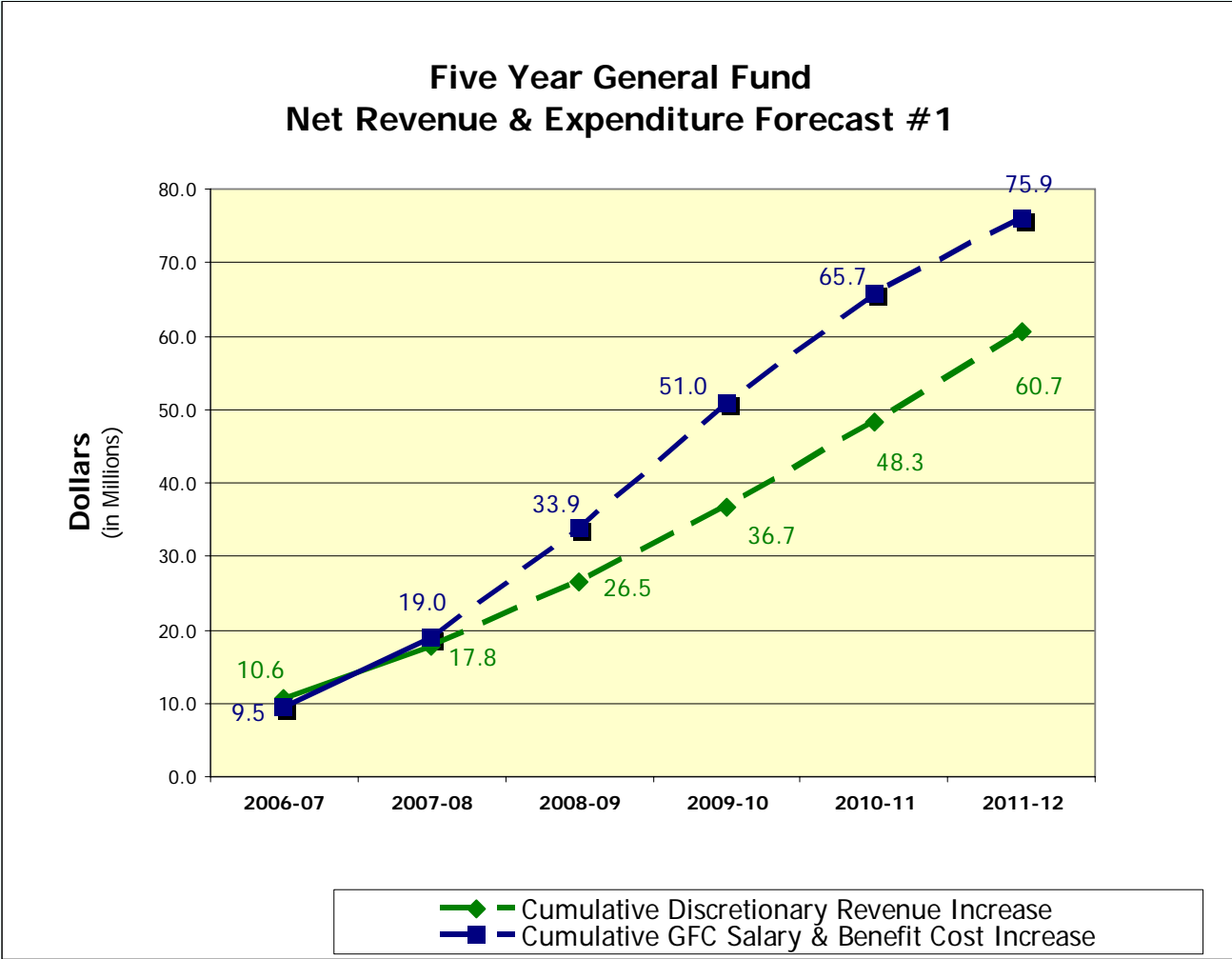


Overview and Perspective

- Challenge #1: Slowing of Discretionary Revenue Growth
- Challenge #2: Public Health and Social Services funding needs
 - Public Health not receiving adequate Fed/State reimbursement to cover costs
 - State funding of Social Services cost of doing business/caseload increases inadequate
- Challenge #3: Control Salary and Benefit costs while attracting and retaining employees
 - Forecast assumes no FTE increases, very modest 3.5% salary and benefit cost growth (subject to negotiation) & lower retirement cost growth



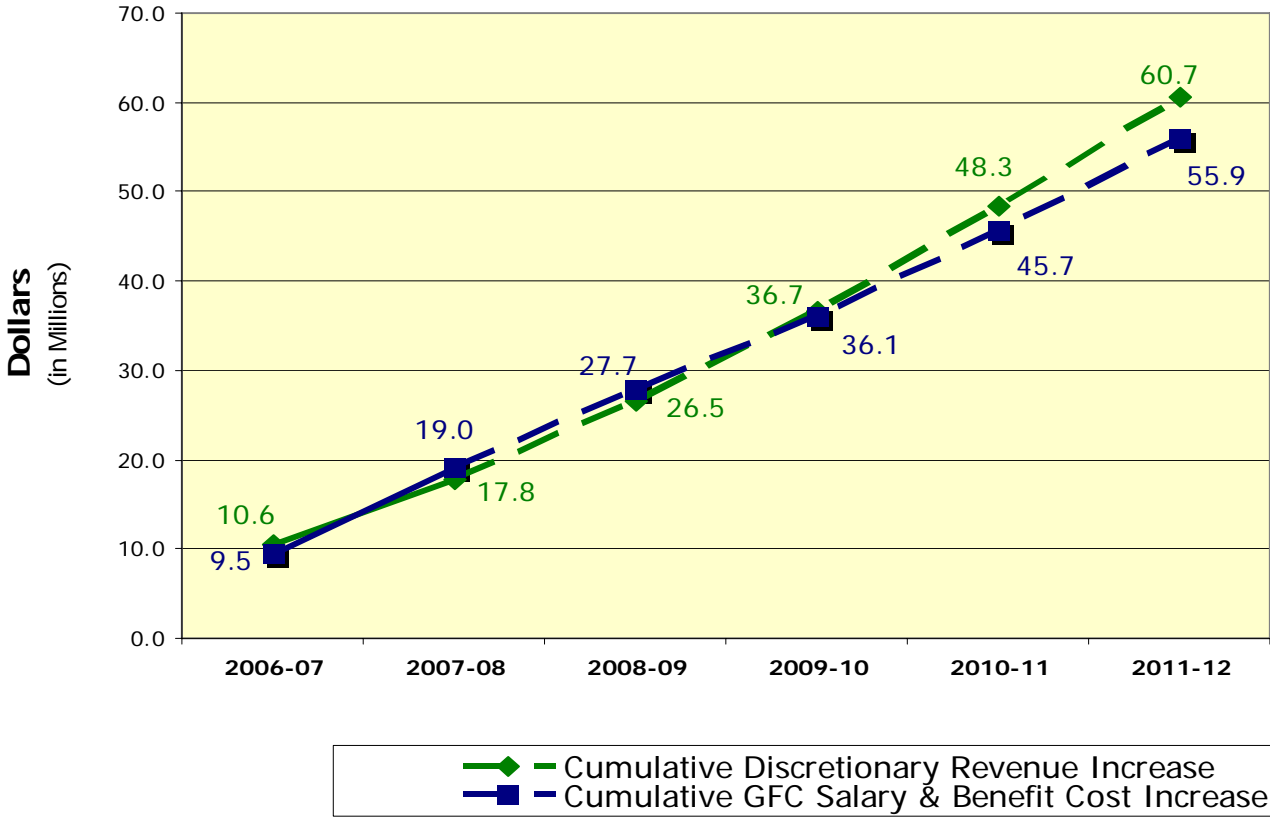
FUTURE OUTLOOK



FY 2007-2008 Proposed Operating Plan and Budget

FUTURE OUTLOOK

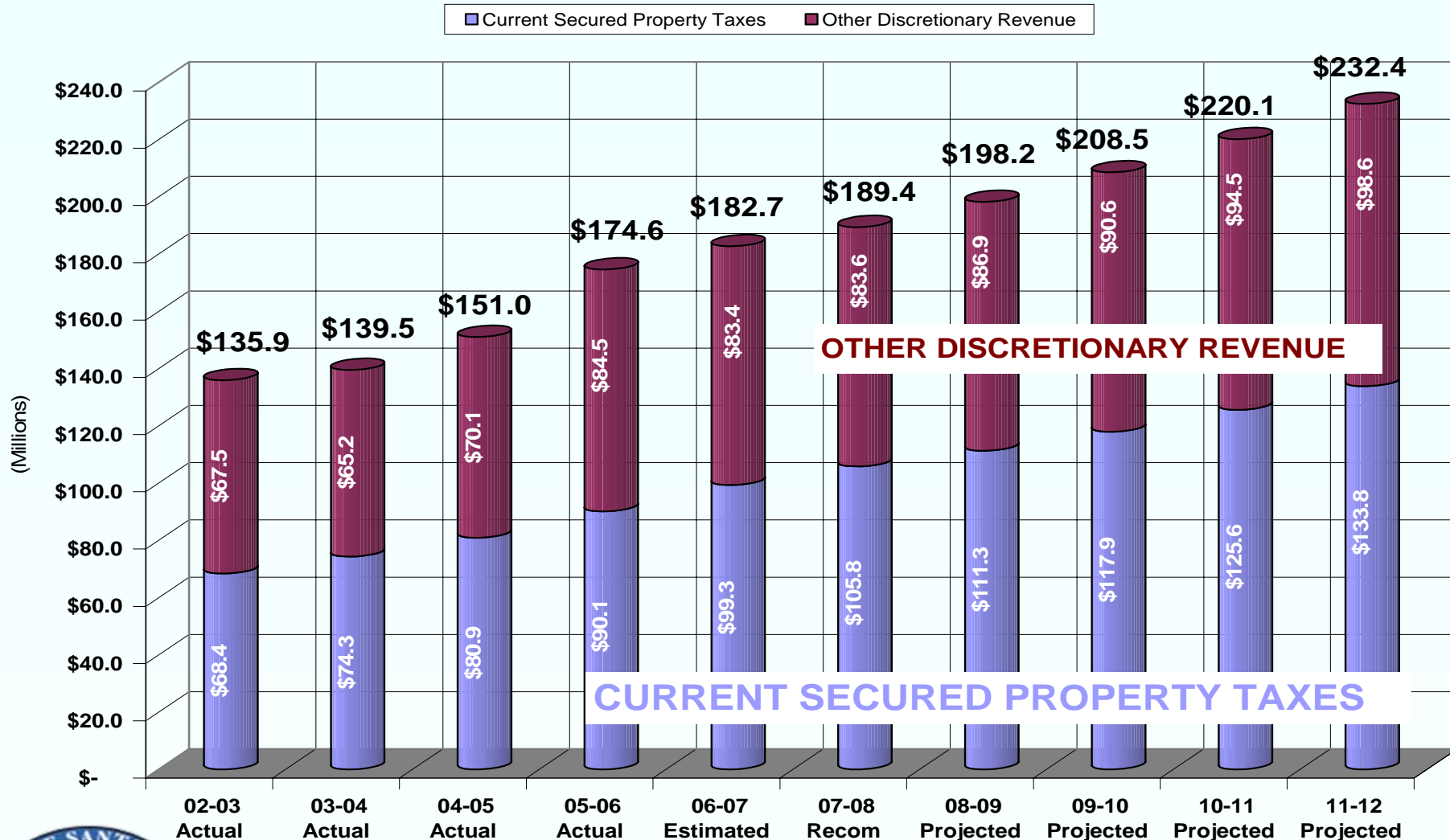
**Five Year General Fund
Net Revenue & Expenditure Forecast #2
Without Social Services & Public Health Increases**



FY 2007-2008 Proposed Operating Plan and Budget

Perspective

TOTAL DISCRETIONARY REVENUE: ACTUAL & PROJECTIONS



FY 2007-2008 Proposed Operating Plan and Budget

Perspective

- Discretionary Revenue Growth FY 2002-03 through FY 2011-12
 - ➡ From FY 02-03 to FY 07-08 increase of \$53.5 M or 39%
 - ➡ 70% of this growth has been due to Secured Property Taxes – \$37.4 M or 55% over the same time period
 - ➡ Rate of growth not expected to continue



Proposed FY 07-08 Operating Budget Overview

Budget-at-a-Glance



FY 2007-2008 Proposed Operating Plan and Budget

FY 2007-08 Budget Overview

■ Budget at a Glance:

- Estimated FY 06-07 expenditures increase \$0.8 million or 1/10 of 1% over FY 06-07 Adopted Budget
- Recommended FY 07-08 expenditures increase by \$40.5 million, 5.7% over FY 06-07 estimated expenditures

	FY 2006-07 Adopted	FY 2006-07 Estimated	FY 2007-08 Recommend
Expenditures (Dollars in millions)	\$716.6	\$717.4	\$757.9



FY 2007-08 Budget Overview (cont'd)

- Salary and Benefit costs increase \$31.2M or 7.9% from FY 06-07 adopted:
 - ➡ FTE positions increase by 45 (1%) to 4,351
 - ➡ Average total cost for a Full Time Equivalent (FTE) Position increases by 6.9%, from \$91,300 (FY 06-07) to \$97,600 (FY 07-08)
 - ➡ Proposed budget includes salary and benefit cost increases



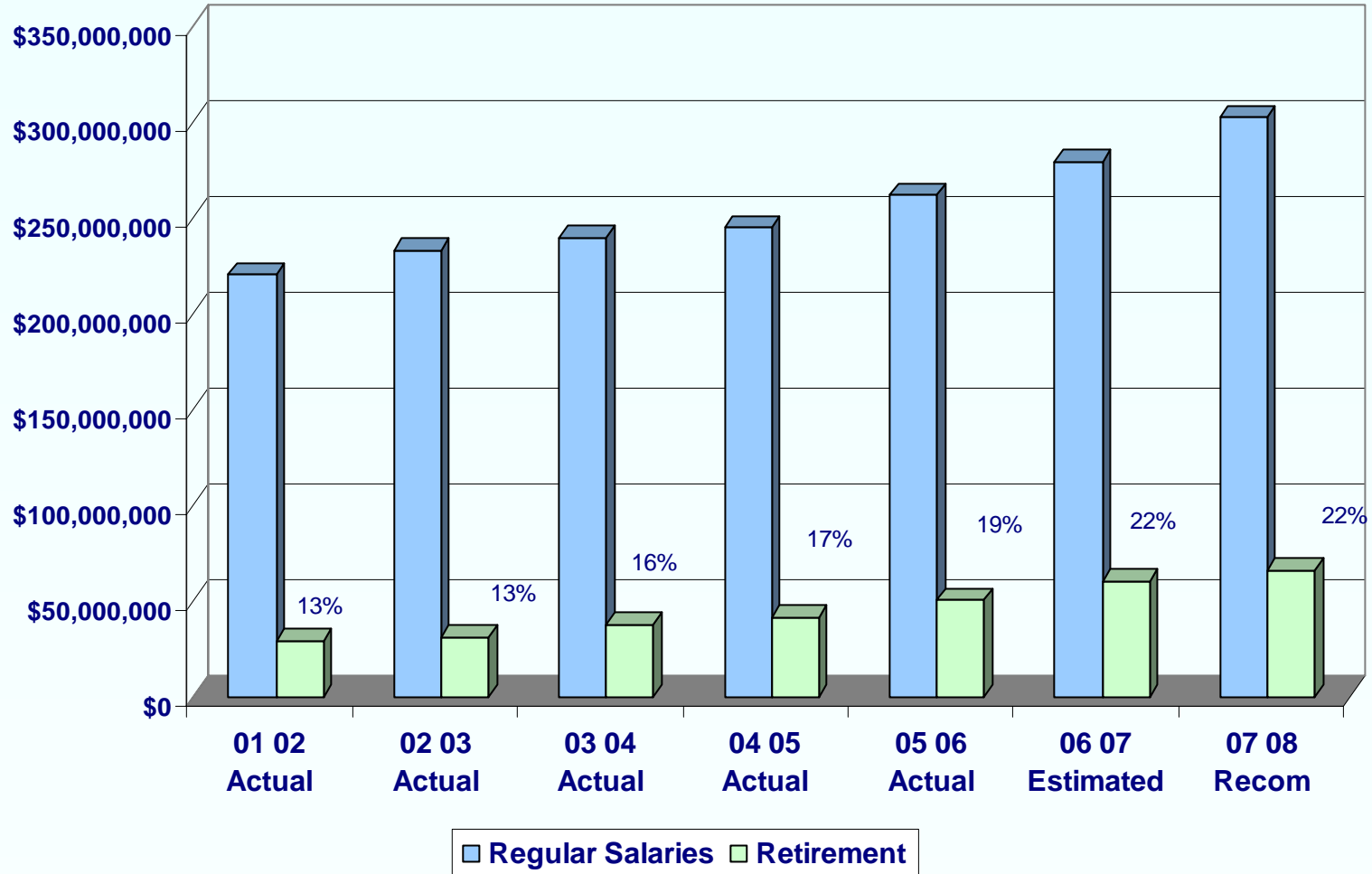
FY 2007-08 Budget Overview (cont'd)

Changes in Budgeted Positions (FTE)

■ FY 06-07 Adopted Budget		4,306 FTE
FY 06-07 mid-year changes:		
■ Mental Health (Prop 63)	+28.8 FTE	
■ Fire- Solvang/SY Valley Station	+9.0 FTE	
■ Fire- Fuels Crew	+8.8 FTE	
■ Fire- Other	+2.0 FTE	
■ Probation staff increases	+2.8 FTE	+51 FTE
		<hr/>
■ Total FY 06-07 approved FTEs		4,357 FTE
■ FY 07-08 Recommended Budget		4,351 FTE
■ Details on Page A-19		



Retirement as a Percent of Regular Salaries

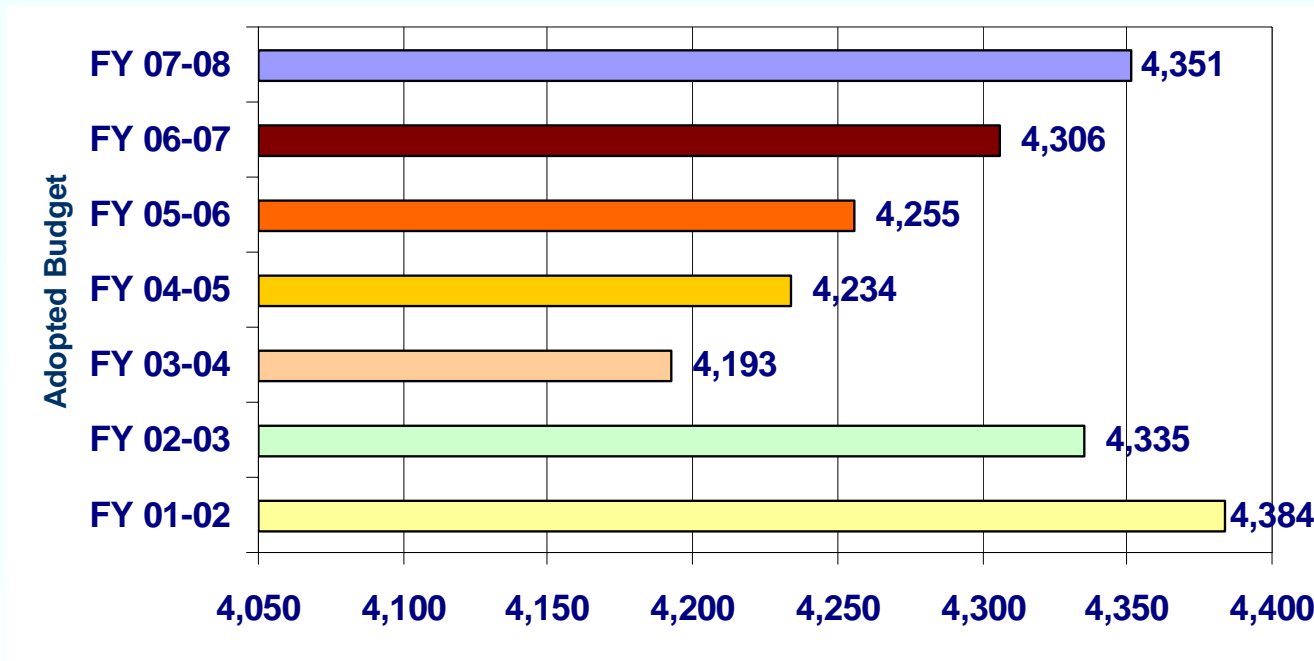


FY 2007-2008 Proposed Operating Plan and Budget

FY 2007-08 Budget Overview (cont'd)

Budgeted Full Time Equivalent (FTE) Positions

■ Net increase of 45 FTEs (1%)



FY 2007-2008 Proposed Operating Plan and Budget

FY 2007-08 Budget Overview (cont'd)

- Budget includes continued support for public safety with an additional \$5.2M GF contribution above target which:
 - ➡ Maintains service levels in Sheriff
 - ➡ Funds SB Juvenile Hall,
 - ➡ Preserves attorney positions for DA and Public Defender



FY 2007-08 Budget Overview (cont'd)

- Budget includes a total \$81.9 million funding for Capital Projects (new funding of \$45.4M and carryover funding of \$36.4 million) including:
 - ➡ \$31.6 M for Roads Projects
 - ➡ \$5.5 M for Tajiguas Landfill Projects
 - ➡ \$3.6 M for Isla Vista Foot Patrol Building
 - ➡ \$3.0 M for Joint Sheriff/Fire Station (Lompoc)
 - ➡ \$2.6 M for Cachuma Boat Launch
 - ➡ \$2.0 M for Isla Vista Public Parking Lot



FY 2007-08 Budget Overview

Expenditures in Key Major Funds (cont'd)

Fund \$ in Millions	FY 2006-07 Estimated	FY 2007-08 Recommend	Increase	% Change
General Fund	\$294.6	\$316.2	\$21.6	7.3%
Social Services	\$122.9	\$128.1	\$5.2	4.3%
Public Health	\$72.1	\$78.9	\$6.8	9.5%
ADMHS	\$68.2	\$72.6	\$4.4	6.5%
All others	\$159.6	\$162.0	\$2.4	1.5%
Total	\$717.4	\$757.9	\$40.5	5.6%



FY 2006-07 Budget Overview (cont'd)

■ Funds reserved for future use - \$42.7 million

Designation Categories	\$ in Millions
General Fund including Elections	\$17.410
Flood Control & Other Public Works	\$8.027
TSAC & Other Public Health	\$6.252
General Services Capital Outlay	\$4.739
Workers Compensation & other insurance	\$3.769
Other Designations	\$2.483



FY 2006-07 Budget Overview (cont'd)

- Budget contains \$11.6 million in discretionary designations including:
 - ➔ \$6 million to the Strategic Reserve
 - ➔ \$2 million for deferred maintenance
 - ➔ \$1.2 M to Salary & Retirement designation
 - ➔ \$0.8 million to the Contingency Fund
 - ➔ \$0.6 M to the Capital Outlay designation
 - ➔ \$0.5 million to the Litigation designation
 - ➔ \$0.5 million to the Roads designation



FY 2007-08 Budget Overview (cont'd)

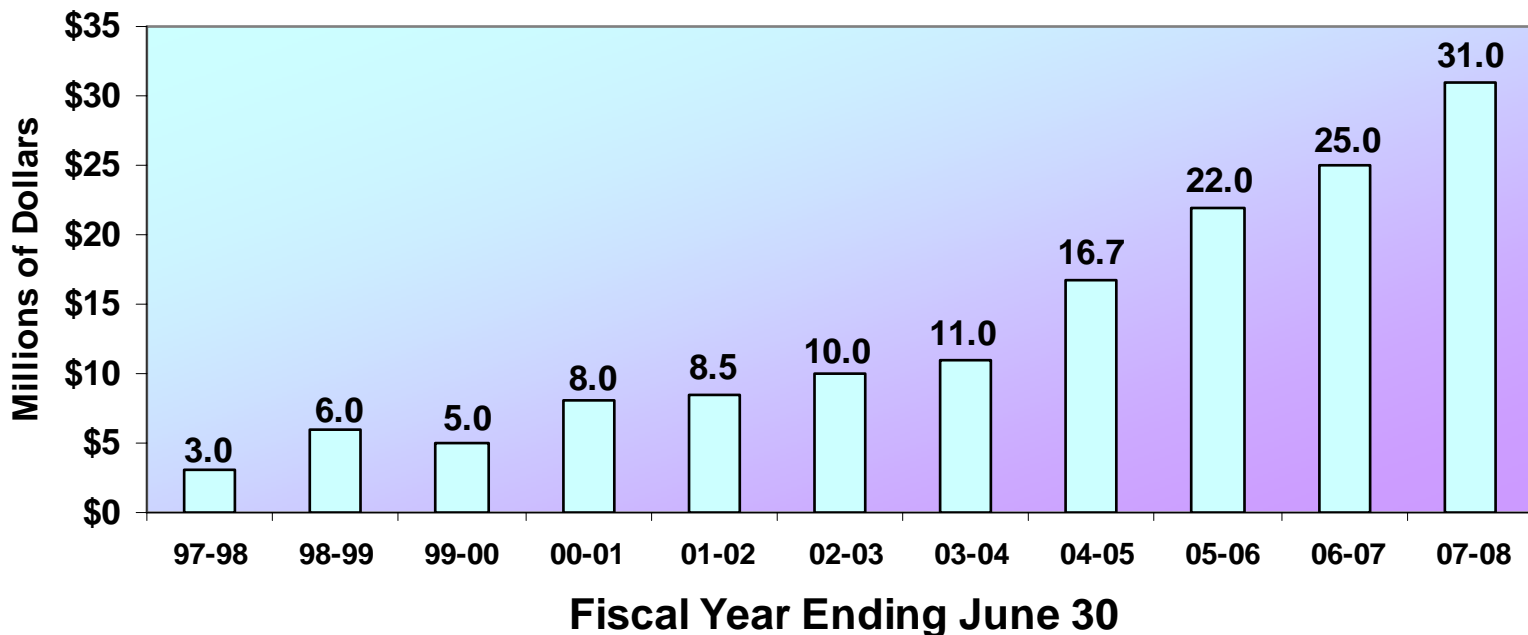
- Budget balanced without using prior fund balance. Allocation of prior fund balance:

Reserves and Designations	Allocated per Budget Principles	Fund Balance Allocations
Strategic Reserve	\$1,000,000	\$5,020,763
Deferred Maintenance	2,000,000	
Roads	500,000	
Capital	500,000	120,000
Contingency	800,000	0
Litigation		500,000
Salary and Retirement		1,200,000
Totals	\$4,800,000	\$6,840,763



FY 2007-08 Budget Overview: Strategic Reserves

The Proposed Budget includes \$1 million for the Strategic Reserve. A Fund Balance allocation of \$5 M would bring the Reserve to \$31 million.



FY 2007-2008 Proposed Operating Plan and Budget

Expenditures by Functional Area

(in millions of dollars)

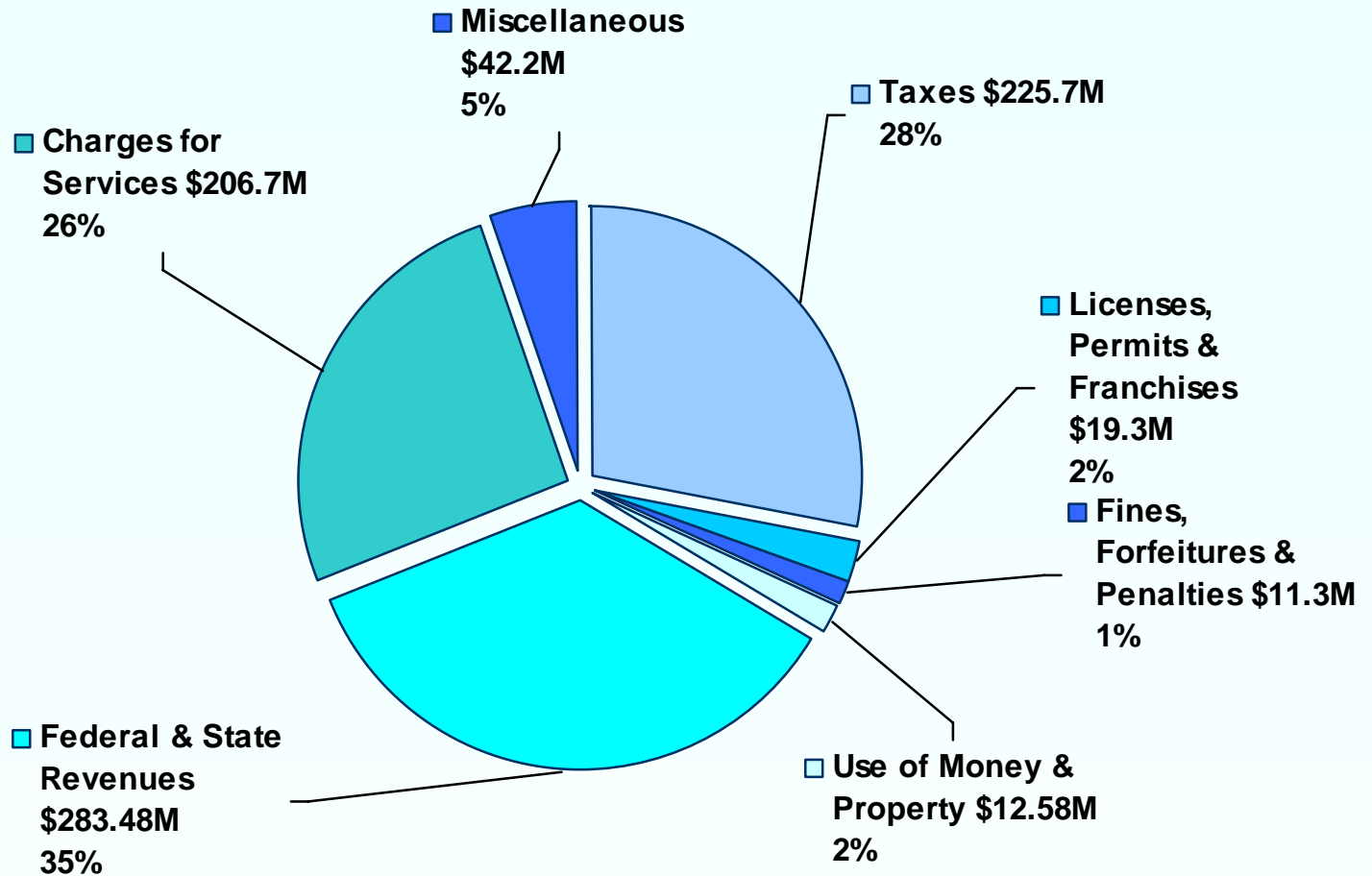
Functional Area	2006-07 Estimated	2007-08 Proposed	Dollar Change	% Change
Policy and Executive	\$7.86	\$9.76	\$1.90	24.2%
Law and Justice	\$38.52	\$40.38	\$1.86	4.8%
Public Safety	\$178.54	\$184.28	\$5.74	3.2%
Health & Public Assist.	\$278.57	\$294.85	\$16.28	5.8%
Community Resources	\$124.68	\$142.10	\$17.42	14.0%
Support Services	\$65.11	\$61.97	(\$3.14)	-4.8%
General Co. Programs	\$24.10	\$24.55	\$0.45	1.9%
Total	\$717.38	\$757.89	\$40.51	6.7%



FY 2007-2008 Proposed Operating Plan and Budget

Revenues by Source

Total = \$801.3 M (includes Intra-County Transfers)



FY 2007-2008 Proposed Operating Plan and Budget

Major Sources of Local Discretionary Revenue

(in millions of dollars)

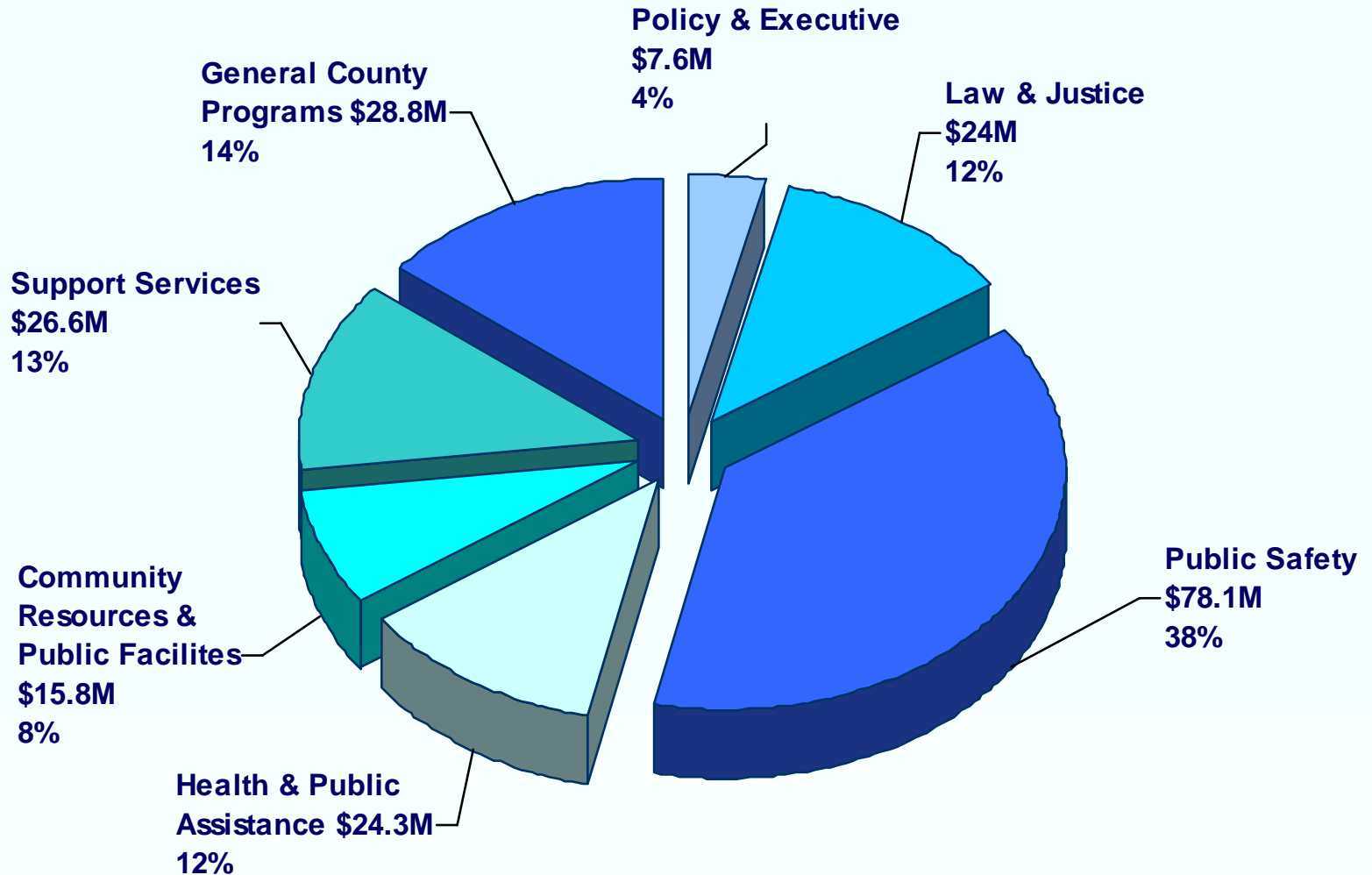
Discretionary Revenues	2005-06 Actual	2006-07 Adopted	2006-07 Estimated	2007-08 Rec.
Property Taxes	108.5M	112.9 M	118.0 M	122.4 M
Property Transfer Tax	4.5 M	3.5 M	3.5 M	3.1 M
Property Tax In-Lieu of VLF	36.0 M	36.4 M	37.1 M	39.3 M
Retail Sales Tax	9.9 M	9.4 M	10.4 M	10.5M
Transient Occupancy Tax	5.6 M	5.8 M	5.8 M	5.9 M
Motor Vehicle Taxes	8.4 M	0.0 M	0.3 M	0.0 M
Other Sources*	10.2 M	9.0 M	7.6 M	8.2 M
Total	\$183.1 M	\$177.0 M	\$182.7 M	\$189.4 M



FY 2007-2008 Proposed Operating Plan and Budget

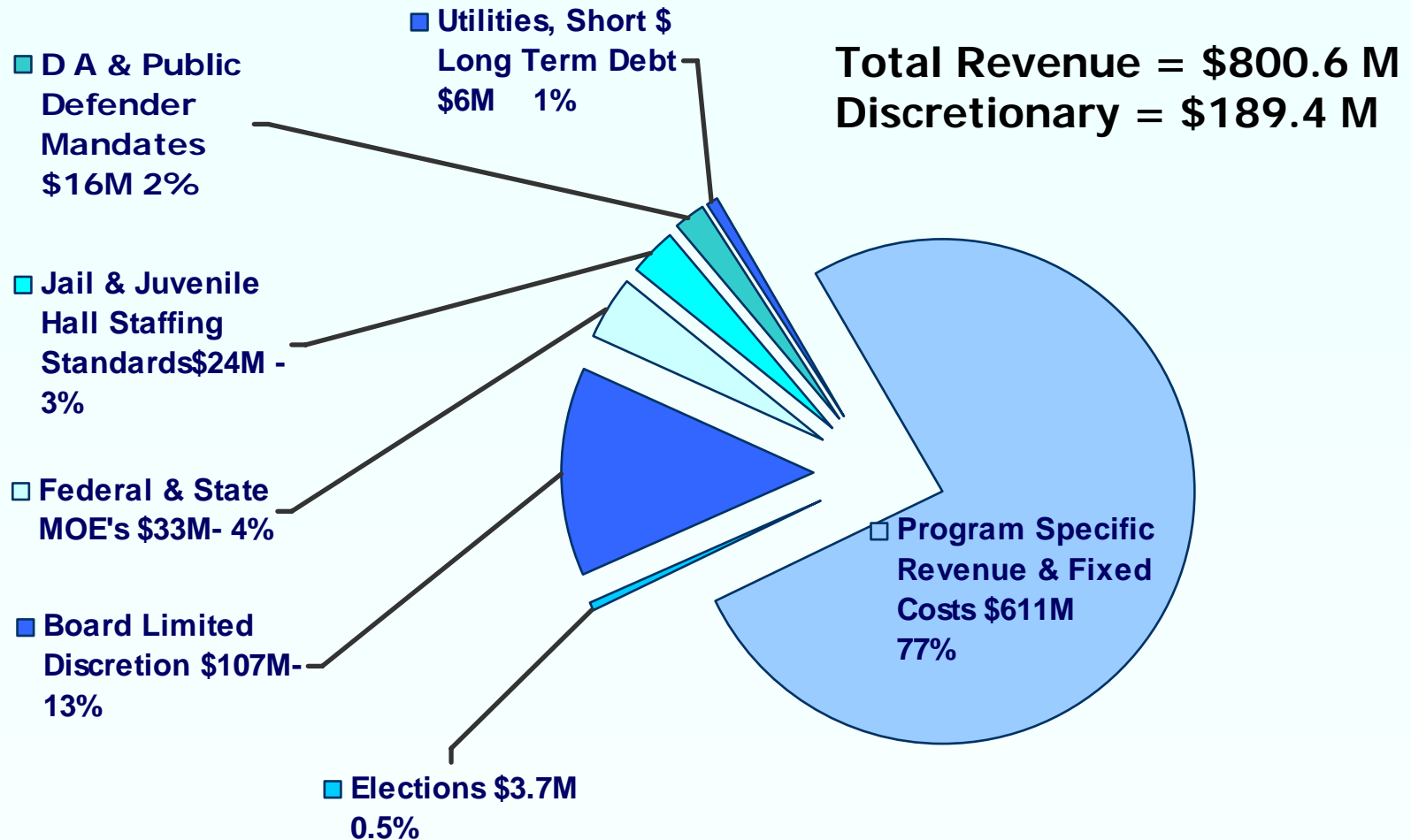
GF Contribution by Functional Area

Total of \$196.2 M includes \$6.84M prior fund balance



FY 2007-2008 Proposed Operating Plan and Budget

Board Discretion = 13% of Total Revenues



Outstanding Issues

- FY 2007-08
 - ➡ State Budget Impacts
 - ➡ Additional Appropriation Requests
- Future Years
 - ➡ Social Services projected shortfall
 - ➡ Public Health projected shortfall



State Budget Issues

May Revise :

- Senate and Assembly budget committees restored Williamson Act Funding - \$650,000
- Loss of funding for Homeless Mentally III (AB 2084) - \$1.2M
- No Funding for 2007-08 presidential primary election - \$1.45 M net increased county cost



Challenges in FY 07-08

- Attracting and Retaining Employees
- Negotiations with major bargaining units
- Finding solutions to jail overcrowding
- Resolving post employment retirement benefit issues
- Providing health care coverage for children



Requests for Additional Appropriations

- Department Budget Expansion Requests: \$7.89 million
- Community Requests: \$1.68 million
- Board of Supervisors Initiatives: \$1 million
- **Recommendation: Defer all Expansion Requests until September**
 - Year-end Fund Balance
 - State budget impacts



Recommendations:

- Adopt, by Resolution, the proposed County budget for FY 07-08, with Final Budget Adjustments and additions to the Strategic Reserve if the fund balance is higher than budgeted and reductions to the Strategic Reserve if the fund balance is lower than budgeted.
- By separate resolution, adopt the County Redevelopment Agency budget for FY 07-08.



Future Steps

- CEO/Auditor Present FY 06-07 Year-end Report on August 14 (following the Board's Summer recess)
- Suggest Board convene to consider budget expansion requests and other adjustments to the FY 07-08 budget in early September.





Proposed Budget 2007-2008 Fiscal Year
SANTA BARBARA COUNTY OPERATING PLAN

Paths to Performance

Expenditures by Department/ Functional Area (in millions of dollars)

\$\$ in Millions	Estimated	Proposed	Change	%
	FY 06-07	FY 07-08		
Policy & Executive				
Board of Supervisors	\$2.25	\$2.48	\$0.23	10.4%
County Executive Office	\$3.39	\$3.97	\$0.57	16.9%
County Counsel	\$2.22	\$3.31	\$1.09	49.0%
Sub-Total	\$7.86	\$9.76	\$1.90	24.1%
Law & Justice				
Court Special Services	\$14.48	\$14.55	\$0.07	0.5%
District Attorney	\$15.15	\$16.30	\$1.14	7.6%
Public Defender	\$8.89	\$9.54	\$0.65	7.3%
Sub-Total	\$38.52	\$40.38	\$1.86	4.8%



FY 2007-2008 Proposed Operating Plan and Budget

Expenditures by Department/ Functional Area

Public Safety	Est. 06-07	Proposed	Change	%
Fire	\$47.48	\$46.21	-\$1.28	-2.7%
Probation	\$39.12	\$41.39	\$2.27	5.8%
Sheriff	\$91.93	\$96.69	\$4.75	5.2%
Sub-Total	\$178.54	\$184.28	\$5.74	3.2%
Health & Public Assistance				
Alcohol, Drug & Me	\$68.69	\$72.60	\$3.91	5.7%
Child Support Servic	\$9.80	\$9.88	\$0.08	0.8%
Public Health	\$77.24	\$84.23	\$6.99	9.1%
Social Services	\$122.85	\$128.14	\$5.29	4.3%
Sub-Total	\$278.57	\$294.85	\$16.28	5.8%



FY 2007-2008 Proposed Operating Plan and Budget

Expenditures by Department/ Functional Area

	Estimated	Proposed	Change	%
Community Resources & Public Facilities				
Agriculture & Coope	\$3.66	\$3.65	-\$0.01	-0.2%
Housing & Communi	\$10.25	\$4.76	-\$5.49	-53.6%
Parks	\$10.80	\$13.54	\$2.74	25.4%
Planning & Developm	\$17.47	\$25.26	\$7.79	44.6%
Public Works	\$82.50	\$94.89	\$12.39	15.0%
Sub-Total	\$124.68	\$142.10	\$17.42	14.0%
Support Services				
Auditor-Controller	\$4.70	\$5.04	\$0.35	7.4%
Clerk-Recorder-Asse	\$14.36	\$19.63	\$5.27	36.7%
General Services	\$35.02	\$24.91	-\$10.11	-28.9%
Human Resources	\$6.17	\$6.41	\$0.24	3.9%
Treasurer-Tax Collec	\$4.87	\$5.98	\$1.11	22.8%



FY 2007-2008 Proposed Operating Plan and Budget

Expenditures by Department/ Functional Area (in millions of dollars)

	Est. 06-07	Proposed	Change	%
Support Services				
Auditor-Controller	\$4.70	\$5.04	\$0.35	7.4%
Clerk-Recorder-Asse	\$14.36	\$19.63	\$5.27	36.7%
General Services	\$35.02	\$24.91	-\$10.11	-28.9%
Human Resources	\$6.17	\$6.41	\$0.24	3.9%
Treasurer-Tax Collec	\$4.87	\$5.98	\$1.11	22.8%
Sub-Total	\$65.11	\$61.97	-\$3.14	-4.8%
General County Program	\$24.10	\$24.55	\$0.45	1.9%
Expenditure Total	\$717.37	\$757.88	\$40.51	5.6%



Expenditures by Department/ Functional Area (in millions of dollars)



FY 2007-2008 Proposed Operating Plan and Budget