

Fiscal Issues Report

| ISSUE | | POTENTIAL | | | NEAR TERM BUDGET IMPACT | | COMMENT | Last Update |
|--|--|--------------|-----------------|----------------|-------------------------|-----------|---|-------------|
| | | high/med/low | onetime/ongoing | BOS discretion | | Gen. Fund | | |
| REVENUE | | | | | | | | |
| 1 | State Budget Impacts | high | both | little | undefined | multiple | On 1/6/09, the Governor vetoed the bill package passed by the Legislature on 12/18/08 as part of the special session on the current budget shortfall. The Governor released the FY 09-10 Proposed Budget on 12/31/08, projecting a \$41.6 Billion deficit by the end of FY 09-10. The State is projected to run out of cash in February-March 2009. | 1/8/2009 |
| 2 | State Contribution for Cost of Doing Business | med | ongoing | little | 7,000,000 | no | State froze the revenue contribution limits to the Department of Social Services at 2001 levels; DSS is absorbing cost increases. | 11/24/2008 |
| 3 | ADMHS Cost Report Settlement Issues | high | onetime | little | 17,084,000 | likely | County's accrued liability is \$17M as of June 2008. 08-09 adopted budget includes \$15m from Strategic and Audit reserves to ADMHS | 11/24/2008 |
| 4 | Mental Health and Partner Agencies Medi-Cal Billing Exposure | high | both | little | 15,400,000 | likely | Disallowable costs extrapolated over the period of Fiscal Year 2002-2003 through Fiscal Year 2007-08 are roughly estimated at \$14.4M. | 10/28/2008 |
| 5 | Property Tax Administration Fee | med | both | little | 1,279,819 | yes | Statewide dispute between cities and counties. Approx \$400,000 annually + potential back pay of 4 years in the amount of \$879,819. | 10/28/2008 |
| EXPENDITURE | | | | | | | | |
| 6 | Pension Fund Stability | high | ongoing | little | 3,750,000 | multiple | This is an existing issue. The basic pension rates increase by approximately 1% for FY2009-10 (\$3.75m), and another 2% to 3% in FY 2010-11. | 11/24/2008 |
| 7 | Retiree Healthcare | certain | ongoing | none | 5,600,000 | multiple | Prospective costs to County to directly fund post employment healthcare benefits through a 401(h) account administered by the Retirement System. Prospective costs are offset in current Fiscal Year 2008-09 by lower basic pension rate credit of 2.52%. | 10/28/2008 |
| 8 | County Jail - Northern Branch | med | both | much | 1,019,000 | yes | AB 900 grant \$56.3M was conditionally awarded. County capital contribution is \$23.9M (\$20.6M unfunded, \$3.3 spent for land purchase). Operating cost in FY2008 -09 dollars = \$13.2M or estimated \$17.4M in FY2013-14, projected first year of operation. | 10/28/2008 |
| 9 | June Statewide Special Election | high | onetime | little | 1,500,000 | yes | A Statewide Special Election is expected to occur in June of 2009. This will require the County to upfront approx \$1.5M to be reimbursed from the State in the following year. | 10/28/2008 |
| 10 | Public Defender Funding | certain | both | much | 7,127,000 | yes | \$4.4M one-time funding for Public Defender Office remodel. \$2.7M ongoing for operations. | 10/28/2008 |
| 11 | Cachuma Lake Surcharge | med | onetime | med | 7,900,000 | yes | \$12.7m total to move facilities due to higher lake levels, (\$7.9M unfunded), (\$4.8M funded includes: Boating \$2.7M & Bureau \$2.1M). | 10/28/2008 |
| IMMEDIATE HORIZON (beyond 2008-09 fiscal year) | | | | | | | | |
| 12 | Maddy Fund | high | ongoing | med | 1,100,000 | no | The County is able to assess fines on certain vehicle violations to use for the Maddy EMS Fund until 1/1/2011. However, a long-term funding strategy is warranted. Item moved to "immediate horizon" | 12/19/2008 |
| 13 | Indian Gaming | low | ongoing | little | 1,500,000 | multiple | Assembly Bill 158 was signed by the Governor on 9/30/08 and will restore \$30M to the Special Distribution Fund for grants to local governments to mitigate the impacts of gaming. However the funding only covers current FY08-09 need. | 12/19/2008 |
| 14 | Goleta Beach Long Term Protection Plan | med | onetime | much | 5,800,000 | yes | \$10.2m total (\$5.8m unfunded), (\$4.4m funded includes: FEMA \$1.7m, CIAP \$1.5m and various \$1.2m). BOS approved project for filing Coastal Development Permit currently with California Coastal Commission. | 10/28/2008 |
| 15 | Reauthorization of Measure D (Measure A) | high | ongoing | med | 8,000,000 | no | FY 10-11 revenue loss without re-approval; A primary source of local matching funds utilized to receive \$9M to \$10M in State and Federal funds.; Reauthorization approved by voters 11/4/08 | 11/5/2008 |
| 16 | Santa Maria River Levee Reinforcement Project | high | onetime | much | 48,000,000 | no | County is not yet at construction stage but estimated cost of \$48 million would satisfy the highest-priority areas near the city. The cost of repairing the entire levee would be \$350 million. | 10/28/2008 |
| 17 | Goleta Revenue neutrality | certain | ongoing | little | 6,440,000 | yes | FY 12-13 voter approved Goleta revenue neutrality agreement adjusts. | 10/28/2008 |
| 18 | Fiscal Year 2009-2010 Budget Gap | high | ongoing | much | 6,911,000 | yes | Projected shortfall for Fiscal Year 2009-10. Expected to increase to \$16.9M in FY 2010-2011; 09-10 retirement rates lower than forecast | 12/15/2008 |