



**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: June 11, 2024
Placement: Departmental
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors (acting concurrently as the Board of Supervisors of the County of Santa Barbara and the Board of Directors of the Santa Barbara County Fire Protection District, Santa Barbara County Flood Control and Water Conservation District, Laguna County Sanitation District, Santa Barbara County Water Agency and other special districts under the supervision and control of the Board of Supervisors)

FROM: Department Director(s) Contact Info: Mona Miyasato, County Executive Officer
Paul Clementi, Budget Director

DocuSigned by:
Mona Miyasato
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SUBJECT: Fiscal Year 2024-25 Recommended Budget Hearings

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors of the County of Santa Barbara (acting concurrently as the Board of Supervisors of the County of Santa Barbara and the Board of Directors of the Santa Barbara County Fire Protection District, Santa Barbara County Flood Control and Water Conservation District, Laguna County Sanitation District, Santa Barbara County Water Agency and other special districts under the supervision and control of the Board of Supervisors):

- a) Receive, consider, and file the Fiscal Year 2024-25 Recommended Budget (Attachment A), which includes the County’s General Operating Budget as well as budgets of special districts governed by the Board of Supervisors;
- b) Approve final budget adjustments (Attachment A-1) to the Fiscal Year 2024-25 Recommended Budget;
- c) Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2024-25 (Attachment D);

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- d) Approve budget adjustments, if any, in the form of Attachment E, as amended during Budget Hearings, to the Fiscal Year 2024-25 Recommended Budget;
- e) Delegate authority to the Chair of the Board to execute single-year renewals of grants and contracts (Attachments B and C) previously approved by the Board and included in the Fiscal Year 2024-25 Recommended Budget, where contract amounts are within 10% of previously contracted amounts;
- f) Receive the draft salary resolution (Attachment F), direct any specific changes made during the June 2024 budget hearings, and adopt that amended salary resolution to be effective June 24, 2024, which updates job classifications and department position allocations to include positions approved by the Board of Supervisors during the Fiscal Year 2024-25 Budget Hearings;
- g) Adopt position changes previously approved by the County Executive Officer during Fiscal Year 2023-24 under Board Resolution 99-486, as shown in Attachment G; and
- h) Determine pursuant to CEQA Guidelines §15378(b)(4) that the above fiscal activities are not a project subject to the California Environmental Quality Act.

Summary:

The Fiscal Year (FY) 2024-25 Recommended Budget is hereby submitted to the Board of Supervisors pursuant to the County Budget Act (California Government Code § 29000 et seq.), which specifies that the Board of Supervisors must adopt a balanced budget each year, with funding sources equal to financing uses. Adjustments to the budget approved during June Budget Hearings will also be incorporated into the final Adopted Budget in the form of Attachments A-1 and E. The information in this letter, attachments, and hearing binder are provided to enable the Board to adopt the FY 2024-25 budget during Budget Hearings. Budget Hearings are scheduled for June 11 and, if necessary, June 13, and if needed, may continue each day thereafter, through June 25, 2024.

Discussion of individual department work initiatives and budgets for the coming year were reviewed with the Board during the Budget Workshops conducted in April (Workshops). The purpose of the June Budget Hearings (Hearings) is to provide the Board with an overview of the budget, respond to questions about the budget, and provide updates to department budgets since Workshops. The FY 2024-25 Recommended Budget was made available to the public by May 30, 2024, via the County's website and by paper copy in the Clerk of the Board's office in Santa Barbara and the County's Fifth District office in Santa Maria.

FY 2024-25 Recommended Budget Overview

As discussed at Workshops with the presentation of the preliminary budget, the FY 2024-25 Recommended Budget is largely a status-quo budget with revenue growth struggling to keep up with existing costs of operations. Service level reductions by departments were only avoided with the release of \$6.6 million in ongoing revenue set aside in prior years. At the Workshops, it was also noted that the County's budget could be impacted by State budget shortfalls that were confirmed in the Governor's May Revise. Departments are assessing the impacts to primarily health and human services programs resulting from proposed State budget reductions.

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The Recommended Budget for all funds totals \$1.59 billion and represents a \$108 million or 7.3% increase compared to FY 2023- 24 Adopted Budget. The General Fund, which funds many County operations, totals \$526.7 million, an increase of \$21.5 million, or 4.3%, over prior year. Much of the overall recommended budget change of \$108 million from last fiscal year is related to a \$41.5 million increase in salaries and benefits, including 71 additional FTEs in Social Services, mostly for expansion of the CalFresh program; a \$51.1 million increase in services and supplies, including professional services in Public Works related to capital projects, and contracts with community organizations in Behavioral Wellness; and a \$15.8 million increase in other charges, which includes internal service costs such as liability insurance premiums and information technology services, as well as cash assistance payments administered by County social programs.

The budget, in total, supports a workforce of 4,763 full-time equivalent (FTE) positions and reflects a net increase of 119.11 FTE, with approximately 79% of that increase occurring in three departments: Social Services (71 FTEs), Public Defender (12 FTEs), and Information Technology (11 FTEs).

Overall, the Recommended Budget includes funding to provide mandated and essential services, meet debt service obligations, address critical deferred maintenance and infrastructure needs, support Board priorities, and adhere to the Board’s financial management policies.

Details of the County’s FY 2024-25 Recommended Budget can be found on the County’s website <https://www.countyofsb.org/4210/2024-2025>. Significant changes made by staff to the budget since Workshops, and those recommended to be included in the final adopted budget, are identified below and on the following pages.

Direction from Budget Workshops

Capital and Maintenance Projects

Public Budget Workshops to review the preliminary budget were held April 9 and 10, 2024, wherein the Board and public provided input and comments on departments’ budgets. At Workshops, staff presented recommended capital improvement projects to be funded. The Board directed staff to allocate \$12.7 million of available one-time funds toward these recommended capital improvement projects. This included an allocation of \$3 million of additional General Fund support to Public Works for needed 2024 storm repairs.

Those projects were selected and recommended based on the Government Finance Officers Association (GFOA) criteria that was incorporated by the Board as a budget development policy. These projects have been built into the FY 2024-25 Recommended Budget and are listed below.

Capital and Maintenance Projects	FY 2024-25 Recommended	Funding Source
SB Courthouse Roof Replacement, Phase 3A	\$2,450,000	<i>Courthouse Construction and Criminal Justice Facilities Fund Balances</i>

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Northern Branch Jail Additional Pod Design	2,000,000	<i>Proposition 172 Fund Balance</i>
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Capital and Maintenance Projects (cont'd)	FY 2024-25 Recommended	Funding Source
BWell Calle Real Headquarters Facility Design	\$1,140,000	<i>One-Time General Fund Balance</i>
CSD-Parks Goleta Beach Parking Lot Repaving	1,000,000	
SB Veterans Hall: Additional Funds for Structural Improvements	750,000	
Calle Real Water Loop Phase 2	700,000	
SB DA Building Weatherization Project	450,000	
SB Admin Building Basement HVAC Phase 2	360,000	
Public Health Bldg 3 – Replace Air Handlers	315,000	
Public Defender SB Courthouse Office Design/Tenant Improvements	150,000	
SM Public Defender Fire/Smoke Alarm System	145,000	
Surf Beach Parking Lot Fence Replacement	125,000	
OEM North County Emergency Operations Center	100,000	
Subtotal	\$9,685,000	
Additional GF for Transportation 2024 Storm Repairs	\$3,000,000	<i>One-Time General Fund Balance</i>
Total	\$12,685,000	

One-time Set-Asides

Set-asides were established by the Board in prior fiscal years for recreational purposes and sustainability initiatives. The table below reflects the original set-aside amounts, what has already been allocated, and the balances available for use as future projects and other funding opportunities arise. At Workshops the Board directed that \$800,000 of the North County Parks, Trails, and Open Space set-aside be earmarked towards a potential Santa Ynez Valley Active Transportation Program project, and \$800,000 from the South County set-aside for a potential preservation plan on the Carpinteria Bluffs. Both of these actions are also reflected in the table below.

Prior Fiscal Year Set-Aside	Set Aside	Allocations	Balance
North County Parks, Trails and Open Space	\$2,000,000	\$1,025,000	\$975,000
Recreation Master Plan		225,000	
Santa Ynez Valley ATP Project*		800,000	
South County Parks, Trails and Open Space	\$1,500,000	\$1,205,000	\$295,000
Recreation Master Plan		225,000	
Isla Vista Bluffs		180,000	

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Carpinteria Bluffs*		800,000	
Sustainability Initiatives	\$500,000	\$0	\$500,000
<i>No allocations to date</i>			

*Earmarks added per Board direction during budget workshops.

State Budget Update

The State's May Revise grapples with a larger gap than expected between projected and annual revenues from the Governor's initial January budget proposal. The State's budget problem increased by an additional \$7 billion, bringing the total shortfall to \$27.6 billion, after the reduction of \$17.3 billion announced with the Early Budget Solutions Package in April. The State's growing revenue shortfall is driven by weaker-than-expected cash receipts for 2022-23 and 2023-24, with revenue sources such as sales and use tax, personal income tax, and corporation tax falling \$10.5 billion below earlier projections, collectively.

Public Health. The May revise includes the proposed elimination of \$200 million statewide of ongoing investment to local public health departments to rebuild State and local public health workforce and infrastructure provided through the Future of Public Health (FoPH) initiative. The FY 2024-25 Recommended Budget includes \$2 million of FoPH funding that supports 16 positions in the Public Health Department inclusive of regular, contracted, and extra help.

Behavioral Wellness. The May Revise proposes eliminating funding for California Work Opportunity and Responsibility to Kids (CalWORKs) Mental Health and Substance Abuse Services. The County's FY 2024-25 allocation of these funds totals \$1.7 million, which is budgeted to be received by the Department of Social Services and passed through to the Department of Behavioral Wellness to administer services. Funding supports \$1.4 million in salary and benefit costs for 5.5 FTE and other indirect operating costs, and \$265,000 in contracted service provider costs.

Social Services. The May Revise proposes eliminating approximately \$2.2 million of funding for several programs administered by the Social Services Department including the Bringing Families Home Program (\$220,000), which provides financial assistance and wraparound supportive services to families involved with the child welfare system who are experiencing, or at risk of experiencing, homelessness; the Family Urgent Response System (\$382,000), which includes a statewide hotline and local mobile response teams to provide immediate support to current and former foster youth and their caregivers; the CalWORKs Family Stabilization Program (\$1.4 million), which provides intensive case management support and access to resources to families who are experiencing a crisis or situation that makes it difficult for them to participate in Welfare-to-Work activities; and the CalWORKs Expanded Subsidized Employment Program (\$260,000), which assists with the development of participant employability skills.

Additionally, reduced funding of approximately \$3.7 million is proposed for the CalWorks Single Allocation (\$3 million), which funds the administration of CalWorks eligibility and employment services; the Emergency Childcare Bridge Program (\$78,000), which helps foster parents access limited-term subsidized child care while navigating the foster care system; and the Adult Protective Services Expansion (\$594,000), which reduced the service eligibility age from 65 to 60 and allowed for increased social worker staffing to provide long-term case management for individuals with more complex needs.

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Separately from the Governor's May Revise, on May 2, 2024, the California Office of Emergency Services (Cal OES) informed the District Attorney's Office that it would receive a 44.7% reduction in Victims of Crime Act (VOCA) Victim Assistance Formula Grant Program funds for FY 2024-25. This will result in a \$352 thousand reduction in funding for FY 2024-25 and an additional \$228 thousand reduction in FY 2025-26. The department is currently evaluating possible solutions and priorities given its allocation of funding.

CEO Recommended Expansions

The County Executive Office is not recommending any department expansions.

Final Budget Adjustments (To Be Added to Recommended Budget):

As is the case each year, events have occurred since the Recommended Budget document was prepared that prompt staff to recommend adjustments to various appropriations and revenues. The recommended adjustments are detailed in Attachment A-1. The adjustments are related to several factors, such as appropriations included in the FY 2023-24 budget that were not spent but are planned to be spent in FY 2024-25, funds allocated toward one-time costs and other minor corrections or changes that adjust General Fund and non-General Fund budgets. Some significant changes to note include:

- **Adjustment #2, Community Services:** This adjustment increases appropriation by \$7,975,400 for a grant award for California Encampment Resolution Funds to provide homelessness services to unhoused individuals living in their vehicles.
- **Adjustment #3, Debt Service:** This adjustment establishes appropriations of \$6,870,200, funded by transfers from the General Fund and Fire Protection District Fund, for annual debt service payments on the COP issued in May 2024 which funded various capital projects.
- **Adjustment #14, Public Health:** This adjustment adds \$900,000 in Incentive Payment Program (IPP) grant funding from CenCal Health, which will add 1.0 FTE Staff Nurse, Supervisor and 3.0 FTE Health Services Aide positions and associated supplies for Enhanced Care Management (ECM), which provides eligible Medi-Cal recipients access to a lead care manager who coordinates all health-related care.

Expansion Requests Deferred to Hearings for Board Consideration:

Departmental requests for additional ongoing or one-time General Fund support that were not included in the Recommended Budget after Workshops are presented for Board consideration in Attachment A-2. Requests total \$4.6 million in ongoing funding, \$1.2 million in one-time funds, and 23.2 FTE. These requests were presented at Workshops.

Board Adjustments:

Since workshops, \$250,000 in one-time General Fund was made available through reallocation of ARPA funding. The CEO recommends these funds be set aside and added equally to the Board

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District-specific allocations from prior years, for future use on projects of community benefit. Consistent with current practice, funds would be released during the fiscal year through a Budget Revision Request and board letter administrative item. Should the Board wish to allocate these funds another way, the Board could engage in deliberation and utilize the Attachment E form as necessary.

Ongoing Grants and Contracts:

The County has numerous ongoing grants and contracts that are renewed each year with the funding and expenditures approved by the Board during annual budget adoption. The execution then becomes ministerial and is delegated to the Chair of the Board, who signs the contracts on behalf of the County, thus reducing the number of administrative agenda items that come before the Board during the year.

The Board has customarily delegated this authority to include ongoing grants, as well as ongoing contracts where amounts are within 10% of current agreement amounts. This process is only for single-year renewals, not multi-year agreements. To qualify for this process:

1. Grant and contract terms and conditions, including contract scope of work, must remain materially unchanged from the prior grant or contract, and
2. For contracts, the value cannot change by more than 10% from the prior year value.

Ongoing contracts in amounts that exceed this 10% threshold must be individually presented to the Board for approval. If rates or units of service change, the contract may qualify for the ongoing contracts process if these changes are clearly disclosed on the ongoing contract list. The recommended ongoing grants and contracts by department are included as attachments with a recommendation that the Board approve, as a group, their renewal for FY 2024-25. The grants to be included in this year's Hearings are identified in Attachment B. The contracts to be included in this year's Hearings are identified in Attachment C. The contract list may include partial-year contracts that equate to an appropriate pro rata share (including the 10% threshold) had the request been to renew for a full year.

Budget Resolution:

The Resolution of the Board of Supervisors follows as Attachment D. The Board adopts the budget through this Resolution. The Resolution also allows the County Executive Officer, under limited circumstances, to approve changes to appropriations for previously approved equipment purchases and includes other approvals and authorizations.

Salary Resolution

In conjunction with the budget, the FY 2024-25 salary resolution is also before the Board for consideration and adoption. Attachment F lists all positions requested for authorization by the Board, including those already authorized as well as any changes included in the recommended budget. In addition, the Board's approval of the salary resolution will include approval of any amendments made during Hearings. Attachment G details the position changes approved by the CEO during FY 2023-24 under the authority granted through Resolution 99-486. This resolution

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delegates authority to the CEO to administratively approve position changes throughout the year when the changes do not result in a change to a department's budget or a net change in a department's allocated positions. The total number of positions changed in this manner cannot exceed 10% of the total authorized positions within a department for a fiscal year. The resolution also requires that the Board annually review and approve such administrative changes.

Fiscal Impacts:

Approval of these recommendations adopts the FY 2024-25 Recommended Budget with any modifications determined by the Board and authorizes the County Executive Officer and/or the County Auditor-Controller to take any necessary related fiscal actions.

Attachments:

- A FY 2024-25 Recommended Budget (<https://www.countyofsb.org/4210/2024-2025>)
- A-1 Final Budget Adjustments
- A-2 Department Expansion Requests - Deferred to Hearings
- B Ongoing Grants
- C Ongoing Contracts
- D Budget Resolution of the Board of Supervisors
- E Board-Approved Budget Adjustments (pending Board deliberation)
- F FY 2024-25 Salary Resolution
- G FY 2023-24 Position Changes under Resolution 99-486

Authored by:

Paul Clementi, Budget Director
CEO Budget & Research Division