

SANTA BARBARA COUNTY OPERATING PLAN

Proposed Budget

2006-07
Fiscal Year

Paths to Performance



Hearing Schedule

- Hearings Begin Monday, June 12, 2006
- They continue on Wednesday, June 14 and Friday, June 16
- Hearings start at 9 am each day
- Hearings may be continued, if necessary, through Friday, June 23



Budget Hearing Materials

Contents of the Board's Budget Binder

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



Proposed FY 06-07 Operating Budget Overview

Budget-at-a-Glance



FY 2006 – 2007 Proposed Operating Plan and Budget

FY 2006-07 Budget Overview

● FY 06-07 recommended expenditures:

- Increase \$42 million or 6.3% over FY 05-06 Adopted Budget
- Increase by \$44.6 million, 6.7% over FY 05-06 estimated actual expenditures

	FY 2005-06 Adopted	FY 2005-06 Estimated	FY 2006-07 Recommend
Expenditures (Dollars in millions)	\$670.9	\$668.1	\$712.7



FY 2006-07 Budget Overview (cont'd)

- Budget includes salary and benefit increases negotiated with employee organizations
- Salary and Benefit costs increase 6%, Elements are:
 - Average total cost for a Full Time Equivalent (FTE) Position increases by 5%, from \$86,900 (FY 05-06) to \$91,300 (FY 06-07)
 - FTE positions increase 1%, or 40 positions to 4,296



FY 2006-07 Budget Overview

Expenditures by Fund

Fund	FY 2005-06 Estimated	FY 2006-07 Recommend	Increase	% Change
General Fund	\$347.3	\$367.8	\$20.5	5.9%
ADMHS	\$61.9	\$67.1	\$5.2	8.4%
PW/Roads	\$28.4	\$33.0	\$4.6	16.2%
Social Services	\$114.8	\$118.4	\$3.6	3.1%
PW/Waste Mgt.	\$33.9	\$37.4	\$3.5	10.3%
PW/FC (all funds)	\$11.0	\$13.9	\$2.9	26.3%
Other	\$70.8	\$75.1	\$4.3	6.1%
Total	\$668.1	\$712.7	\$44.6	6.7%

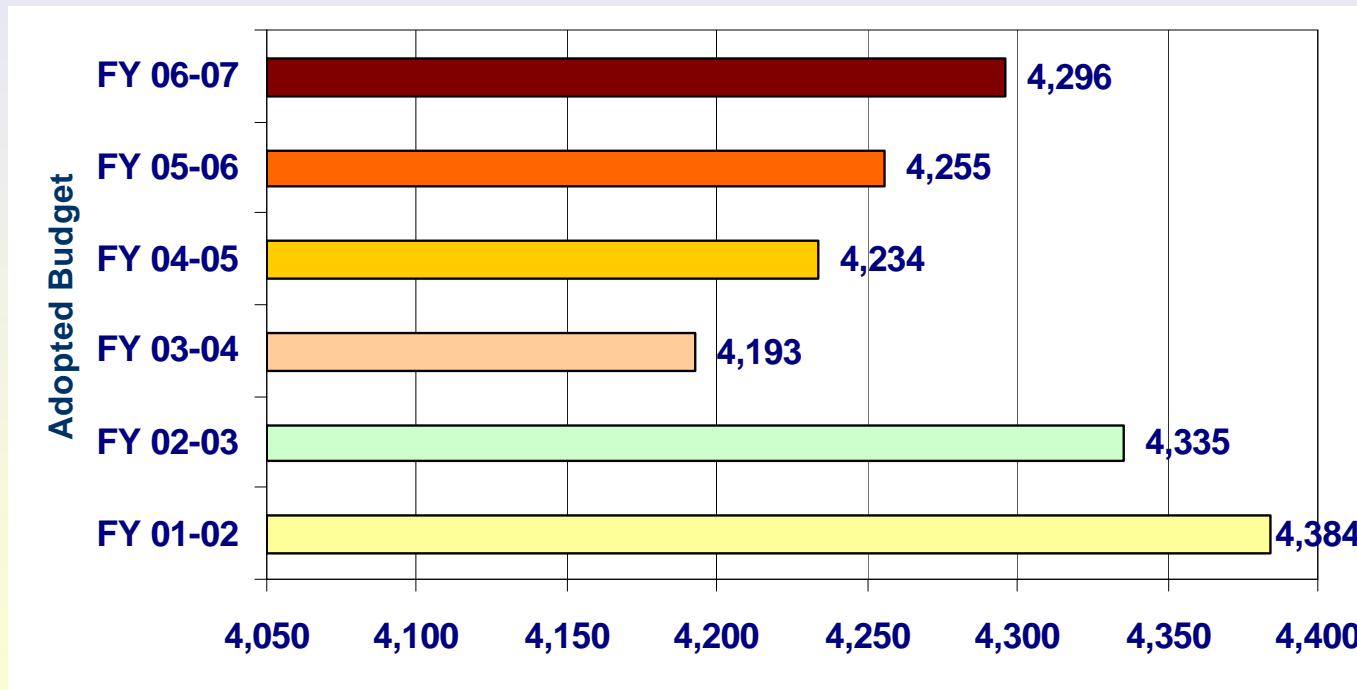


FY 2006 – 2007 Proposed Operating Plan and Budget

FY 2006-07 Budget Overview:

Budgeted Full Time Equivalent (FTE) Positions

● Net increase of 40 FTEs (9/10 of 1%)



FY 2006 – 2007 Proposed Operating Plan and Budget

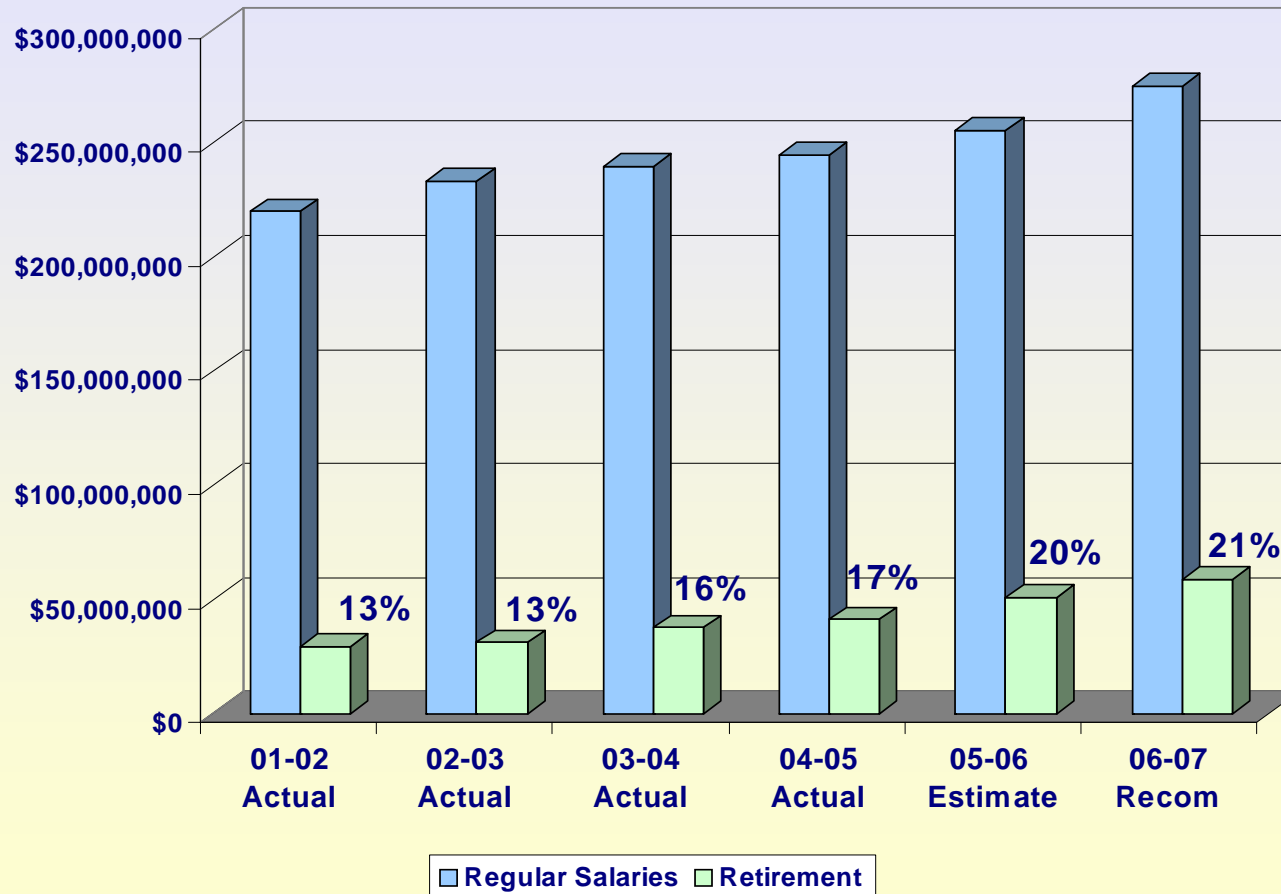
FY 2006-07 Budget Overview

Budgeted Full Time Equivalent (FTE) Positions

Net Change in FTE from FY 05-06 Adopted Budget to FY 06-07 Recommended Budget by Funding Source								
Department	FY 05-06	Total Change in FTE	# FTE					FY 06-07
	Adopted		General Fund Contribution	Fee Rev.	Inter-Gov't'l Rev.	Grant Rev.	Special District Fund Rev.	Recom.
Alcohol, Drug & Mental Health Services	289.90	14.88	0.00	0.00	14.88	0.00	0.00	304.78
Public Health	554.60	-21.93	-4.00	0.00	-17.90	0.00	0.00	532.67
Social Services	622.48	25.99	3.99	0.00	22.00	0.00	0.00	648.47
Gen'l County Programs	29.87	13.23	6.82	0.00	0.00	3.90	2.51	43.10
Other Departments	2758.57	8.16	6.32	0.13	0.68	0.00	1.00	2766.73
Total	4255.42	40.33	13.13	0.13	19.66	3.90	3.51	4295.75



Retirement as a Percent of Regular Salaries



FY 2006 – 2007 Proposed Operating Plan and Budget

FY 2006-07 Budget Overview (cont'd)

● Budget includes:

- Continued support for public safety including Fire fuels crew and additional attorney positions for DA and Public Defender
- Additional funding for Foster Care and Medically Indigent Adult program
- Funding customer service initiatives



FY 2006-07 Budget Overview (cont'd)

- Budget contains \$17.6 million in discretionary designations including:
 - \$3 million for new Emergency Operations Center
 - \$3 million to the Strategic Reserve
 - \$3 million to the Litigation Designation
 - \$1.37 million to the Contingency, including \$576,000 for discretionary use



FY 2006-07 Budget Overview (cont'd)

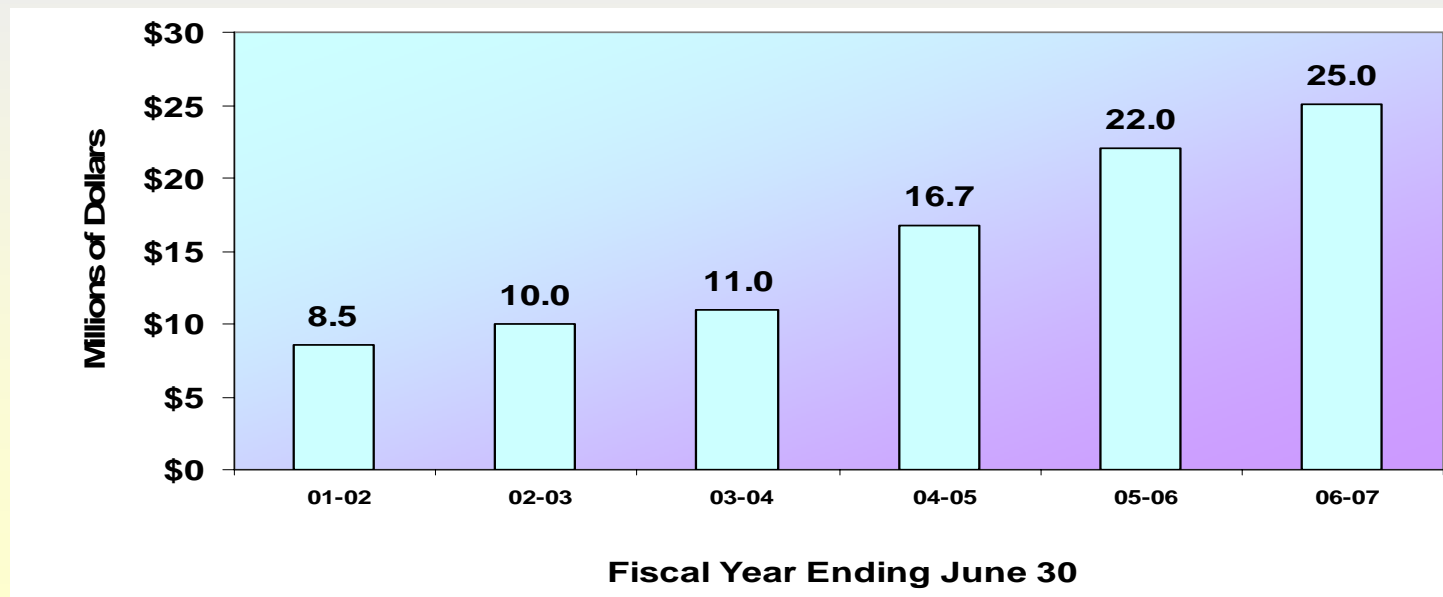
- Budget balanced without using prior fund balance. Allocation of prior fund balance:

Reserves and Designations	Allocation per Budget Principles	Fund Balance Allocations	Total Recommended Allocations
Strategic Reserve	\$1,500,000	\$1,500,000	\$3,000,000
Deferred maintenance	\$2,000,000		\$2,000,000
Roads	\$585,000		\$585,000
Capital	\$500,000	\$6,000,000	\$6,500,000
Contingency	\$800,000	\$576,538	\$1,376,538
Litigation		\$3,000,000*	\$3,000,000
Salary & Retirement Designation		\$1,100,000	\$1,100,000
Totals	\$5,385,000	\$12,176,538	\$17,561,538



FY 2006-07 Budget Overview: Strategic Reserves

- Proposed Budget includes \$3 million for the Strategic Reserve, bringing the total to \$25 million, reaching our goal five years ahead of schedule.



Expenditures by Functional Area

(in millions of dollars)

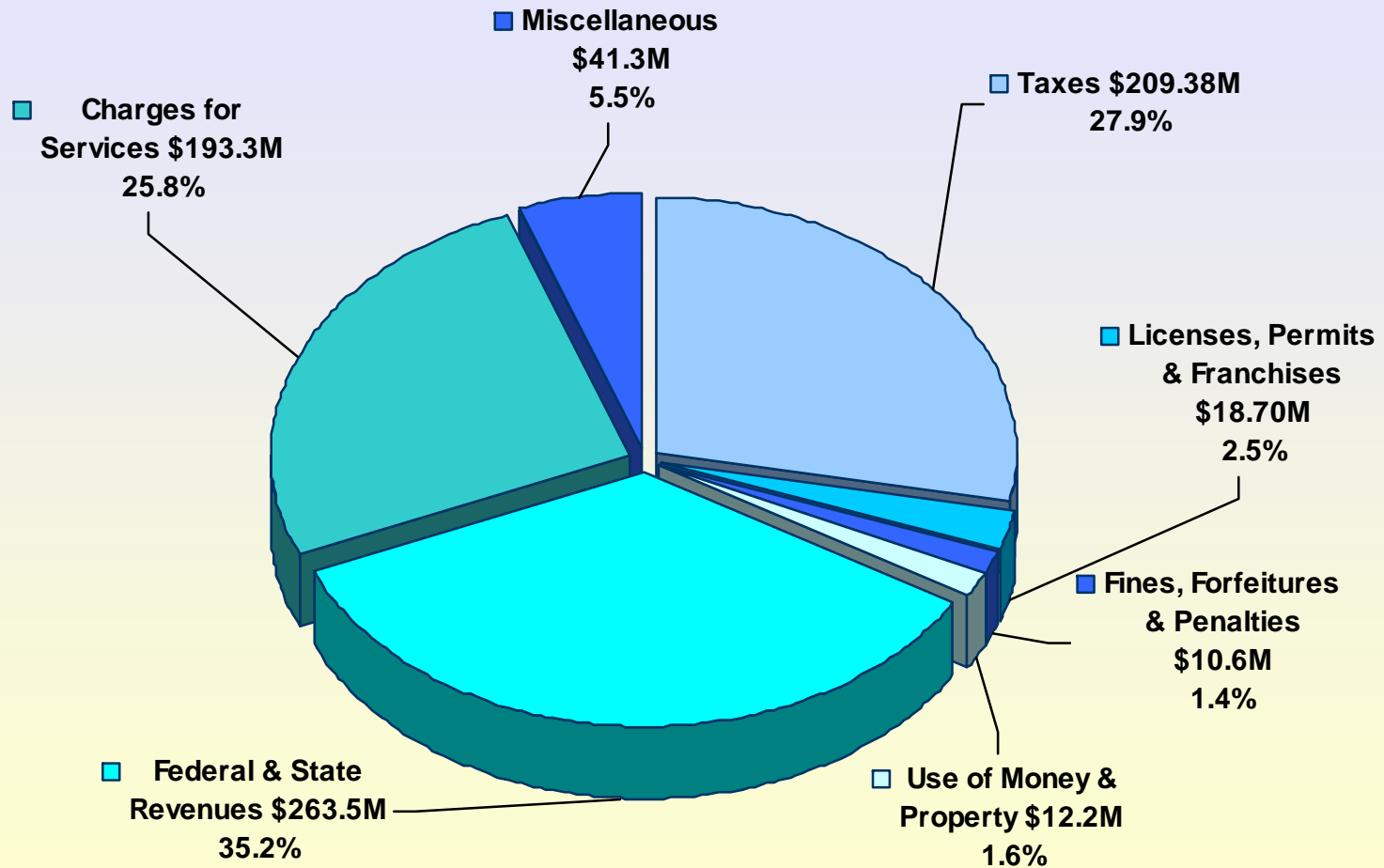
Functional Area	2005-06 Estimated	2006-07 Proposed	Dollar Change	% Change
Policy and Executive	\$6.76	\$7.92	\$1.16	17.16%
Law and Justice	\$37.38	\$39.11	\$1.73	4.63%
Public Safety	\$163.81	\$171.29	\$7.48	4.57%
Health & Public Assist.	\$261.52	\$274.07	\$12.55	4.80%
Community Resources	\$111.71	\$130.68	\$18.97	16.98%
Support Services	\$63.17	\$63.51	\$0.34	0.54%
General Co. Programs	\$23.71	\$26.12	\$2.41	10.16%
Total	\$668.06	\$712.70	\$44.64	6.68%



FY 2006 – 2007 Proposed Operating Plan and Budget

Revenues by Source

Total = \$749.2 M (includes Intra-County Transfers)



FY 2006 – 2007 Proposed Operating Plan and Budget

Major Sources of Local Discretionary Revenue

(in millions of dollars)

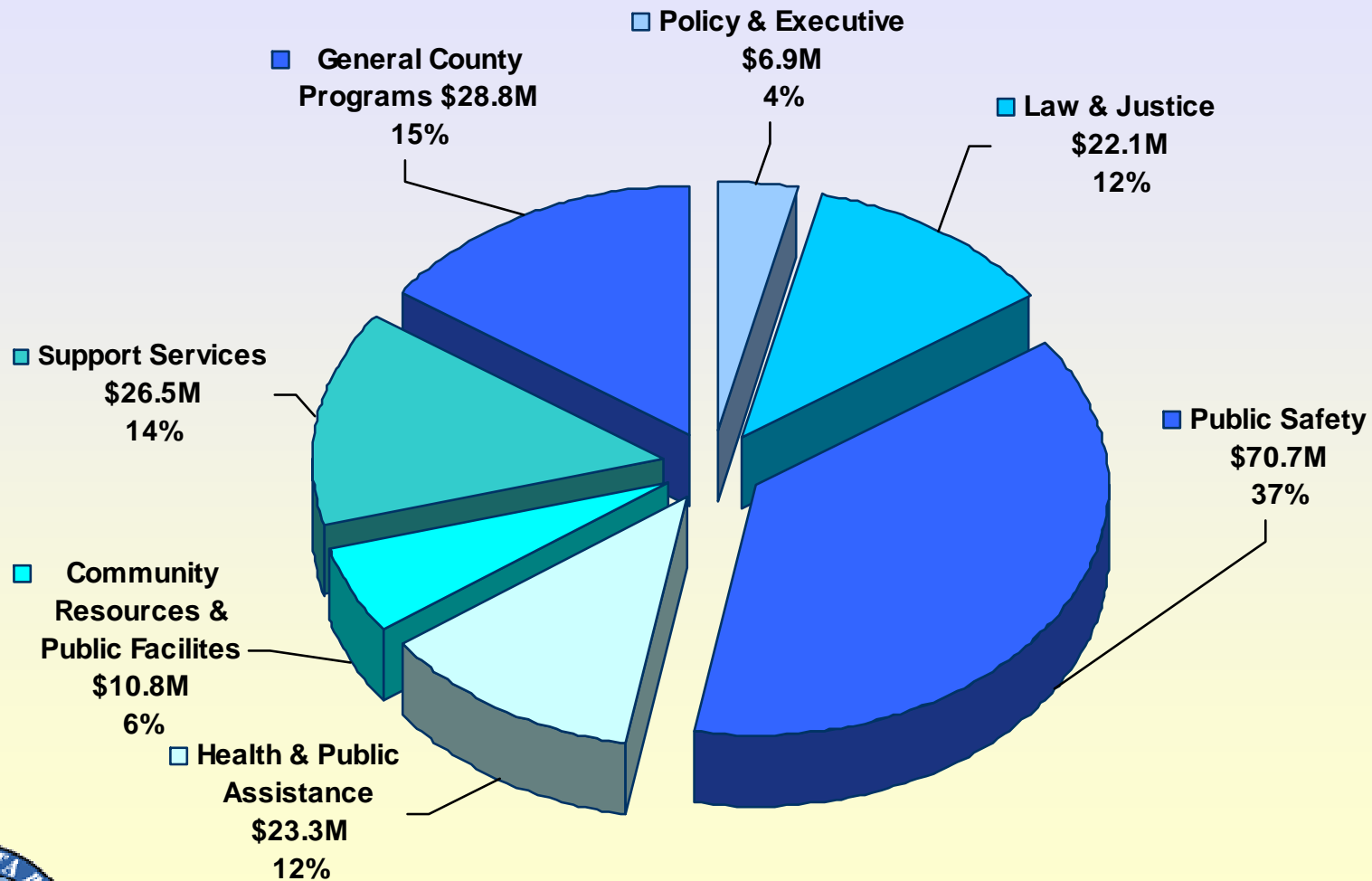
Local Revenue	2003-04 Actual	2004-05 Actual	2005-06 Est. Act.	2006-07 Recom.
Property Tax	\$84.45	\$89.65	\$99.97	\$108.38
Property Transfer Tax	\$4.40	\$5.01	\$4.40	\$3.50
Property Tax in Lieu of VLF	-	\$28.01	\$36.06	\$36.40
Vehicle License Fees (VLF)	\$21.51	-	\$8.42	-
Retail Sales Tax	\$9.11	\$9.09	\$9.27	\$9.46
Transient Occupancy Tax	\$5.45	\$4.82	\$5.30	\$5.80
Other Sources	\$13.58	\$14.25	\$13.78	\$13.46
Total	\$138.49	\$150.83	\$177.20	\$177.00



FY 2006 – 2007 Proposed Operating Plan and Budget

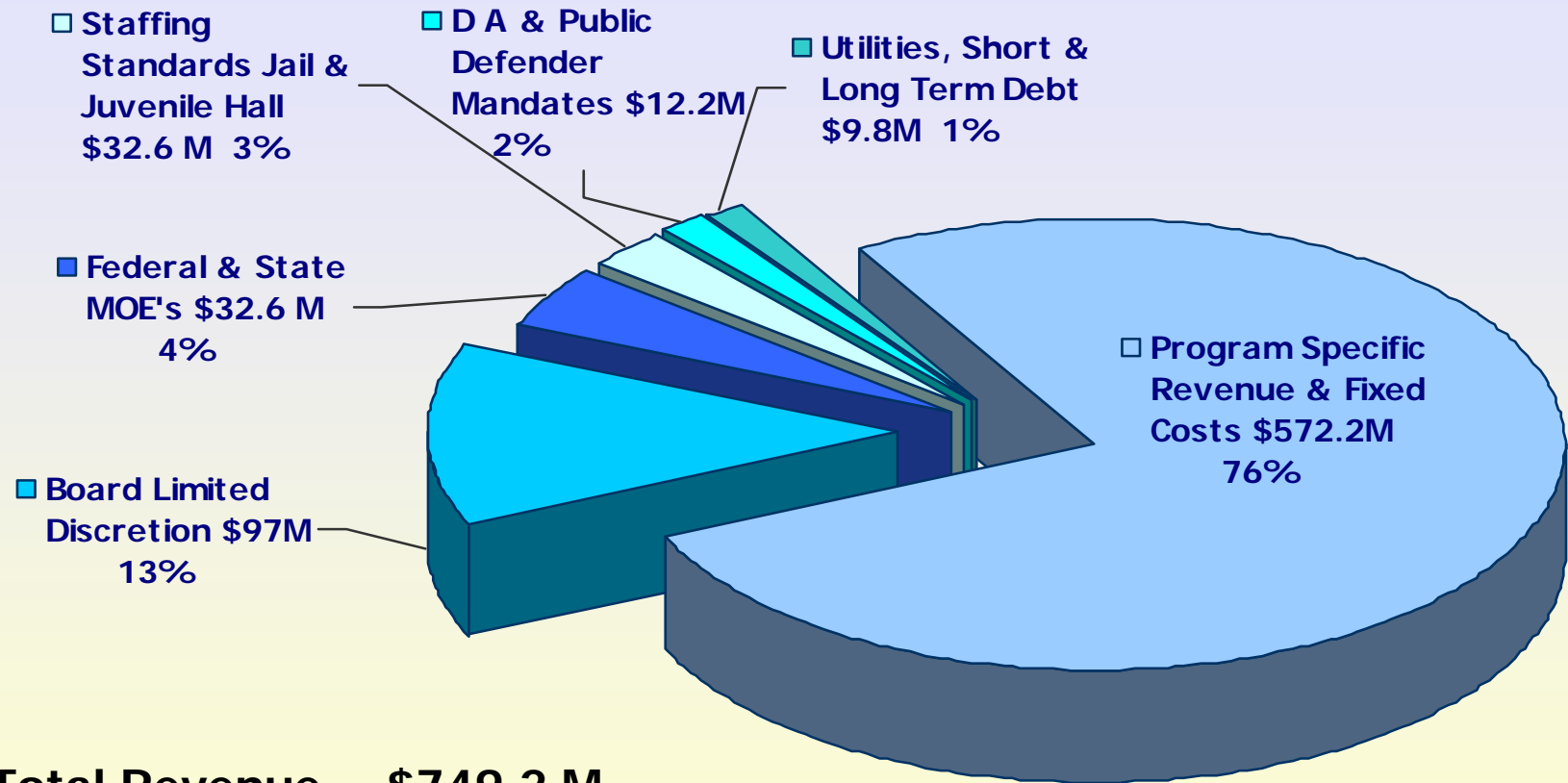
GF Contribution by Functional Area

Total of \$189.2 M includes \$12.2M prior fund balance



FY 2006 – 2007 Proposed Operating Plan and Budget

Board Discretion = 13% of Total Revenues



Total Revenue = \$749.2 M
Discretionary = \$177.0 M



Outstanding Issues

- FY 2006-07
 - State Budget
 - Budget Expansion Requests
- Future Years
 - Attracting and Retaining Employees
 - Public Health Fund



State Budget – Significantly Improved

May Revise reflects significant improvement in State's fiscal condition due to increased revenue collections

Governor seeks to use increased revenue to:

- Repay debt including repayments to local governments
- Increase State Budget Reserves
- Increase School Funding
- Repair Levees – Sacramento Delta Area

Improved State Budget is good news for State Funded Local Programs



State Budget - Concerns

No known new GF Reductions as a result of May Revise. However, some concerns:

- Revised Booking Fee Structure – Seems complex and convoluted... still a work in progress
- Implements provision of Federal Deficit Reduction Act - States to document citizenship/legal residency of Medi-Cal – Could result in increased cost to Social Services (eligibility), Public Health (medical services) & ADMHS
- No repayment for Special Election - \$1.1M repayment due
- Mental Health Service for Special Education Pupils (AB 3632) program restructure – ADMHS does not anticipate negative impact for SB County
- Program and Funding changes in Social Services – primarily CalWorks – impacts not yet known



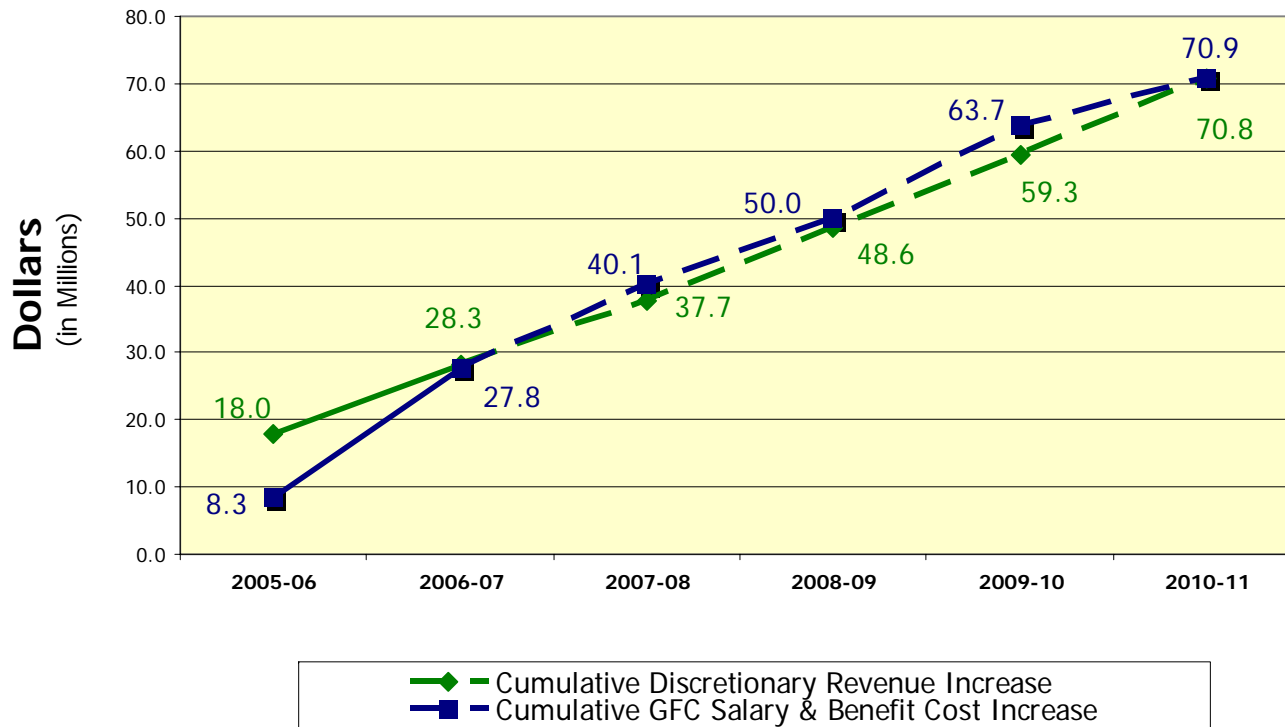
State Budget Potential Positives

- Proposed early repay of borrowed FY 04-05 funds. Could result in \$750k – \$1.5 million (unbudgeted) to Roads.
- Increases in COPS and JJCPA funding. County will receive an allocation... not significant.
- Proposed 2nd year prepayment of deferred mandate reimbursement (SB 90). Not yet clear how \$\$ will be allocated for repayment.
- New funding for Emergency Preparedness to include funds for “counties to stockpile supplies and equipment” and “develop hospital surge plans”. Unclear how funds will be allocated but we will get some \$\$’s.
- New funding for Homeless Housing to end chronic homelessness. No info on how \$\$ will be allocated.
- Potential \$3.8 million Prop 63 funding for Mental Health



FUTURE OUTLOOK

Five Year General Fund Net Revenue & Expenditure Forecast



FY 2006 – 2007 Proposed Operating Plan and Budget

Forecast: Changes from Last Year

- Revenue growth produces a positive gap in FY 05-06
- Also, no negative gap in FY 06-07
- In future years, major gap drivers are not salaries, but depletion of fund balance in Public Health and continued cost increases in Social Services
- Gap closes in FY 10-11 due to moderation of salary and benefit cost growth



Key Forecast Assumptions

- Growth of discretionary revenue slows after FY 06-07 due to slowing of property tax increases
- Salary and benefit costs reflect MOUs and assume 3½ percent growth in “out” years with retirement cost growth falling
 - Assumes no growth in total FTEs over the 5 year period
- Projected Public Health Fund funding shortfalls are a critical factor in FY 09-10 gap
- No expenditures for New County Jail in forecast



Department Expansion Requests

Budget Expansions Recommended for Funding - \$516,000

- District Attorney – Truancy Program Supervisor - \$44K
- Public Health – Sexual Assault Response Team - \$130K
- Ag. Commissioner – 1 Ag. Planner - \$100K
- Auditor – Financial Systems including 1 Analyst - \$190K
- Public Works – Clean Water Staffing - \$52K

Budget Restorations for Consideration - \$307,000

- Public Health – Preventive Health Care - \$232K
- Social Services – Adult and Aging Network - \$75K

Defer all remaining Expansion Requests until after the end of the first quarter of the fiscal year



Recommendations:

- Adopt the proposed County budget for FY 06-07, with Final Budget Adjustments and additions if the fund balance is higher than budgeted and reductions if the fund balance is lower than budgeted.
- By separate resolution, adopt the Redevelopment Agency budget for FY 06-07.



Recommendations:

- In the Budget Resolution:
 - Authorize the CEO, within defined limits, to approve changes to fixed asset amounts
 - If the General Fund Balance exceeds \$12.176 million authorize the Auditor to allocate:
 - The first \$300,000 to Deferred Maintenance for Santa Barbara Administration Building HVAC
 - Next \$1,700,000 to Emergency Operations Center
 - Remainder to General Fund Strategic Reserve



Key Forecast Assumptions

Public Health Department (PHD) Special Revenue Fund

- **What is it?**

A fund established in 1996 which is used to account for specific revenue sources that are restricted to expenditure for specified purposes; in this case, to fund PHD medical operations.

- **Why is it being depleted?**

The revenues that established the fund and subsequently allowed the fund to grow have been capped. Medical care costs have increased, outpacing revenues.

- **When will it be completely depleted?**

PHD estimates that the existing fund balance will be spent by 2009-10. As a result, the CEO is projecting a need for \$5 million in additional General Fund contribution in FY 09-10.



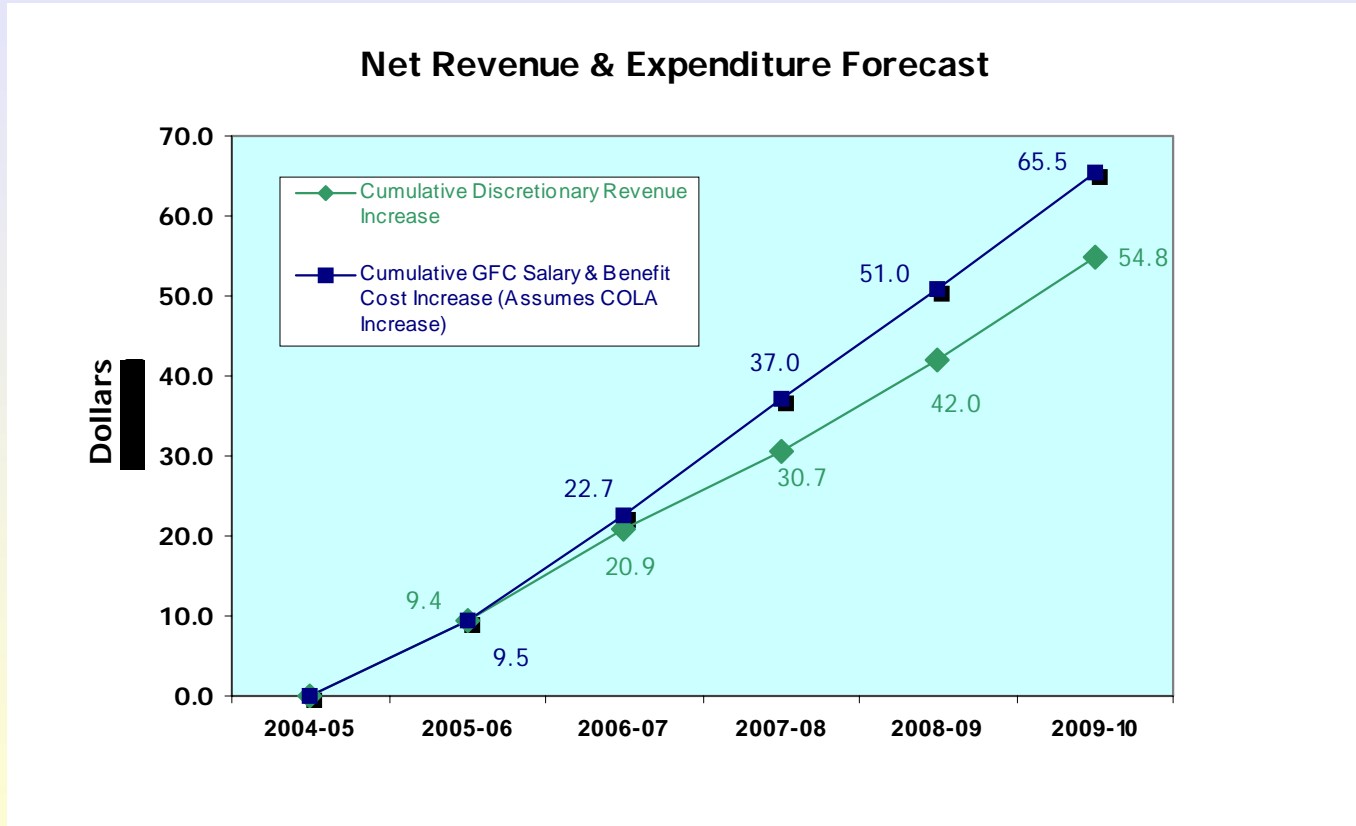
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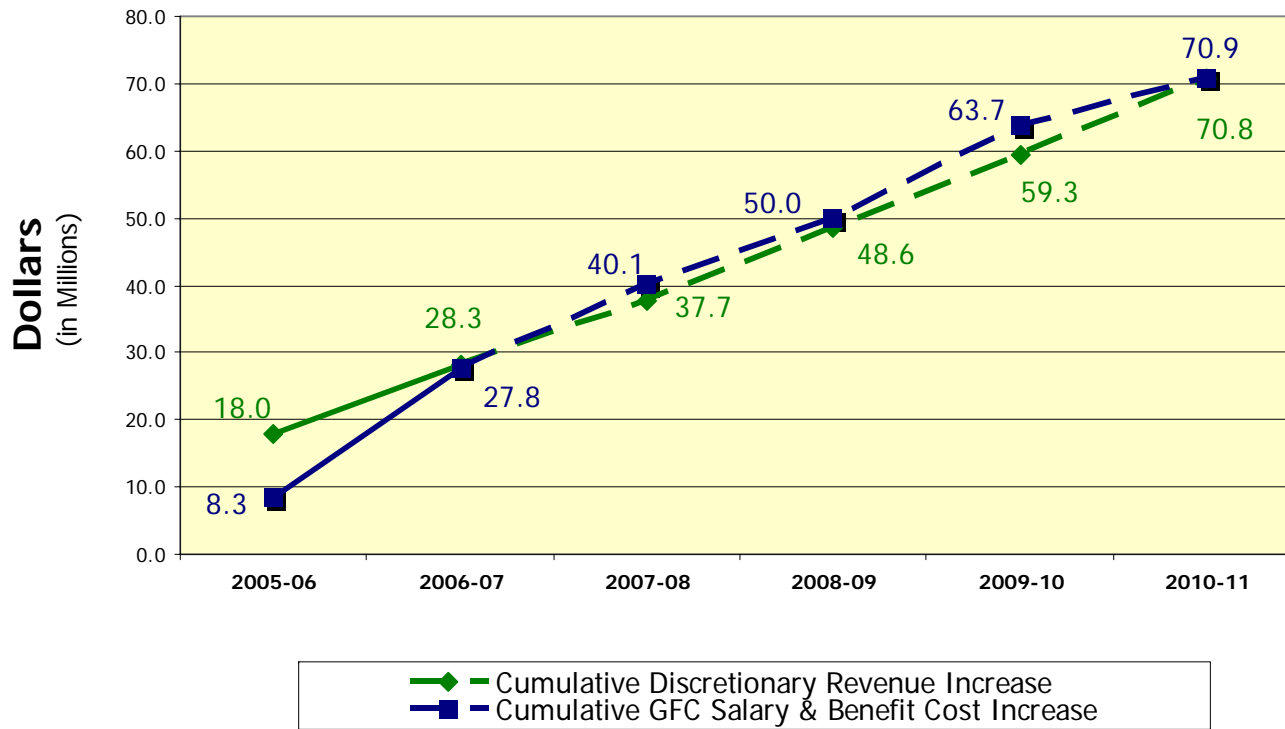
FUTURE OUTLOOK (From FY 05-06 Hearings)



FY 2006 – 2007 Proposed Operating Plan and Budget

FUTURE OUTLOOK

**Five Year General Fund
Net Revenue & Expenditure Forecast**



FY 2006 – 2007 Proposed Operating Plan and Budget