one COUNTY one FUTURE

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

Submitted on:
(COB Stamp)

Department Name:	County Executive Office
Department No.:	012
Agenda Date:	January 7, 2025
Placement:	Departmental Agenda
Estimated Time:	45 MIN.
Continued Item:	No
If Yes, date from:	
Vote Required:	Majority

TO:	Board of Supervisors	
FROM:	Department Director(s)	Mona Miyasato, County Executive Officer
	Contact Info:	Paul Clementi, Budget Director
SUBJECT:	Five-Year Forecast and Budget Development Policies	

DocuSigned by:
41846F5C725B460...

County Counsel Concurrence
As to form: N/A

Auditor-Controller Concurrence
As to form: N/A

Other Concurrence:
As to form: N/A

Recommended Actions:

That the Board of Supervisors:

a) Receive and file the Five-Year Forecast for Fiscal Years 2025-26 through 2029-30;

b) Adopt the Fiscal Year 2025-26 Budget Development Policies;

c) Review funding priorities for Fiscal Year 2025-26 and provide staff additional direction as appropriate; and

d) Determine pursuant to California Environmental Quality Act Guidelines §15378 that the above activity is not a project under the California Environmental Quality Act.

Summary:

This item is before the Board to receive a report on the five-year forecast of major budgetary components for the General Fund and other major funds, adopt the recommended budget development policies, and provide staff with direction on Board priorities to guide budget development for the upcoming fiscal year.

Next year's General Fund budget can be balanced with status quo operations and release of set-asides; however, General Fund operating deficits are projected to grow to $14 million over three years, and by $23 million cumulatively over five years, assuming depletion of set-asides. The County's five-year financial forecast for fiscal years (FY) 2025-26 through 2029-30 projects General Fund operating deficits in years one and two, which may be mostly offset with the release of $15

million in ongoing revenue, set aside by the Board for this purpose in prior fiscal years. Forecasted deficits grow significantly to more than $14 million in year three, with an additional $7.5 million deficit in the final two years. Deficits are driven by increasing salary and benefit costs, compounded by large increases to the cost of jail medical services, and estimated construction and operation costs of an expansion at the Northern Branch Jail, among other things. The forecast is intended to inform the County's long-term financial planning by modeling possible future financial positions, absent change in current operations, spending and revenue plans.

Key takeaways from the forecast include the following:

- **Significant increases in criminal justice costs are deepening deficits**. Operating deficits identified in last year's forecast are significantly larger this year due to new and growing costs in jail operations, medical services, and settlement compliance, the estimated cost of which has tripled compared to the prior year's forecast due to more accurate estimates.
- **Moderate discretionary revenue growth averages 3.6% over the forecast period** compared to more robust growth experienced in recent years, driven by more modest growth in major revenues such as property and sales tax.
- **Sustaining certain discretionary safety net services remains a challenge.** Sustaining certain grant-funded programs such as homelessness prevention, diversion and rehousing and co-response services after funding sources are exhausted would cost the General Fund an additional $3.1 million over the forecast period, if funded. There are also other fiscal issues under review that will likely have significant General Fund implications.
- **Ongoing set asides of $15 million may offset projected deficits in FY 2025-26 and some of the deficit in FY 2026-27**. In year two and after, greater revenue will be needed to support projected costs, or budget reductions will be required. Reductions would be occurring even in FY 2025-26 if the Board had not prudently set aside ongoing revenue for this purpose.
- **Use of $8-10 million unallocated fund balance towards capital projects is recommended**. A preliminary estimate of one-time unallocated fund balance in the General Fund available for allocation in the FY 2025-26 budget is $10 million, which staff is recommending largely go towards capital projects, although other needs may materialize before finalization of the FY 2025-26 budget. Set asides and other funding sources exist for some, but not all, identified priorities. Staff will return at the April Workshops with more specific recommendations.

Proposed budget development policies will increase transparency, clarify trade-offs options, and leverage non-General Fund dollars. Staff recommend two new budget development policies in FY 2025-26. The first would require department budgets to balance at the program level for all programs funded with General Fund Contribution dollars. This policy will add a layer of transparency about how limited General Fund dollars are spent and will help to clarify spending options for limited resources. The second policy recommendation would make it clear that Special Revenue Fund programs should pay their proportional share of County project costs from which they benefit (i.e., capital projects, technology projects, energy efficiency projects). This policy would help to ensure that the County is effectively utilizing non-General Fund dollars where possible.

If a status quo budget is implemented in the next year, and budget reductions forestalled, staff will still need to begin planning in the next year for eventual reductions and/or new revenue strategies. While not a budget policy for next year, the CEO's office plans to request budget reduction and/or revenue enhancement strategies from departments within the next 12 months to prepare for the deficits we see beginning in the second year of the forecast. This gives the departments one year to plan for potential reductions that may need to be developed for the FY 2026-27 budget and may affect how they manage their resources in the coming year.

Background:

The County Executive Office (CEO) commences its annual budget planning process by preparing a five-year financial forecast and budget development policies (**Attachment B**) that guide departments through the forthcoming budget development cycle. The forecast focuses primarily on the General Fund and identifies fiscal issues that have the potential to impact demand on limited County resources during the forecast period. Some issues have broad countywide impacts and others are specific to one or two departments. Five-year forecasts for the County's other major operating funds are also reviewed as a part of the budget planning process, and fiscal issues affecting those funds are discussed in this report. Together, these discussions provide context for the Board in its effort to balance short-term objectives with long-term goals during the upcoming budget development cycle.

Maintaining status quo budgets will be a priority heading into FY 2025-26 budget development. Departments will be asked to avoid ongoing expansion requests to the extent possible, to ensure available funding to cover increases in critical operational costs related to negotiated labor contracts, increasing pension obligations and general liability insurance premiums, and additional mandated services. The FY 2025-26 Recommended Budget will be presented to the Board preliminarily during April budget workshops and for final adoption during June budget hearings.

ECONOMIC OUTLOOK:

State Forecast. Current indicators point toward unlikely recession and economic stability over the next couple of years, but uncertainty persists.

Inflation is down and a recession is unlikely. The Federal Reserve enacted a half percentage point cut to interest rates in September 2024 and another quarter point reduction in December 2024, marking the easing of post-pandemic inflation and stabilizing labor market growth. According to the September 2024 UCLA Anderson Forecast, various factors, including consumer spending and stimulative fiscal policies, have contributed to keeping the economy stable. Nationwide retail sales have remained strong, durable goods orders are rising, and factory construction is stable. Housing markets generally remain robust, with rising demand and population growth supporting construction. The likelihood of a recession has decreased substantially from recent years. However, uncertainties such as government shutdowns, geopolitical events, and changes in economic policies after an election could alter the economic trajectory.

State General Fund revenue exceeding forecasted receipts in FY 2024-25. Specific to California, GDP growth is expected to see exceptional years in 2025 and 2026. Year-to-date revenues reported by the Department of Finance indicate that General Fund revenues (personal income tax, corporation tax, sales and use tax) are generally exceeding budget estimates, and the Legislative Analyst's Office's 2025-26 Fiscal Outlook, published in November 2024, does not anticipate major variances in major revenue sources relative to budget projections this fiscal year. However, the Anderson Forecast also warns of risks associated with the unemployment rate, expected to hover around 5.1% this year, higher than the national average, and the weakened housing market over the last couple of years. There are opportunities for growth associated with increased international immigration and the return of technical manufacturing jobs to California.

The County's five-year forecast incorporates the moderate growth revenue assumptions of the economic outlook. Further detail regarding General County Revenue assumptions included in the forecast may be found in the General Fund section of this letter, and **Attachment A**.

PRELIMINARY PROJECTIONS FOR FY 2025-30:

General Fund

The General Fund represents the main operating fund for the County and is therefore a primary focus of budget discussions. Discretionary revenues generated within the County are of critical importance as they are distributed to departments as General Fund Contribution (GFC). GFC provides funding for departmental operations and services for which no special or dedicated revenues are available. About 90% of total GFC is allocated to General Fund departments, and the balance is allocated to certain special revenue departments that use GFC as a local match for State and federal funding. Forecasts for the County's major discretionary revenues have been prepared, and areas of significant impact are discussed below.

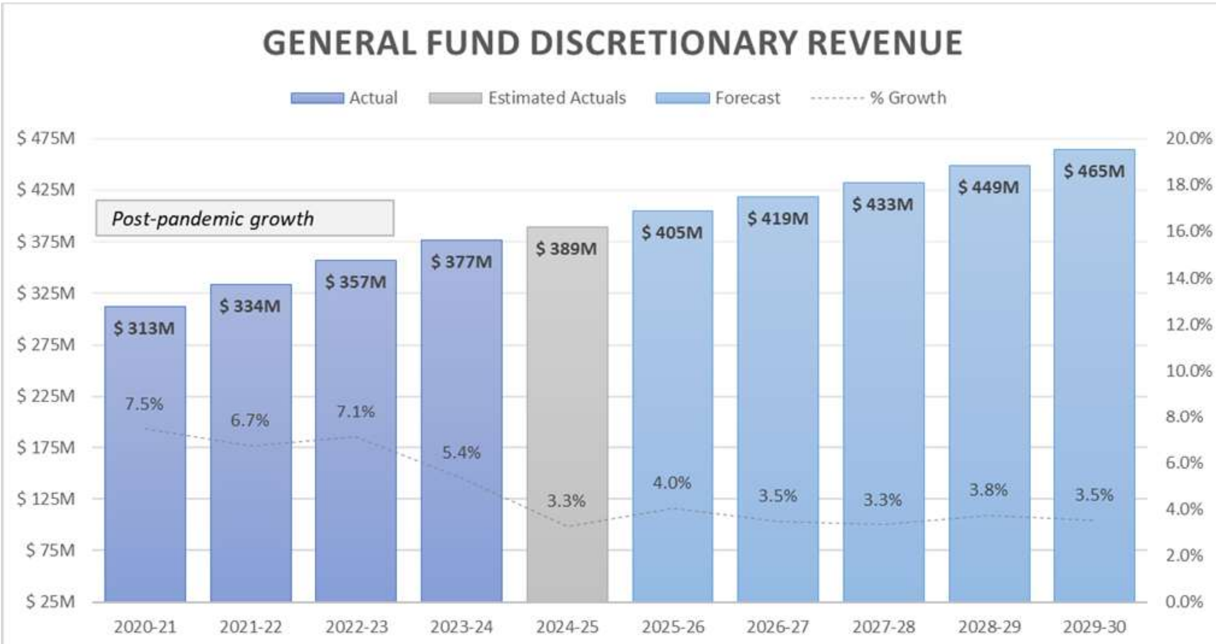
Discretionary Revenue. Moderate growth levels estimated, lower than recent years, primarily driven by recent trends and economic uncertainty. A moderate growth revenue scenario has been prepared and is the primary focus of this forecast as it represents the scenario estimated as most likely to occur. Under this scenario overall revenue growth is estimated to slow compared to the substantial growth experienced in the wake of the pandemic and is mainly driven by uncertainty in the economy. Year one of the forecast anticipates growth of 4% before falling into the 3% range in the out years. The sources comprising the majority of the General Fund's Discretionary Revenues include Property Tax, Transient Occupancy Tax (TOT), and Local Sales Tax revenues. Growth of these revenue sources is critical as they fund increases in labor and operational costs for many County operations.

- **Property Tax growth estimated to slow driven by a decrease in the volume of property transfers.** Property tax revenue represents the lion's share of General Fund revenue sources, comprising approximately 80% of the County's discretionary revenues. For the forecast, overall property tax revenue is assumed to moderate to a rate of 3.8% each year, representing flatter growth than what has materialized in recent years. The slower growth is mainly attributable to an estimated reduction in assessed value growth driven by higher mortgage rates and a corresponding decrease in the volume of real estate transactions. Recent decreases to bank borrowing rates may lead to future reductions to mortgage rates, but uncertainty remains. Auditor-Controller staff have estimated assessed value growth of 4% in each forecast year representing a reduction when compared to growth experienced in recent years and over the longer-term.

- **TOT estimated to grow substantially in early years due to tax rate increase, then slows in out years.** TOT revenues are expected to increase as a result of the recent ballot measure passage to increase the County's tax rate from 12% to 14%. TOT revenues are estimated to grow at an average rate of 13.5% in years one and two mainly due to this rate increase coupled with the hospitality industry's continued recovery from the pandemic and the anticipated reopening of a major hotel in the unincorporated area. Growth in the final three years is then estimated to slow to an average rate of 5% mainly due to economic uncertainty that is expected to impact consumer sentiment and discretionary spending. Although moderate, stable growth is anticipated over the final three years, it marks a reduction compared to the 5-year average growth of 16% and 10-year average of 10%.

- **Local Sales Tax growth assumed to slow due to economic uncertainty impacting consumer sentiment and spending.** Local sales tax revenue represents the local portion of the retail sales tax collected by the State from sales generated within the unincorporated areas of the County. With guidance provided by sales tax consultant HdL, growth is estimated to slow to an average of 2.4% over the forecast due to economic uncertainty that is expected to affect consumer sentiment and consumption of taxable goods.

The following chart illustrates the forecasted General Fund discretionary revenue growth compared to the FY 2024-25 estimated actuals and actual revenue collections in the prior four fiscal years. A more detailed analysis of all discretionary revenues is found in **Attachment A.**



<u>**Alternative Revenue Scenarios**</u>. In addition to the moderate growth scenario discussed above, three alternative discretionary revenue scenarios were prepared to quantify the revenue impacts of other potential conditions. The alternative revenue scenarios consist of 1) a slowing economy, 2) optimistic tax revenue, and 3) a highly optimistic revenue scenario. These three revenue scenarios and their associated impacts are discussed in greater detail below.

- **Slowing Economy scenario results in a cumulative $31 million decrease compared to the baseline forecast, primarily due to estimated reductions in property tax.** This worsens the deficits shown in the moderate growth scenario. Although a recession is unlikely and economic stability is expected to continue, some degree of economic uncertainty is expected over the next few years, and accordingly, a forecast scenario has been prepared that considers impacts to discretionary revenues in the event that a more pronounced slowing of the economy materializes. In preparing this scenario, revenue trends that occurred as a result of the Great Recession were utilized to model this slowing economy scenario, but to a lesser degree. The discretionary revenues identified as being most impacted by a slowing economy are major Property Taxes, TOT, and Local Sales Tax, which have all been estimated to decrease under this scenario. This scenario results in a cumulative $31 million less discretionary revenue over the forecast period when compared to the baseline, or moderate growth, scenario

- **Optimistic Tax Revenue scenario results in a cumulative $13.9 million more than the baseline forecast, driven by increases in property and sales tax.** This scenario reduces the magnitude of future deficits but does not erase them. Under this scenario, an increase in overall discretionary revenue over the moderate growth scenario has been estimated, driven by more optimistic growth assumptions in major property tax revenues and sales tax. If these assumptions materialize, this scenario will result in an aggregate incremental revenue increase of $13.9 million, or 17%, over the moderate growth scenario and could help offset a portion of the rising, ongoing costs identified in the forecast table below.

- **Highly Optimistic Tax Revenue scenario results in a cumulative $31.2 million increase over the baseline scenario, by assuming a 1% sales tax rate increase and increases in property tax.** This scenario would largely eliminate future deficits shown in the forecast assuming no significant cost increases**.** The final alternate revenue scenario retains the assumptions from the Optimistic Tax Revenue scenario, while also including revenue estimates from an assumed passage of a ballot measure to increase the County's sales tax rate by 1%. If such a ballot measure were approved in the November 2026 general election, it would add over $15 million to the County's discretionary revenue. Taken with the increased tax assumptions from the prior scenario, the cumulative incremental increase in revenue is $31.2 million above the moderate growth scenario.

With uncertainty in the economy expected to persist throughout the forecast period, discretionary revenues will continue to be monitored closely along with other factors mentioned above that have the potential to alter the economic outlook, such as changes in economic policies post-election, geo-politics, and government shutdowns.

<u>Countywide Salary and Benefits Costs</u>. Forecasted salary and benefit growth assumes moderate cost-of-living adjustments resulting in slightly lower than actual, average annual increases over the past five years.

Salary and benefit costs comprise $825.3 million or 51% of the County's adopted FY 2024-25 operating budget and are forecasted to increase by $33.9 million or 3.8% per year over the next five fiscal years. Forecasted growth is slightly lower than the actual average growth of 5% over the five previous fiscal years due to assumed stability in staffing levels, moderate cost-of-living adjustments, and low pension contribution growth rates in three of the five forecasted years.

Salary, pension, and healthcare contributions are the primary drivers of personnel costs and comprise 90% of the total. Specific assumptions related to each of these drivers including cost-of-living and equity adjustments; pension investment returns and contributions; and health benefit premiums and allocations, are summarized as follows and described in further detail in **Attachment A**:

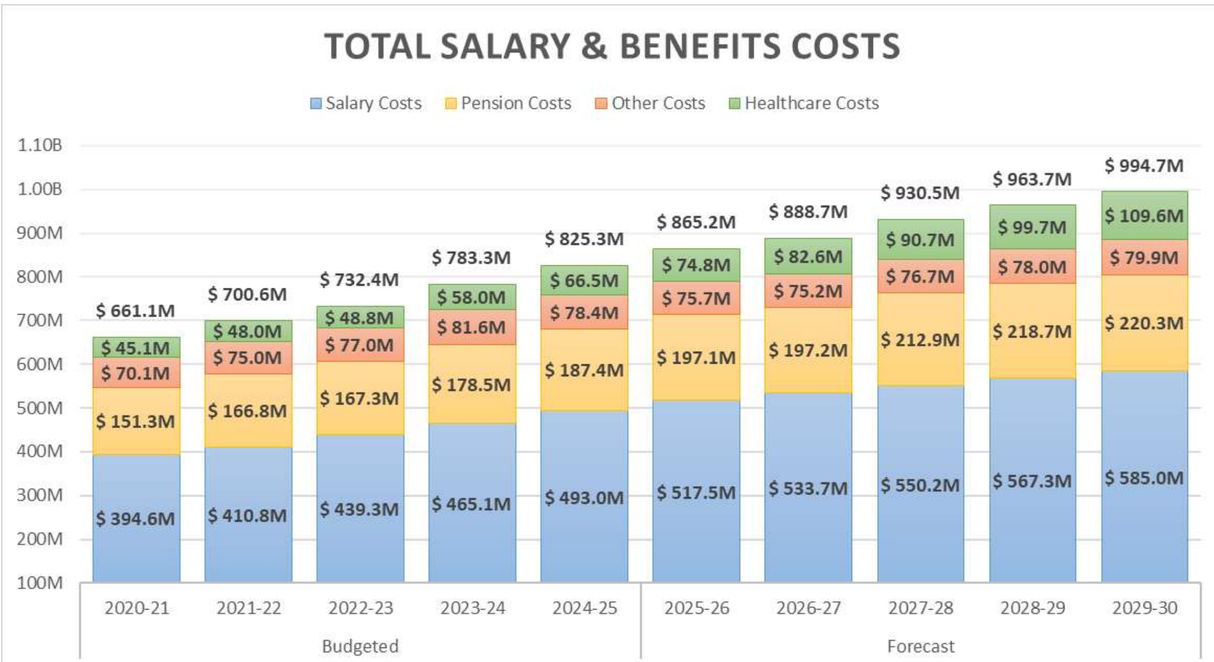
- **Salary costs growth of 3.5% per year is lower than current year budgeted growth of 6% due to assumptions of no change to funded FTE and moderate cost-of-living adjustments**. Costs are driven by a combination of known cost-of-living and equity adjustments established in current labor agreements and assumed increases of 3% for the years that extend beyond contract terms. Salary adjustments for all non-safety labor groups reflect the new three-year agreement terms approved by the Board in July and August of this year. Similarly, salary adjustments for safety labor groups reflect negotiated agreement terms through FY 2026-27 and additional adjustments agreed upon in the August 2024 side letter with the Deputy Sheriffs' Association totaling $3.2 million.

- **Pension costs growth of 3.3% per year is lower than current year budgeted growth of 5% due to low retirement contribution growth rates in three of the next five years**. County contribution rates reflect the smoothing in and out of prior year investment gains and losses, which drive the relatively flat pension cost growth in FY 2026-27 of the forecast (related to the smoothing in of an investment gain) and the $15.6 million increase in FY 2027-28 (related to the smoothing in of an investment loss). Final retirement rates for FY 2025-26 will be approved by the Santa Barbara County Employee's Retirement System in December and incorporated into the preliminary budget presented to the Board during April workshops.

- **Health benefit costs forecasted to grow by 10.5% per year.** Forecast assumptions include a 10% annual increase in medical insurance premiums based on market trends identified by the County's healthcare plan consultant.

- **Other salary and benefit costs are flat, consistent with prior year budgets** and include primarily Social Security contributions, workers compensation payments, and overtime pay, among others. While these costs are budgeted as a smaller and relatively stable share of the County's budget, fluctuations in workers compensation and overtime payments in particular have the potential to drive up personnel costs in a given year. These increases are typically covered with salary savings, especially in the case of overtime pay, which is often driven by vacancies.

The following table compares budgeted salary and benefit costs for the past five fiscal years to the five-year forecast period.



Further detail regarding salary and benefit assumptions is located in **Attachment A**, and further discussion of the anticipated impact of forecasted salary and benefit costs to the General Fund is presented in the Five-Year Financial Forecast table, in the following section of this letter.

<u>Five-Year Financial Forecast</u>. Operating costs in the General Fund continue to outpace discretionary revenue growth, and growing jail operation costs deplete ongoing revenue set-asides by year two of the forecast.

A five-year forecast of ongoing expenditures funded with ongoing General Fund discretionary revenue was prepared using the moderate revenue growth scenario discussed above, in addition to salary and benefit increases, prior Board policy commitments, and certain anticipated major operational cost increases. The forecast assumes status quo operations and does not include any potential department expansion requests or fiscal issues that are still being determined, monitored, and quantified. Cannabis tax revenue was excluded as an available ongoing source due to the uncertainty around that revenue source.

Forecast anticipates a $38 million General Fund deficit over the next five years (reduced to $23 million assuming depletion of set-asides). The cost of maintaining status quo operations is outpacing discretionary revenue growth in the General Fund by more than $7 million per year. Anticipated deficits are driven by salary and benefit increases and internal services costs; and are made significantly larger by new and growing obligations to the General Fund related primarily to jail operations and medical services, which have tripled in estimated costs in FY 2025-26 compared to last year's forecast, as numbers have become more refined.

Prior year ongoing set asides may offset up to $15 million of the deficit. Thanks to the financial foresight of the Board in prior years, $15 million of the anticipated deficit may be fully offset by the release of ongoing prior year set asides in year one and partially offset in year two, leaving a $23 million deficit to address in years two through five.

A combination of revenue generation and spending reductions will be necessary to balance the budget in future years. Given the extent of the forecasted deficit, it is recommended that the County develop a twofold budget treatment strategy that considers opportunities to increase discretionary revenue through a possible sales tax measure and other revenue sources, as well as reductions to spending, which may include decreasing core service levels in order to balance the budget.

To address General Fund budget problems in the past, the County has looked to reductions in employee compensation through hiring freezes, furloughs, and management wage freezes, as well as position reductions. Additional treatments for consideration include reducing operating expenses by renegotiating contracts, limiting travel and training, consolidating services, and deferring capital projects.

In addition, in the last five years, the County invested in department operational reviews through KPMG to help departments become more efficient and effective, and developed a process improvement program called InnovateSBC, akin to Lean 6 Sigma, to teach employees ways to improve their processes. The County's Information Technology Department is also leading efforts to test Generative Artificial Intelligence (AI) in the workplace. Employing these will be important as we implement greater efficiencies.

The County Executive Office will continue to evaluate and recommend strategies for addressing deficits in future years.

FIVE-YEAR FINANCIAL FORECAST
INCREMENTAL CHANGE IN GENERAL FUND ONGOING REVENUE AND COSTS
FISCAL YEARS 2025-26 THROUGH 2029-30

Ongoing Revenue Sources:	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Discretionary Revenue (moderate growth)	**$ 23,669,300**	**$ 14,011,800**	**$ 13,873,700**	**$ 16,153,700**	**$ 15,700,100**
Ongoing Set Asides	**$ 6,562,230**	**$ 8,431,670**	**$ -**	**$ -**	**$ -**
Release Jail Medical Set Aside	*1,300,000*				
Release Other Prior Year Set Aside	*5,262,230*	*8,431,670*	*-*	*-*	*-*
Total Revenue Change	**$ 30,231,530**	**$ 22,443,470**	**$ 13,873,700**	**$ 16,153,700**	**$ 15,700,100**
Ongoing Cost Changes:					
Salaries + Rates + Reserves + Deferred Maint.	**$ 16,683,130**	**$ 10,867,822**	**$ 16,103,800**	**$ 13,776,008**	**$ 12,588,222**
Salary Increases	*6,218,814*	*5,304,725*	*5,845,793*	*5,712,807*	*5,476,800*
Pension Costs	*1,603,323*	*33,152*	*4,624,434*	*1,733,076*	*149,413*
Health Benefits	*2,230,463*	*2,207,823*	*2,457,273*	*2,646,017*	*2,701,187*
Deputy Sheriff's Association Side Letter	*3,197,900*	*-*	*-*	*-*	*-*
Internal Service Rate Increases	*2,550,300*	*2,983,200*	*3,176,300*	*3,601,200*	*3,994,800*
Strategic Reserve	*600,000*	*-*	*-*	*-*	*-*
18% Deferred Maintenance	*282,330*	*338,922*	*-*	*82,908*	*266,022*
Safety Net Costs	**$ 1,488,400**	**$ 2,240,100**	**$ 1,685,200**	**$ 678,900**	**$ 1,595,600**
In-Home Supportive Services Labor Increases	*888,400*	*1,053,000*	*497,800*	*508,900*	*1,595,600*
Homelessness Services Costs	*600,000*	*995,000*	*385,000*	*170,000*	*-*
Co-Response Teams	*-*	*192,100*	*802,400*	*-*	*-*
Criminal Justice Costs	**$ 12,060,000**	**$ 10,360,800**	**$ 10,207,800**	**$ 5,324,200**	**$ 5,461,800**
AB 1869 Backfill Sunset	*-*	*850,000*	*-*	*-*	*-*
Existing Northern Branch Jail Ops Funding Plan	*5,700,000*	*1,600,000*	*2,100,000*	*2,000,000*	*1,900,000*
Jail Healthcare New Costs & Annual Increases	*5,000,000*	*2,010,800*	*2,207,800*	*2,424,200*	*2,661,800*
911 Public Safety Answering Point Funding Gap	*660,000*	*200,000*	*200,000*	*200,000*	*200,000*
Northern Branch Jail 512 Bed Construction Debt Svc	*-*	*5,000,000*	*5,000,000*	*-*	*-*
Custody Staffing Shift Relief Funding Plan	*700,000*	*700,000*	*700,000*	*700,000*	*700,000*
Total Change in Costs	**$ 30,231,530**	**$ 23,468,722**	**$ 27,996,800**	**$ 19,779,108**	**$ 19,645,622**
Annual (Deficit)/Surplus	**$ -**	**$ (1,025,252)**	**$ (14,123,100)**	**$ (3,625,408)**	**$ (3,945,522)**

Further detail regarding each projected category of the five-year forecast is included as follows.

- **Salaries, Rates, Reserves, and Deferred Maintenance**

  a) **Impacts of salary, pension, and health benefit increases, including impact of labor agreement with Deputy Sheriff's Association, on discretionary revenue increase by $52 million over the next five years.** The General Fund Contribution share of countywide salary and benefit costs (approximately 30%) are forecasted to grow by an average $10.4 million or 2.6% per year over the forecast period. Significant drivers of the growth include general salary increases, as well $3.2 million in salary adjustments agreed to in an August 2024 side letter with the Deputy Sheriffs' Association, and a $4.6 million increase in pension contributions in FY 2027-28 related to the smoothing in of a prior year investment loss.

  b) **General Liability and Information Technology rates for General Fund departments could increase by $16.3 million over the next five years.** Internal service charges and insurance premiums continue to present a financial issue for some General Fund departments. General liability insurance and Information Technology charges specifically are expected to grow by 55% over the forecast period. In accordance with Budget Development Policy 3.h, the forecast reflects General Fund Contributions growing by approximately $3.2 million per year to help departments manage these increases and avoid service level reductions over the next five years.

  c) **Strategic Reserve target requires an additional ongoing $600 thousand.** In accordance with Budget Development Policy 5, the County maintains a strategic reserve equal to 8% of General

Fund operating revenue, which in FY 2024-25 is $45.6 million. It is estimated that the ongoing General Fund revenue allocation of $1.6 million used to maintain the reserve will require a $600 thousand increase in FY 2025-26 to meet and maintain the County's 8% target throughout the forecast period.

d) **18% Deferred Maintenance Allocation could grow by $970 thousand over the next five years**. Budget Development Policy 7.e commits 18% of unallocated Discretionary General Fund revenues for deferred maintenance needs, which has traditionally been allocated to Public Works (50%), General Services (35%) and Parks (15%). After accounting for planned policy-driven General Fund Contributions, the forecast anticipates growth of $282 thousand in deferred maintenance funding for FY 2025-26, $339 thousand in FY 2026-27 and then minimal growth in years three and four. Slowing growth in pension contributions is expected to allow for an additional contribution of $266 thousand toward deferred maintenance in FY 2029-30. The total cost of the County's current backlog of deferred maintenance projects is estimated at $568 million split between the Public Works ($313 million), General Services ($163 million), and Community Services ($92 million) department.

- **Safety Net Costs**

a) **In-Home Supportive Services (IHSS) costs to increase by $4.5 million over the next five years.** The IHSS program, administered by the Department of Social Services (DSS), provides in-home assistance to income-eligible aged, blind, and disabled individuals. Program costs are shared by the federal, State, and county governments. The IHSS Maintenance of Effort (MOE) is the county share of costs, comprised of locally negotiated wage and benefit costs for individual providers and an annual 4% inflation factor. These costs are generally covered with State 1991 Realignment revenue and ongoing General Fund Contribution dollars that are only utilized by DSS if alternative funding sources are insufficient. The forecast fluctuates annually, due anticipated offsets in certain years, but the average increase equals almost $1 million a year. DSS cautions that this increase may be low and could grow larger.

b) **Homelessness Services funding gaps could grow to $2.2 million per year by FY 2028-29, unless new funding sources are secured.** These are discretionary services that are not required to be funded but a past Board priority. Homelessness Services is facing funding challenges as Pandemic-related grants, such as the Housing and Homelessness Incentive Program (HHIP), California Encampment Resolution Funding (CERF) Program, Housing and Disability Advocacy Program (HDAP), and American Rescue Plan Act (ARPA) funds, expire over the next two fiscal years. Key services and projects, including those that provide funding and case management to individuals at risk of homelessness to prevent it, clean up encampments through a humane approach, and offer interim housing for people experiencing homelessness, are anticipated to realize growing funding shortages in each forecasted year, totaling up to $2.2 million in ongoing annual costs in FY 2028-29. Homelessness funding continues to be very dynamic with State and federal funders opting for specific, limited-time program funding. The Housing and Community Development (HCD) Division is actively seeking competitive funding to mitigate much of this impact, to sustain services and interim housing operations.

c) **Expiring Co-Response funding to leave a $995 thousand gap.** These are discretionary services that are not required to be funded but a past Board priority assuming the program is implemented as signified. In 2019, the County received $2 million in grant funding to operate three full-time Co-Response teams staffed with Sheriff and Behavioral Wellness employees. Two teams operate in South County and one operates primarily in the North County. A fourth team was funded by the Community Corrections Partnership (CCP) in 2023 to respond to the Lompoc and Santa Ynez Valley region. Funding for the three original Co-Response teams, which includes American Rescue Plan Act dollars, Proposition 47 Cohort III grant dollars, Mental Health Services Act funds, and limited Medi-Cal service reimbursement, is expected to fully expire by the end of June 2026, after which the $1.3 million ongoing cost would fall to the General Fund, if the program is to continue and another funding source cannot be identified. While the program's intent is understood and supported, utilization of the program is continuing to be reviewed, particularly in light of changes to the mobile crisis services benefit.

- **Criminal Justice Costs**

a) **Assembly Bill 1869 backfill of $850,000 will expire in FY 2025-26.** The backfill is discretionary and not required but the services provided have been a past priority assuming efficient use of funds. AB 1869 repealed the authority of counties to charge defendants for various criminal justice fees, effective July 1, 2021. To offset the loss in revenue to counties, the bill included a time-limited backfill provision from the State. In FY 2026-27, after the sunset of the backfill, the County's annual allocation of $846,778, split between the Probation Department and the Sheriff's Office to support adult supervision program staff and alternative sentencing program costs.

b) **Northern Branch Jail (NBJ) current operating costs of $30 million is planned to be fully funded in FY 2025-26.** Based on cost projections and status quo staffing levels, an increased General Fund Contribution of $5.7 million is necessary to establish parity between ongoing revenue and ongoing costs in FY 2025-26. The funding plan, which has been in place for over a decade, is now falling behind the escalating cost increases, and will not catch up to costs before the remaining fund balance is depleted without this increase. The projected amount to then maintain funding equal to costs is $1.9 million per year.

c) **Detention facilities healthcare services could increase by $14 million over the next five years with new contract beginning April 2025.** Wellpath (formerly California Forensic Medical Group) currently provides medical and mental health care services to the County's adult correctional facilities, and medical services in juvenile facilities. The current annual budgeted amount is $14 million in Sheriff and $1.5 million in Probation. In September 2024, the County issued a request for proposals to initiate a new contract effective April 1, 2025 and received two eligible bids, which are currently under review. The estimated annualized increases to the contract, including a $5 million increase in the first year, are based on both the bids received and a survey of jail medical costs in counties with similarly-sized systems. In addition to maintaining existing service levels, there may be additional staffing requirements, yet to be determined, necessary to comply with the Disability Rights California Remedial Plan. Costs will be better known after a bidder is selected and negotiations begin and may end up higher than estimated here.

d) **Sheriff and Fire dispatch split expected to increase General Fund operating costs by $1.5 million.** Fire anticipates its Regional Fire Communication Center (RFCC) will go live in Spring 2025, taking over dispatch duties for emergency medical and fire calls from the Sheriff's Office. However, the Sheriff's Office will remain the principal Public Safety Answering Point (PSAP) call taker and will transfer medical and fire calls to the RFCC. This shift in responsibilities will result in reduced revenue for the Sheriff's Office dispatch operation. The cost savings from reduced staffing levels after the dispatch split will not fully offset the revenue loss. While Fire has committed to cover the Sheriff's Office for $800,000 of the costs in FY 2025-26, the forecast anticipates a smoothing out of those payments by $200,000 per year, necessitating additional General Fund Contribution each year.

e) **Early estimates for new Northern Branch Jail housing units could cost $10 million per year in debt service.** To replace some of the bed capacity that will be lost due to the Main Branch Jail renovations and in compliance with the Disability Rights California settlement, additional housing units need to be constructed at the Northern Branch Jail (NBJ). General

Services is preparing plans for adding 256, 384, or 512 new beds, which will come back to the Board for a final decision in 2025. Each option would have different construction costs, but for the purposes of this forecast, the highest cost option of 512 beds was assumed. To fund this construction will require issuing debt, with a rough estimate of $10 million in annual debt service for 20 years. The 384 and 256 bed options are estimated to cost $1.7 million to $4.6 million less in annual debt service, respectively, compared to the highest cost option. Numbers will be refined in the coming months.

f) **If the Board wishes to address optimal custody staffing, at least $3.5 million annually would be needed for custody shift relief by FY 2029-30. This would require a five-year funding plan of setting aside an additional $700,000 each year until the amount is reached.** Shift relief ensures there are enough funded positions for staff to cover each other when leave is taken for sick days, vacation, etc., on posts that require 24-hour coverage, without resorting to overtime. Staffing studies have determined that the jail system funded positions do not include full shift relief, which can contribute to higher overtime usage and employee turnover. To provide system-wide custody shift relief when the jail system transition is anticipated to occur in FY 2029-30 would cost an estimated $3.5 million per year, under the assumption of the 512-bed new construction option at the NBJ, as well as the reduction of beds at the Main Jail to 120. In the current state, a shift relief plan would be more expensive due to facility limitations of the Main Jail in staffing efficiency. If fewer beds (256 or 384) are constructed at the NBJ, while still reducing the Main Jail to 120 beds, shift relief costs would be less expensive than the assumed $3.5 million, due to the lower jail system bed capacity and associated staffing needs. Incrementally setting aside $700,000 a year for next five years would carve out enough GFC to have $3.5 million ongoing available by FY 2029-30, and provide time to determine the true needs of the system. As with the costs of construction and debt service mentioned above, these numbers are still preliminary and will be refined in the coming months. Difficulty in filling existing, vacant positions have forestalled adding any new positions for custody staff.

Fiscal Issues in the General Fund Under Review

The General Fund forecast does not include department expansion requests and fiscal issues that are still being determined or monitored. In developing the five-year forecast, departments identified several fiscal issues that were reviewed by the County Executive Office for significance and will be further considered as part of the budget development review process. If any items are determined critical to address in the FY 2025-26 budget, they will be detailed as part of budget workshops and ultimately the recommended budget.

Significant fiscal issues are typically $500,000 or greater in ongoing impact related to legislative changes, new statutory mandates, or issues outside of the department's control that would result in severe service level impacts or risk to the County. Depending on the certainty of the impact, significant fiscal issues will either be added to the forecast table or noted in this section for monitoring. For FY 2025-26, the following items are being monitored:

Disability Rights California (DRC) settlement compliance will require substantial resources to fully implement. In February 2021, the Court approved the negotiated Stipulated Judgment and Remedial Plan pursuant to a class action lawsuit, Murray v. Santa Barbara County, filed by the DRC to address subject matter expert recommendations pertaining to the County's adult detention facilities in the areas of medical care, mental health care, suicide prevention, ADA accommodations, environmental health and safety, and custody operations. In August 2023, the parties agreed to, and the Court approved, a Stipulation to the Remedial Plan that provided extended deadlines to the County in exchange for implementation of specific interim measures. The Remedial Plan and August 2023 Stipulation are collectively referred to as "Remedial Plan."

The County continues to implement essential elements of the Remedial Plan, but there is still much work to be done to achieve substantial compliance with all Remedial Plan requirements. As of the most recent expert monitoring reports from the 2024 on-site reviews, the majority of the compliance items have reached partial compliance, with a number of provisions reaching substantial compliance. The items that are not yet at substantial compliance may require significant resource allocations yet to be determined and quantified. Determining and implementing a path to compliance often requires coordination with the expert monitors as well as inter-departmental coordination. There is not always one clear path forward, and the level of effort required can shift over time. Additionally, many of the outstanding items involve the jail healthcare provider and delays or setbacks can occur due to staffing-related issues. In the FY 2024-25 budget, the Board set-aside $10 million of one-time funding to help address DRC implementation measures as they arise, but total costs to achieve compliance on all measures is unknown at this time.

New State funding available for Victim-Witness Advocate program; allocations not yet set. AB 2432 was signed by the Governor on September 30, 2024, setting up a State revenue stream to offset the 40% cut to federal Victims of Crime Act (VOCA) funding that was enacted for FY 2025-26. The new legislation becomes effective January 1, 2025, but allocation measures have not yet been issued, and it is not known at this time when each county will receive a full backfill to federal funding loss.

Outside counsel costs continue to rise. Costs for specialized legal services provided by outside counsel continue to rise. County Counsel has observed a significant increase in these costs over the past three years, exceeding 50%. This upward trend is expected to persist due to the industry-wide increases in hourly rates for contracted legal services. While County Counsel is able to manage these costs within its existing funding allocation for the current fiscal year, continued increases in caseload and/or cost may necessitate additional support from General Fund in the future.

2023-2031 Housing Element implementation may require additional one-time funding of up to $500K; costs expected to grow in the 2031-2039 cycle. In December 2023, the Board approved the 2023-2031 Housing Element Update, which includes 25 programs to help the County meet RHNA goals through 2031. The Planning and Development Department (P&D), with three dedicated planners, oversees implementation. To date, $790K has been spent on consultants, and on December 3, 2024, the Board allocated an additional $221K for costs including pre-approved ADU plans, a RHNA tracking tool, a density bonus program consultant, and local preference analysis. P&D anticipates needing up to $500K more for consultant work and potential environmental reviews. The next Housing Element cycle (2031-2039) is expected to begin ramping up in FY 2028-29, with similar or higher implementation costs.

Proposition 36 may increase local criminal justice and behavioral health costs. In November 2024, California voters approved Proposition 36, which increases punishment for certain theft and drug offenses and creates a new court process that allows people who possess illegal drugs to be charged with a "treatment-mandated felony," instead of a misdemeanor, in some cases. Offenders who finish treatment would have their charges dismissed and those who do not could serve up to three years in state prison. The Legislative Analyst's Office assessment of the measure's fiscal impacts projects that the new law will likely increase local criminal justice costs as a result of increased jail populations (some people would spend more time in county jail or on community supervision); and increased probation and behavioral health workload related to treatment and supervision, with initial funding needs anticipated locally for substance use disorder assessments and residential treatment capacity. Potential concurrent changes to the local pre-arraignment release and bail schedule may counterbalance some of these impacts. Staff will continue to monitor fiscal and operational impacts associated with the application of this change.

Fiscal Issues in Other Major Operating Funds.

The following fiscal issues have been identified in other major operating funds and do not necessarily present a future financial obligation to the General Fund. Several of the issues included in this section are the result of legislative changes to funding that directly impact the delivery of County services.

Budgeted expenditures for the Inmate Welfare Fund expected to outpace revenues in future years. The Inmate Welfare Fund (Fund 0075) is funded primarily by telephone commission payments from jail inmate telephone calls, as well as by sales commissions from inmate commissary purchases and placement of bail bondsman signs. Revenues must be expended by the Sheriff's Office for the benefit, education, and welfare of the inmates in the County's jails, and include education, recreation, alcohol and drug treatment, and much more. The Inmate Welfare Fund pays for all inmate programming services, including education, recreation, alcohol and drug treatment, Drug Court support, vocational training, law library access, and indigent programs. Other funded items include the tattoo removal program, inmate telephones, video visitation stations, the printing shop apprentice program, solar panel installation vocational training, and administration of the various programs. In recent years, revenues have declined, mostly due to a 2021 legislative change that implemented a price cap on inmate telephone communication rates, which is the fund's primary revenue source.

In FY 2023-24, a $332 thousand draw from fund balance was required to balance the fund at year-end. In the forecast years, expenditures at the current levels are projected to outpace revenues, resulting in continued and increasing use of the Fund's approximately $3 million fund balance. To ensure the fund remains solvent in the long-term, it is likely that additional expenditure reductions, including programming reductions, would need to occur, unless a new revenue source is identified.

Health clinics rely on $5.2 million in Health Care Centers Fund reserves to balance structural deficits. The Health Care Centers Fund (Fund 0042) receives State and federal revenues associated with operation of the County's health care centers, including Medi-Cal revenues. In recent years, the Public Health Department has relied on reserves to balance the Health Care Centers budget, an issue that became exacerbated by the State changes in 2022 to certain pharmacy benefits that reduced ongoing revenues within this fund. In FY 2025-26, the department is forecasting the use of approximately $5.2 million of its current $19.8 million fund balance, with a worst-case scenario projection of depleting its fund balance by FY 2027-28, which is at a faster rate than last year's forecast.

To avoid depleting reserves and move health care centers toward fiscal sustainability, the department's five-year strategic plan focused on strategies to raise revenues and create operational efficiencies, such as increased provider appointments with patients and service delivery strategies to reduce future costs. Additionally, the department is working on implementing the CalAIM Enhanced Care Management (ECM) program, which it expects to yield financial benefits within the fund.

Institutions for Mental Disease (IMD) placement costs exceeding Realignment revenue sources. The Mental Health Services Fund (Fund 0044) is primarily funded through a combination of Mental Health Realignment, Medi-Cal reimbursement for services, and General Fund dollars, which are used, among other things, to fund Lanterman-Petris-Short Act conservatorship services to individuals who are gravely disabled and have a mental health disorder. Some of the costs associated with providing mental health treatment for conserved individuals are reimbursed through Medi-Cal, with the exception of services delivered in Institutions for Mental Disease (IMD), which are ineligible for Medi-Cal reimbursement and instead funded through a combination of Mental Health Realignment and General Fund dollars.

Over the past three fiscal years, IMD placements have increased by 155% from 55 placements in FY 2021-22 to 118 in FY 2023-24. Accordingly, costs have increased 25% from $9.8 million to $12.2

million over the same period of time. Increased conservatorship is driven in part by changes to the criminal statutes governing those with mental health conditions and processes for those deemed incompetent to stand trial (IST). The implementation of Senate Bill 43 (SB 43), signed by the Governor in October 2023, may place a further strain on County conservatorship resources by significantly expanding eligibility for conservatorship to include individuals with mental health *and* substance use disorders. In December 2023, the Board adopted a resolution to delay implementation until January 1, 2026 to allow the County additional time to prepare for the change. In August 2024, as a result of those planning efforts, the implementation timeline was adjusted to July 1, 2025.

Behavioral Health Services Act (BHSA) expands services for priority populations but re-allocates $9 million of existing funding for direct mental health services toward housing services. The Mental Health Services Act Fund (Fund 0048) was established as a result of the State's 2004 behavioral health system expansion and is funded through a 1% tax on personal incomes in excess of $1 million per year. Funding is primarily allocated toward direct mental health services under the categories of community services and supports, prevention and early intervention, and innovation. In March 2024, voters narrowly approved Proposition 1 or BHSA, which amends the 2004 Mental Health Services Act (MHSA) to, among other things, redirect 30% of its funding towards housing for the chronically homeless and housing capital development projects. The proposed reallocation of funding toward housing will potentially reduce the County's funding for mental health services by $9 million, based on historic funding allocations, which vary from year to year based on state income tax revenue.

Major Behavioral Wellness programs currently funded with MHSA dollars include Crisis Services, Adult and Children Outpatient Clinics, Crisis Stabilization Units, Wellness Centers and Crisis Residential Services. Under BHSA, counties are required to submit three-year Integrated Plans for Behavioral Health Services and Outcomes that detail how counties plan to use all available behavioral health funding, including BHSA, 1991 and 2011 Realignment, federal grant programs, federal financial participation from Medi-Cal, opioid settlement funds, local funding, and other funding to meet statewide and local outcome measures, reduce disparities, and address the unmet need in their community. The Plan must be approved by the Board of Supervisors and submitted to the Department of Health Care Services no later than June 30, 2026. In the interim, it is anticipated that the County will continue to receive its current MHSA distributions.

Child Support Services addresses $381 thousand State funding cut by reducing operating costs. The Child Support Services Fund (Fund 0057) is experiencing a $381 thousand reduction in State funding due to the statewide budget cuts in FY 2024-25. The funding is anticipated to be restored in FY 2026-27. The department is sustaining the Child Support Services programs and managing the reduction in funding through strategic measures, including office space reduction and temporarily holding Child Support Officer positions vacant. The department will continue to monitor state funding for future years and fill these positions as budget constraints allow.

California Air Resource Board Advanced Clean Fleet Regulation requires 50 percent of new vehicle acquisitions to be zero-emission vehicles or near zero-emission vehicles by 2024 and 100 percent by 2027. General Services was recently awarded a $4.7 million grant from the California Energy Commission for the installation of electric vehicle charging infrastructure. However, over the next five years the cost to replace combustion engine vehicles, especially medium and heavy-duty vehicles, with zero-emission vehicles could be significant. For example, the cost for zero-emission trucks is 1.5 to 5 times the cost of combustion engine trucks. The exact cost is difficult to project, as it is up to different departments as to when they decide to replace equipment. Some departments may decide to wait to upgrade their equipment because of the high replacement cost. General Services is working closely with other departments to make sure that we are in compliance with the new regulations. The special revenue funds most likely to be impacted are the Roads and Flood Control funds within Public Works.

Fire District bears the risk of revenue fluctuations at the Regional Fire Communications Center (RFCC). The operating costs of the RFCC are estimated at $6.41 million that will be recouped through charges to the RFCC partners. These revenues are based on forecasted numbers and partner share of call volume, which introduces revenue variability when actual calls start being recorded and underscores the necessity of enforceable revenue agreements with each of the partners. Any shortfalls in RFCC operating revenue compared to costs would need to be covered by the Fire District. These risks are in addition to the increased General Fund contribution needed for the entire system noted above in the 5-year forecast table, which had not been assumed when the RFCC was first approved by the Board.

FY 2025-26 PROPOSED BUDGET DEVELOPMENT POLICIES:

Policy Amendments. Budget development policies increase transparency, clarify trade-offs, and leverage non-General Fund dollars

Budget development policies serve as guiding principles for development of the upcoming year's recommended budget. The FY 2025-26 policies proposed herein are similar to those adopted last year, with two notable amendments to further guide and focus budget development. The complete policy document may be found in Attachment B, with revisions presented in bold italicized text.

Amend existing Policy 2 regarding Program-Based Budgeting to include a section c): ***Departments will prepare and maintain balanced program-level budgets for all programs that are funded in part or in whole by General Fund Contribution.***

For FY 2025-26 budget development, it is recommended that departments balance their budgets at the program level for all programs funded with GFC dollars to establish a complete picture of how General Fund dollars are spent and leveraged into mandated vs. discretionary services. In light of the growing structural deficits presented in the forecast, a growing focus from the County Executive Office and the Board on the use of GFC is anticipated. This policy is a first step toward clarifying trade-offs between different spending options.

Amend existing Policy 3 regarding Balanced Budgets and Fiscal Stability to include a section i): ***Special Revenue Fund programs will fund their pro rata share of county initiatives, unless otherwise recommended by the CEO. Examples include, but are not limited to capital projects, energy efficiency projects, information technology projects, and other strategic performance initiatives.***

This policy will formalize the expectation that Special Revenue Fund programs should pay their proportional share of county projects from which they benefit. Examples include capital projects, technology projects, and energy efficiency projects. Many Special Revenue Fund programs are already doing this, especially when projects are initiated by the program, and formalizing as a policy helps to ensure the County is effectively leveraging its non-General Fund dollars where possible.

Additionally, it is recommended that Policy 3.a regarding the use of ongoing revenue to fund ongoing operations be refined to require that prior to utilizing one-time revenue to fund ongoing operations, departments submit a memo to the CEO confirming that they will not use or request General Fund dollars to sustain the ongoing expenditures once one-time funding is exhausted.

Other issues. A supervisor had previously requested a budget policy regarding allocation of capital dollars by location (i.e. north county versus south county). The capital improvement project committee strives to balance various factors in allocating general fund dollars, including health and safety demands. Staff does not recommend a policy at this time, but that the Board review the potential capital needs and recommendations in spring when it comes to the Board for approval.

REVIEW FUNDING PRIORITIES FOR FY 2025-26:

<u>One-time priorities.</u> One-time funding of $10 million will be available to augment projects or programs in FY 2025-26, but the list of needs - based on existing obligations, Board priorities and emerging issues - exceeds available funding. Staff is recommending that $8 to $10 million be allocated for capital projects.

As part of budget development, the Board considers applying one-time carry forward fund balances from the previous fiscal year towards one-time expenditures. Unallocated fund balance carried over from General Fund surplus at the end of last fiscal year is estimated at about $10 million and is recommended to fund primarily capital projects in FY 2025-26. Any funding not designated toward capital projects may be allocated during budget development towards other priority projects, or set asides, as identified below. Funding all of the known priorities would exceed available fund balances. Therefore, staff will continue to work in the coming months to refine the list and develop recommended appropriations for the highest priority needs.

Identified Priority Areas in FY 2025-26

Below are identified areas of funding need. Some set-asides have been established for these needs but may not be sufficient. In other areas, funding has not yet been identified. However, staff will consider these areas first when making allocation recommendations should funding become available.

Provide Coordinated Community Service Delivery and Strengthen Safety Net
Continue to make Santa Barbara County a place where our community can lead healthy, prosperous lives

Homelessness and housing
- Future homelessness services funding gaps (unfunded)
- Interim and permanent supportive housing (funds set for term of Dignity Moves projects; unfunded for new projects)
- Increase affordable housing - Housing Element Update programs (unfunded)
- Workforce housing options (unfunded)

Supporting disadvantaged and vulnerable populations
- Growing IMD placement costs (State and other sources being evaluated)
- Improved access to inpatient mental health care treatment (State and other sources being evaluated).

Enhancing recreational and economic opportunities
- Countywide Rec Master Plan (Funding of $198k remains of original $450k set aside; $975k remaining for North County parks, trails, and open spaces from $2 million set aside; no funding remaining from $1.5 million South County set-aside).
- Set asides for allocation to District area special projects (prior year set asides)

Advance Improvements in Criminal Justice System
Continue to improve our Criminal Justice system so that justice is served fairly, expeditiously and with humanity

Jail improvements in accordance with Disability Rights California Settlement
(funds set aside but insufficient for ongoing costs)
- Northern Branch Jail design and construction (design funded; construction unfunded)

- Main Jail ADA, accessibility wellbeing improvements (funds set-aside and bonds issued)
- Jail medical services (unfunded*)*

Foster Financial and Organizational Excellence
Continue to improve the transparency, efficiency and effectiveness of how we do our work, and to make County of Santa Barbara a great place to work

County Financial Stability
- Address forecasted deficits and minimize service level impacts
- Fully funded strategic reserve

Promote Sustainability and Climate Resiliency
Continue to reduce Santa Barbara County's contribution to climate change, and improve our resilience to the impacts of a changing climate

Sustainability and Adaptation
- Disaster recovery projects (some fund balance set aside)
- Electric Vehicle replacement program (grant-funding and Fleet ISF)
- Climate Action Plan implementation ($250k remaining of $500k set aside)

Strategically Invest in Facilities and Infrastructure
Continue to invest in the physical future of Santa Barbara County by building and maintaining infrastructure

Capital Improvements
- Capital projects ($8-10 million recommended of General Fund)
- Calle Real Master Plan (unfunded)

Deferred Maintenance
- Continued funding for deferred maintenance (annual allocation)

Innovation & Technology
- Enterprise Resource Planning system implementation (currently funded; Phase 2 costs to-be-determined)
- Countywide Information Technology Strategic Plan (Innovation Fund)

The next stage in budget development will be budget workshops in April, where staff will present the preliminary budget and bring forward information about how certain issues will be addressed through the Recommended Budget.

Fiscal Impacts:

The five-year fiscal outlook on the County's General Fund and other major operating funds are presented in this report and in Attachment A, along with discussion of significant fiscal issues that may further impact demands on funding in future years.

Attachments:

Attachment A: Five-year forecast of major budgetary components

Attachment B: FY 2025-26 Budget Development Policies and General Fund Allocation Policy

Authored by: CEO Budget & Research Division