

County of Santa Barbara
Financial Analysis Report



Michael F. Brown
County Executive Officer

September 25, 2007



Background

- **June 27, 2007 – Board requested an analysis of key financial issues:**
 - **2008 Presidential Primary**
 - **State Budget impacts**
 - **Establishing citizenship for Medi-Cal benefits**
 - **Reductions in Property Tax growth**
 - **North County CARES Residential Unit**
 - **Public Works Encroachment Permits**



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- **Goleta Beach repairs**
 - **Pension Costs**
 - **New County Jail**
 - **State contribution for cost of doing business**
 - **State healthcare reforms**
 - **Williamson Act Backfill**
 - **Measure D Funding**
 - **Maddy Funding**
 - **Lake Cachuma Surcharge**
 - **Santa Maria River Levee Reinforcement**
 - **State reimbursements**



Background

- Project Team formed:**

Susan Paul, Project Leader	CEO/Human Resources
John Baker	Planning and Development
Ron Cortez	County Executive Office
Ken Masuda	County Executive Office
Terri Maus-Nisich	County Executive Office
John McInnes	Planning and Development
Elliot Schulman	Public Health
Jason Stilwell	County Executive Office
Sharon Friedrichsen	County Executive Office
John Jayasinghe	County Executive Office
Jeri Muth	County Executive Office





Background

- **Project Team identified issues that were:**
 - **“Certain” to pose financial challenges (already occurring, unavoidable, or imminent); and**
 - **“Potential” (dependent upon Board decisions, subject to voter approval, dependent on legislative action, etc.)**






Summary of County's Financial Issues:

- 1. FY 2007-2008 Budget is balanced**
- 2. County's overall financial capacity is impacted by the following:**
 - Economic and demographic trends**
 - Loss of local, state, and federal funding**
 - Unfunded mandates**
 - Infrastructure needs**
 - Delays in receiving State reimbursements**






Summary of County's Financial Issues:

- 3. The cost of doing business is growing faster than discretionary revenues, including local responsibility costs (i.e., public safety)**

- 4. Sixteen issues could have a significant impact on the County's financial status and its ability to deliver high-quality services**

- 5. Seven issues determined to be "certain" to occur:**





“Certain” Issues:

- 2008 Presidential Primary
- Citizenship Eligibility for Medi-Cal Benefits
- Goleta Beach Long Term Protection Plan
- Loss of Revenue – Public Works Encroachment Permits
- North County CARES Residential Unit
- Property Tax Growth Reductions
- State Budget Impacts





Summary of County's Financial Issues:

6. Nine issues identified as posing “potential” financial challenges:

“Potential” Issues:

- **Healthcare Reform**
- **Lake Cachuma Surcharge**
- **Maddy Fund**
- **New County Jail**
- **Pension Fund Stability**





“Potential” Issues (cont’d):

- Reauthorization of Measure D
- Santa Maria Levee Reinforcement Project
- State Contribution for Cost of Doing Business
- State Reimbursement



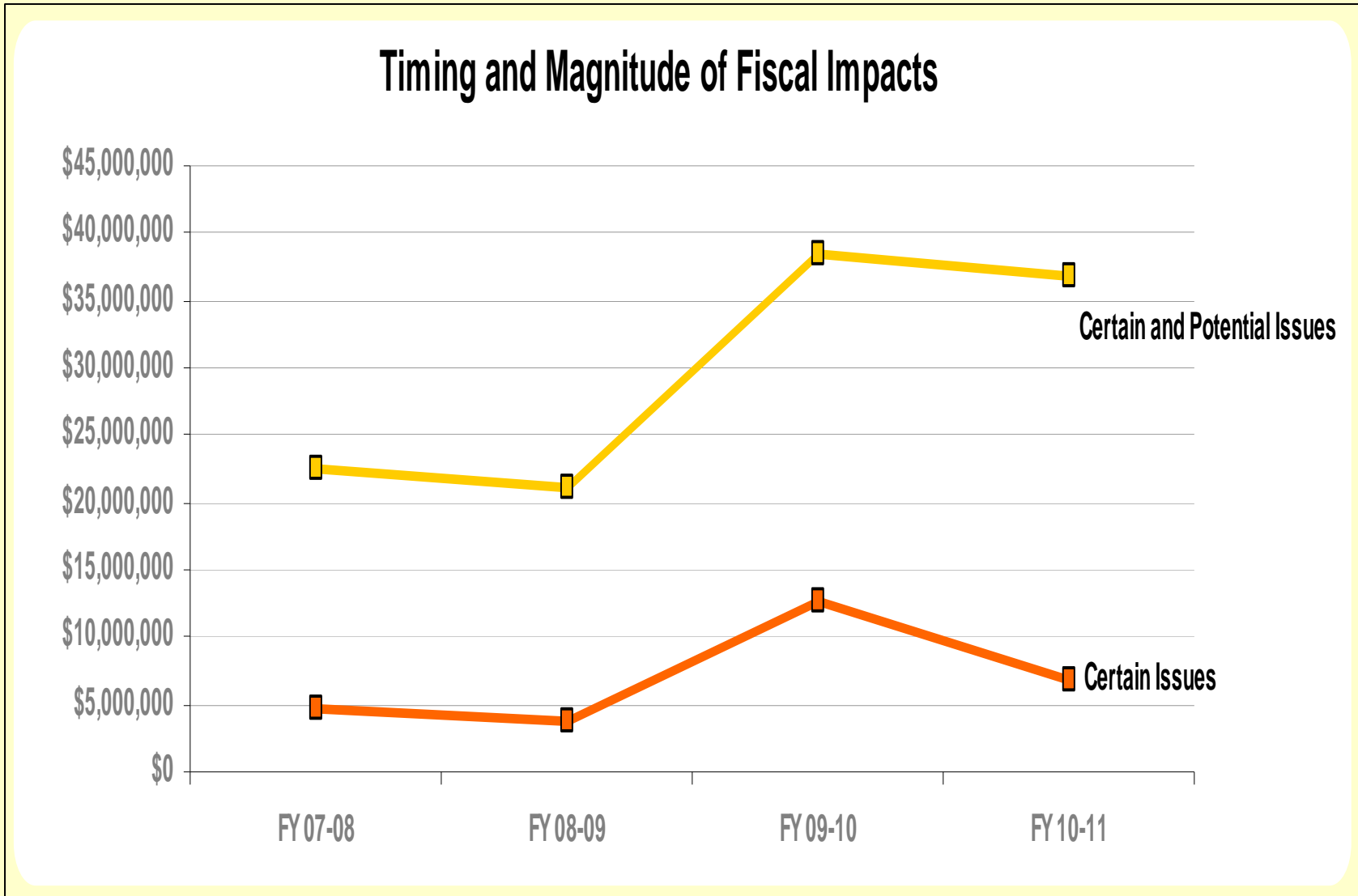
Certain and Potential Issues

Issue	Onetime Ongoing	Timing of Fiscal Impact				Total Est. Cost	
		FY 07-08	FY 08-09	FY 09-10	FY 10-11		
Certain							
A	Presidential Primary 2008	Onetime	\$1,500,000	\$0	\$0	\$0	\$1,500,000
B	Citizenship Eligibility for MediCal	Ongoing	\$102,000	TBD	TBD	TBD	Ongoing*
C	Goleta Beach Long Term Protection Plan	Onetime	\$500,000	\$650,000	\$8,700,000	\$1,000,000	\$10,850,000
D	Loss of Revenue for Public Works Encroachment Permits	Ongoing	\$606,000	\$606,000	\$606,000	\$606,000	Ongoing*
E	North County CARES Residential Unit	Ongoing	\$650,000	\$1,300,000	\$1,300,000	\$1,300,000	Ongoing*
F	Property Tax Growth Reduction	Ongoing	\$0	\$0	\$2,000,000	\$4,000,000	Ongoing*
G	State Budget Impacts	Onetime	<u>\$1,328,000</u>	<u>\$1,100,000</u>	<u>\$0</u>	<u>\$0</u>	\$2,428,000
<i>Subtotal Certain Issues</i>			<u>\$4,686,000</u>	<u>\$3,656,000</u>	<u>\$12,606,000</u>	<u>\$6,906,000</u>	
Potential							
H	Healthcare Reform	Ongoing	\$0	\$10,000,000	\$10,200,000	\$10,404,000	Ongoing*
I	Lake Cachuma Surcharge	Onetime	\$2,450,000	\$3,000,000	\$1,450,000	\$3,100,000	\$10,000,000
J	Maddy Fund	Ongoing	\$0	\$800,000	\$1,600,000	\$1,600,000	Ongoing*
K	New County Jail	Onetime	TBD	TBD	TBD	TBD	\$153,000,000
L	Pension Fund Stability	Ongoing	TBD	TBD	TBD	TBD	Ongoing*
M	Reauthorization of Measure D**	Ongoing	\$0	\$0	\$0	\$7,851,000	Ongoing*
N	Santa Maria River Levee Reinforcement Project	Onetime	TBD	TBD	TBD	TBD	\$90,000,000
O	State Contribution for Cost of Doing Business	Ongoing	\$6,000,000	\$0	\$0	\$0	Ongoing*
P	State Reimbursement	Ongoing	<u>\$4,650,000</u>	<u>TBD</u>	<u>TBD</u>	<u>TBD</u>	Ongoing*
<i>Subtotal Potential Issues</i>			<u>\$13,100,000</u>	<u>\$13,800,000</u>	<u>\$13,250,000</u>	<u>\$22,955,000</u>	
<i>Total Certain and Potential Issues</i>			<u>\$17,786,000</u>	<u>\$17,456,000</u>	<u>\$25,856,000</u>	<u>\$29,861,000</u>	

*Issue is ongoing so no Total Est. Cost is provided.

**Measure D FY 10-11 amount represents revenue loss without reapproval; \$3.2M of local matching funds are needed to receive \$9M to \$10M in State and Federal funds.

Certain and Potential Issues



Cost Summary by Fiscal Year:

“Certain” Impacts

FY	Tot Est.
FY 07-08	\$4,686,000
FY 08-09	\$3,656,000
FY 09-10	\$12,606,000

“Potential” Impacts

FY	Tot Est.
FY 07-08	\$13,100,000
FY 08-09	\$13,800,000
FY 09-10	\$13,250,000
FY 10-11	\$22,955,000

Total Combined Estimates

FY	Tot Est.
FY 07-08	\$17,786,000
FY 08-09	\$17,456,000
FY 09-10	\$25,856,000
FY 10-11	\$29,861,000





Clerk-Recorder-Assessor

*Quick update on
Property Tax forecast
since the Budget
Hearings*



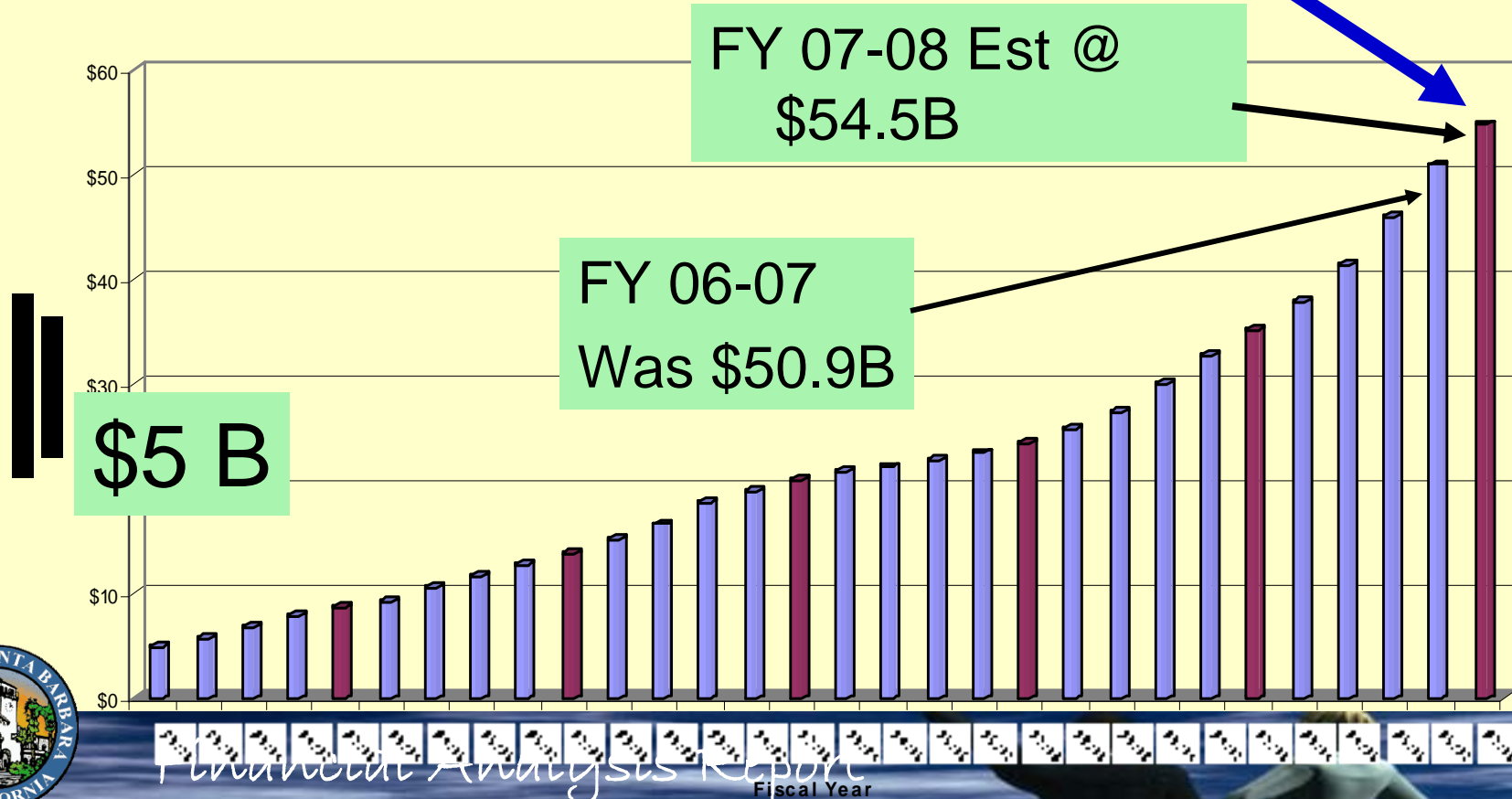
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FY 07-08 Actual = \$54.8 @ 7.6%

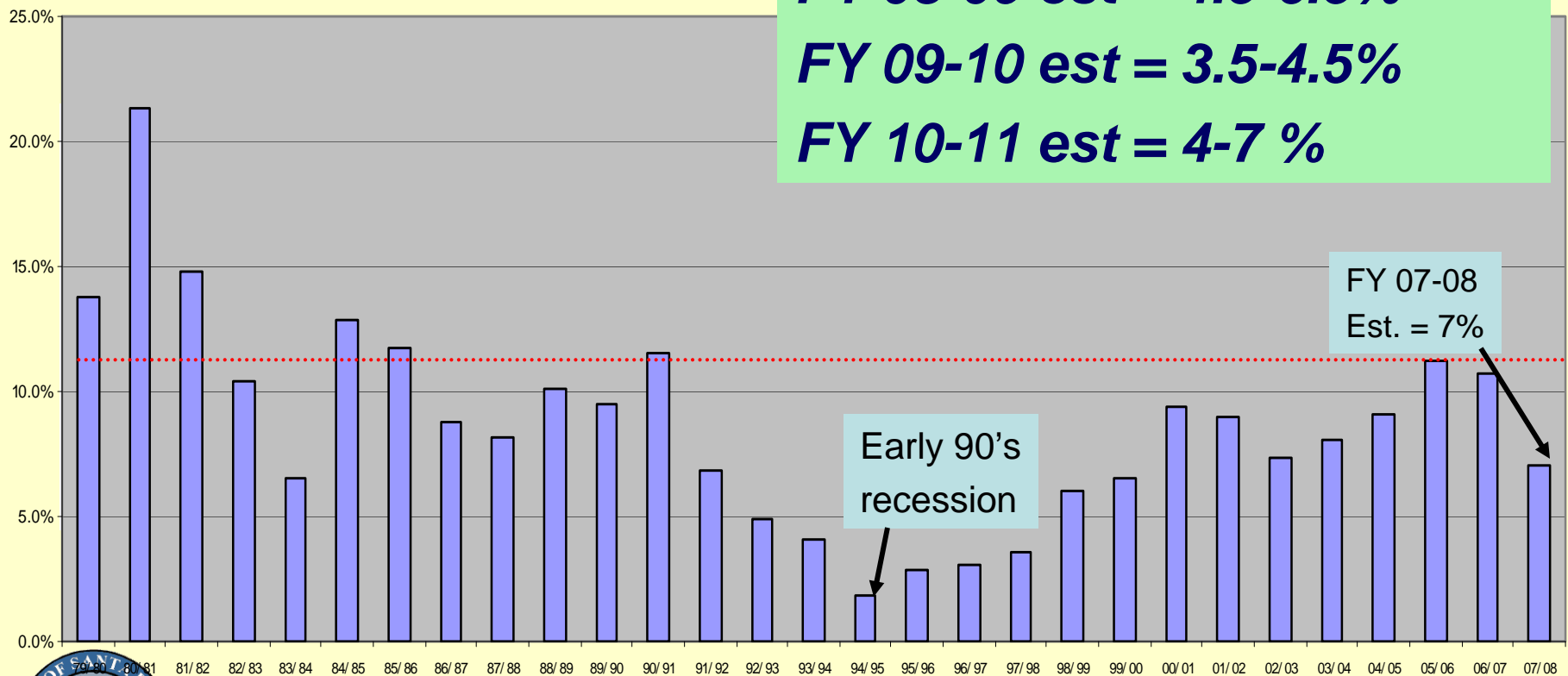
Santa Barbara County
Secured Assesment History (Net of Exemptions)
(in billions)



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Santa Barbara County
Secured Assessment Roll Percent Growth

FY 07-08 Actual = 7.6%
FY 08-09 est = 4.5-6.5%
FY 09-10 est = 3.5-4.5%
FY 10-11 est = 4-7 %



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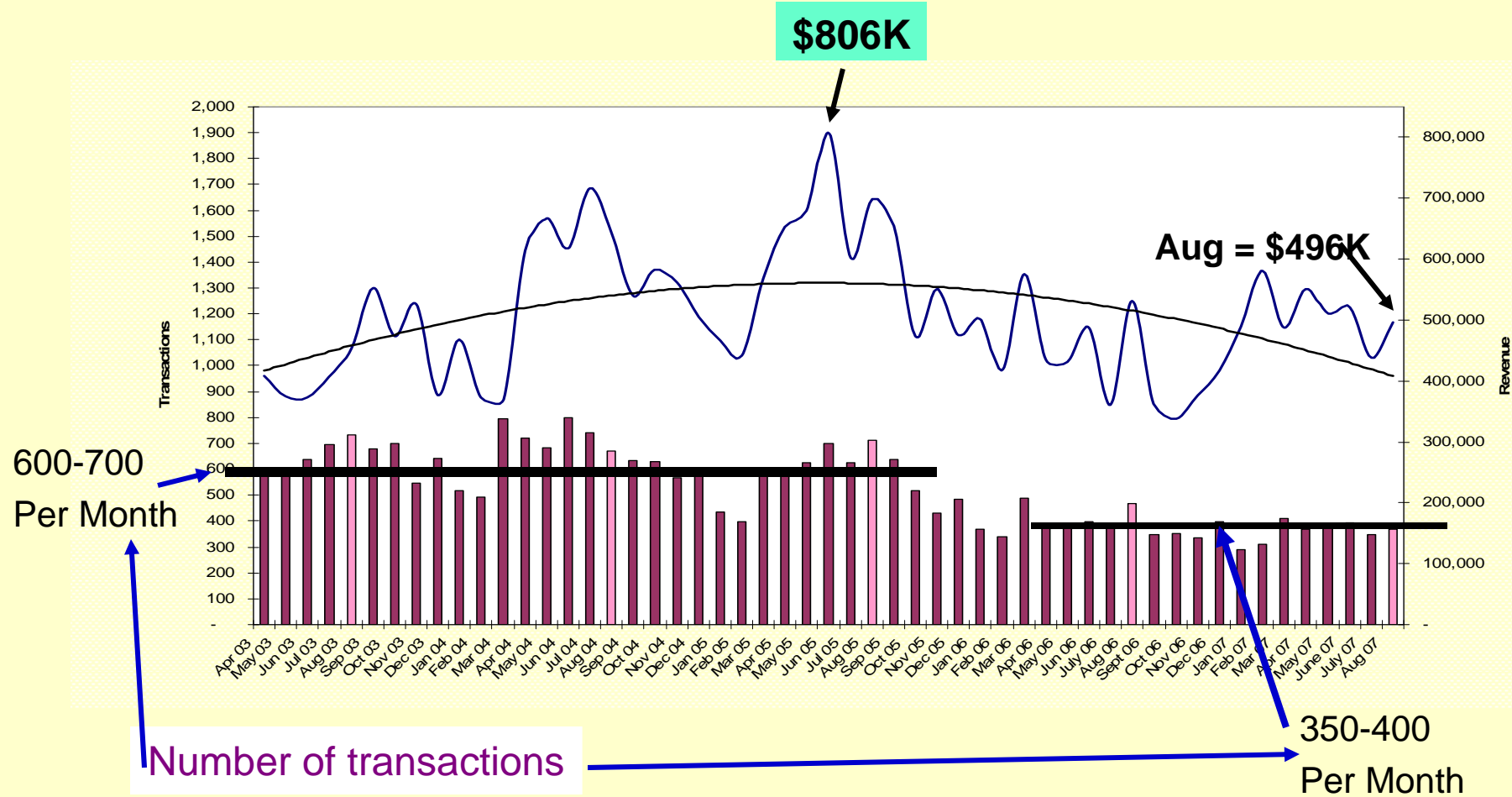
Section 51's Impact

	Est of Parcels Impacted	Estimated Value	Reduction /Parcel
South Coast	2,064	\$165,000,000	\$79,941
Central Valley	1,591	\$46,000,000	\$28,913
Santa Maria	3,085	\$175,000,000	\$56,726
Totals	6,740	\$386,000,000	\$57,270
	About 5.3% of Parcels of 126K	About 0.7% growth rate reduction on base of \$55B	

Proactive approach reduces Assessment Appeals, Roll Corrections and Workload in CRA, AC and TTC...and is required by law.

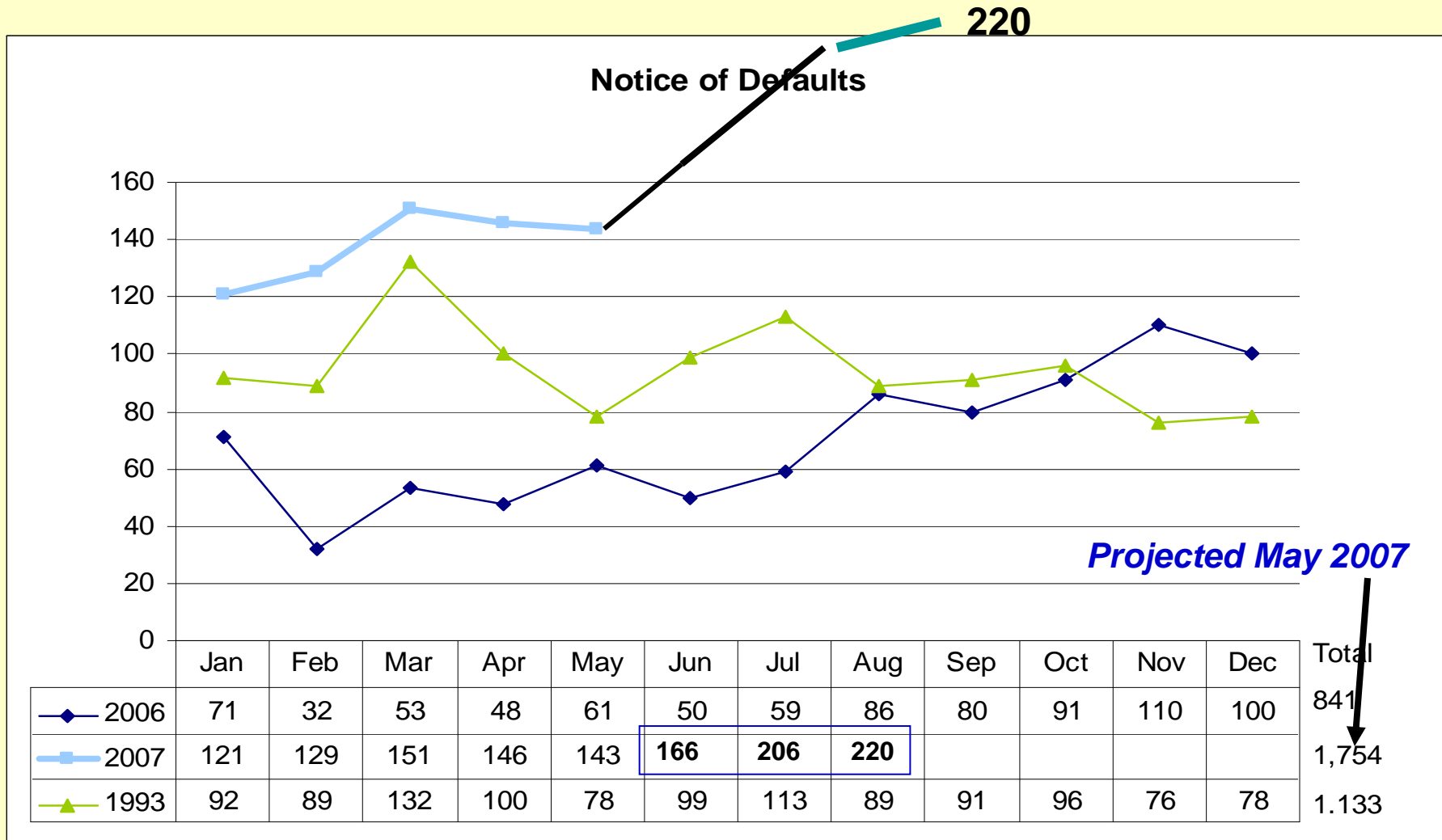
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Countywide Documentary Transfer Tax



Sept 2007 est 250-300 Transaction @ \$250-300K

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Projected Aug 2007 = 2189