



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: January 24, 2017
Placement: Departmental
Estimated Time: 1 Hour
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Director
Contact Info: Tom Alvarez Budget Director, 568-3432

Mona Miyasato, CEO

*Tom Alvarez for
Mona Miyasato*

SUBJECT: Fiscal Years 2017-2019 Budget Overview and Update

Recommended Actions:

That the Board of Supervisors receive a Budget Overview and Update to provide context for upcoming budget discussions and to review the foundations of the County budget and the budget development process.

Summary Text:

In preparation for the Fiscal Years 2017-2019 budget process, the CEO's Office is presenting material to describe the County budget, including information on revenues, expenditures, General Fund Contributions (GFC), and identified fiscal issues. This update also includes a discussion of potential impacts of the Governor's proposed budget and describes a phased budget re-balancing process and organizational strategic plan that are being developed to produce long-term strategies to achieve structural balance and still provide a strengthened organization to meet the Board's goals in the coming years.

Over the next five years, the County will be facing significant salary and benefit cost increases, including rising pension costs. Additionally, a variety of other fiscal issues have been identified that will add to the budget challenges. These fiscal issues, in concert with the salary and benefit increases, will significantly impact County departments and likely necessitate service level reductions, absent new revenue.

Background:

Revenues & Expenditures

Information will be presented on current and historic revenues and expenditures, including:

- FY 16-17 Adopted Operating Revenues and Expenditures. This data will be presented in a variety of ways, including by Fund, by Category, and by Department;

- Discretionary General Revenues are allocated to departments through General Fund Contributions (GFC). This report will show the GFC to Departments and Functional Groups, and how that distribution has changed from FY 07-08 to FY 16-17, and;
- Countywide FTE, by Department and Functional Group. Both FY 16-17 adopted and 10-year trends will be discussed.

Fiscal Issues

The CEO's Office presented a Fiscal Outlook Report to the BOS in December that discussed a number of fiscal challenges facing the County. This Budget Update will provide a recap on those issues, including:

- Estimated pension contribution increases;
- Capital needs and a staffing relief factor at the Main Jail;
- An enhanced medical and mental health services contract at the Main Jail;
- Ongoing costs to Behavioral Wellness for Inpatient Services and audit findings at the Psychiatric Health Facility (PHF);
- Ongoing increases to Social Services for the local match required in the CalFresh and In-Home Supportive Services (IHSS) programs, and;
- The difference between the original projected annual amount of funding in the 18% Maintenance Policy and the current computation.

Also covered is the December 2016 projected gap that reflects these issues, and the anticipated reductions needed to meet these needs.

Looking Ahead

Finally, the Budget Update will cover next steps in the process. These include:

- Reviewing BOS funding priorities and budget policies, such as the Northern Branch Jail operations funding plan, the Fire Tax Shift, the 18% Maintenance Policy, and the Strategic Reserve funding policy;
- Walking through the next steps on the budget development calendar;
- An update on the Governor's Proposed Budget for FY 2017-18;
- Providing an overview of a planned Budget Rebalancing Project, and;
- Providing an update on the framework of the Organizational Strategic Plan.

Fiscal and Facilities Impacts:

The fiscal impacts will be communicated later in the budget process.

Special Instructions:

None

Attachments:

Attachment A – Budget Update Presentation

Authored by:

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