



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive Office
Department No.: 012
For Agenda Of: May 20, 2008
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Michael F. Brown, County Executive Officer
Contact Info: Jason Stilwell, Assistant County Executive Officer/
Budget Director (x3411)
SUBJECT: Fiscal Year 2008-09 Proposed Operating Plan and Budget

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors Receive the Fiscal Year 2008-09 Proposed Operating Plan and Budget for Santa Barbara County.

Summary Text:

The Fiscal Year 2008-09 Proposed Operating Plan and Budget is hereby submitted to the Board of Supervisors. Budget hearings are scheduled for the week of June 9-13, 2008 and if necessary, may be continued into the week of June 16-20, 2008.

Background:

The Board of Supervisors adopted budget principles in fall 2007 to guide the preparation of the FY 2008-09 budget. Due to the significant fiscal challenges facing the County, these included direction to County departments to submit a balanced budget within a specific General Fund target, absorb retirement increases and submit additional reductions equivalent to 5% of General fund allocation. These strategies proved to be essential in arriving at a balanced budget. The Board conducted a budget workshop in February 2008 at which time potential service level reductions were identified. The Board provided direction to continue to incorporate the identified reductions in the recommended FY 2008-09 budget. These reductions and associated service level impacts are summarized in an attachment at the end of the County Executive Officer's Message, Section A of the proposed FY 2008-09 budget.

The FY 2008-09 Recommended Expenditure budget for all funds totals \$759.3 million, an increase of \$5 million, or 0.66% more than the amount estimated to be spent in fiscal year 2007-08 budget. The recommended budget includes \$33.5 million designated for future use. This brings Total Uses to \$792.8 million for FY 2008-09. The proposed budget is balanced with FY 2008-09 revenues of \$738.1 million and prior year revenues that had been set aside for future use of \$54.7 million, for a total source of funds of \$792.8 million.

Budget at a Glance

Dollars in Millions	2006-07 Actual	2007-08 Adopted	2007-08 Estimated	2008-09 Recommended
Total Revenues	\$700.9	\$731.2	\$721.5	\$738.1
Other Financing Sources	\$73.5	\$94.9	\$100.1	\$54.7
Total Sources	\$774.4	\$826.1	\$821.6	\$792.8
Total Expenditures	\$690.4	\$760.2	\$754.3	\$759.3
Designated for Future Use	\$85.8	\$65.8	\$67.3	\$33.5
Total Uses	\$776.2	\$826.0	\$821.6	\$792.8
Staffing FTEs	4,222	4,351	4,281	4,135

Staffing levels in the Proposed FY 2008-09 Operating Plan and Budget are 4,135 Full Time Equivalent (FTE) positions. This is a decrease of 216 FTE compared with 4,351 FTE in the FY 2007-08 Adopted budget. Staffing in the proposed FY 2008-09 budget decreases by 146 FTE when compared with the estimated actual staffing level of 4,281 FTE in the current year.

The FY 2008-09 Recommended Budget includes appropriations of \$49.1 million for capital improvements, equipment, and other capital projects. The FY 2008-09 Capital Budget was presented to the Board of Supervisors on April 15, 2008 as part of the FY 2008-13 Capital Improvement Program. The Proposed Budget also includes the allocation of \$6.7 million in discretionary funds primarily for use on designations approved with the Budget Principles. The proposed budget includes another year of contributions to the Capital Designation, Deferred Maintenance program, Road Designation and the Salary and Retirement designation.

The Audit Exceptions designation is newly created in the proposed FY 2008-09 budget. The Alcohol Drug and Mental Health Services Department owes the State of California an estimated \$3 million for settlements of past audits and a one-time allocation of \$2,157,951, as well as any FY 2007-08 year-end fund balance, is recommended toward this debt. This one-time allocation of discretionary General Funds will assist the Department to balance its budget as proposed in the FY 2008-09 Budget and Operating Plan.

Reserves and Designations	Allocations
Deferred Maintenance	1,500,000
Salary & Retirement Designation	1,200,000
Contingency	800,000
Capital Designation	500,000
Litigation Designation	500,000
Roads Designation	58,000
Audit Exceptions	2,157,951
Strategic Reserve	0
Total	\$6,715,951

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The proposed budget does not include any appropriation to the Strategic Reserve which now stands at \$24.7 million. The County's financial goal is to reach and maintain 30 days working capital, now estimated at \$58 million, in the Strategic Reserve.

Budget Hearings are scheduled to begin at 9:00 a.m. on Monday, June 9, with a one-hour presentation by the County Executive Office highlighting the major dollar allocations and issues in the FY 2008-09 Proposed Budget. Board discussions and departmental budget presentations are scheduled for Monday, June 9 and Wednesday, June 11 with final determinations and adoption scheduled for Friday, June 13. In line with past practice, Budget Hearings will be noticed for the week of June 9-13 and, to be prudent, the week of June 16-20 in the event additional time is needed.

The Proposed Budget will be available to libraries and public agencies by May 21, 2008 and will be posted on the County's website at <http://www.countyofsb.org/cao/budgetresearch/budget0809>. Budget hearings and availability of the FY 2008-09 Proposed Budget will be noticed no later than Sunday, May 25, 2008 in the Daily Sound, Lompoc Record, and the Santa Maria Times.

In order to efficiently manage the Board's agenda, a list of on-going grants and contracts, by department, will be presented at budget hearings with a recommendation that the Board approve, as a group, their renewal for FY 2008-09. However, changes in contract scope or in amounts that exceed 10% (unless the dollar amount of change is under \$10,000), of on-going grants and contracts, as well as **new** grants and contracts requested by departments, must be presented to the Board for approval.

Responding to Board Questions. Members of the Board of Supervisors may have questions which the County Executive Office (CEO) can answer prior to Budget Hearings. A form (Attachment A) has been included with this letter to facilitate such inquiries between now and the start of Budget Hearings on June 11. Additional copies of the form will be available in the CEO's and Board's offices.

Fiscal and Facilities Impacts:

As indicated in the FY 2008-09 Proposed Budget.

Special Instructions: The Clerk of the Board is requested to notice the budget hearings and availability of the FY 2008-09 Proposed Budget in the Daily Sound, Lompoc Record, and Santa Maria Times no later than Sunday, May 25, 2008.

Attachments:

A: Board Inquiry Form

B: Notice of Public Hearing

Authored by:

Zandra Cholmondeley, Principal Administrative Analyst (x3261)

cc: Department Directors
Assistant County Executive Officers
Recognized Labor Organizations

Attachment "A"

Board Inquiry Form

Board Member	
Carbajal	
Wolf	
Firestone	
Gray	
Centeno	

Department:

Date:

Budget Page(s):

**Request/
Question:**

Report Back by:

Response:

PUBLIC NOTICE

**NOTICE OF PUBLIC HEARING
SANTA BARBARA COUNTY
PROPOSED BUDGET FOR THE 2008-2009 FISCAL YEAR**

Notice is hereby given that on Monday, June 9, 2008, at 9:00 a.m. in the Board of Supervisors' Hearing Room, Fourth Floor, County Administration Building, 105 East Anapamu Street, Santa Barbara, California, the Board of Supervisors will meet for the purpose of conducting Public Hearings on the County's Proposed Budget for 2008-2009. The Proposed Budget includes the County's General Operational Budget as well as budgets of special districts governed by the Board of Supervisors.

The hearings are scheduled for June 9 and 11 with the Board of Supervisors' final determination scheduled for Friday, June 13, 2008; however, the Board may choose to extend the hearings through June 20, 2008. A tentative daily schedule is available at the County Executive Office, 105 East Anapamu Street, Room 406, Santa Barbara, California; however, individual times on that schedule are subject to change.

Any interested person may submit written comments and may appear and be heard regarding any item included in the proposed budgets and/or for the purpose of requesting the inclusion of additional items before and/or during the hearings. The Board will receive staff's recommended final budget changes which will be available for public review at least 72 hours before the Board takes final action on them.

In compliance with the Americans with Disabilities Act, persons needing special assistance to participate in these hearings may contact the Clerk of the Board at (805) 568-2240. Notification at least 48 hours prior to the meeting will enable the Clerk to make reasonable arrangements.

A copy of the 2008-2009 Proposed Budget will be available for public review on May 21, 2008 at the Clerk of the Board office, 105 East Anapamu Street, Room 407, Santa Barbara, California, between 8:00 a.m. and 5:00 p.m., weekdays. Copies will also be available at the County's Third District office at 1745 Mission Drive, Suite B, Solvang; the Fourth District office at 401 East Cypress Avenue, Lompoc; and the Fifth District office at 511 East Lakeside Parkway, Santa Maria. Additional copies of the 2008-2009 Proposed Budget will be available for public review at all main libraries during library operating hours.

Questions may be directed to the County Executive Office at (805) 568-3400.

Witness my hand and seal this _____ day of _____ 2008.

Michael F. Brown
CLERK OF THE BOARD OF SUPERVISORS

By _____
Board Assistant