



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, 2019
Placement: Departmental
Estimated Tme:
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: Jeff Frapwell, Assistant County Executive Officer

SUBJECT: Fiscal Year 2019-20 Recommended Budget

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive, consider, and file the Fiscal Year 2019-20 Recommended Budget (Attachment A);
- b) Approve final budget adjustments (Attachment A-2) to the Fiscal Year 2019-20 Recommended Budget;
- c) Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2019-20 (Attachment D);
- d) Approve budget adjustments in the form of Attachment E, as amended during the hearings, to the Fiscal Year 2019-20 Recommended Budget;
- e) Delegate authority to the Chair of the Board to execute renewal of single-year grants and contracts (Attachments B and C) previously approved by the Board and included in the Fiscal Year 2019-20 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 2019 budget hearings, and adopt that amended salary resolution to be effective July 1, 2019, which updates job classifications and department position allocations to include

positions approved by the Board of Supervisors during the Fiscal Year 2019-20 budget hearings;

- g) Adopt position changes previously approved by the County Executive Officer during Fiscal Year 2018-19 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 Text:

The Fiscal Year (FY) 2019-20 Recommended Budget is hereby submitted to the Board of Supervisors. Any Board adjustments to the budget made during June budget hearings will also be incorporated in the form of Attachment E. The information in this letter, attachments, and hearing binder are provided to enable the Board to adopt a Fiscal Year 2019-20 budget during budget hearings. Budget hearings are scheduled for June 11 and, if necessary, June 13, and may also be continued into the following week.

FY 2019-20 Recommended Budget Overview

The recommended budget for FY 2019-20 is balanced, with total operating revenues of \$1,141.0 million (a 2.7% increase from FY 2018-19) and total operating expenditures of \$1,133.5 million (a 2.4% increase from FY 2018-19). Operating expenditures include both ongoing and one-time costs, and ongoing costs are largely supported by ongoing revenues. The FY 2019-20 recommended budget includes full-time equivalent (FTE) staffing of 4,247.8, an increase of 1.9% from the FY 2018-19 adopted staffing level of 4,170.2 FTEs. The Executive Summary of the Recommended Budget, Section B, details this information.

FY 2019-20 represents a turning point anticipated for over a decade. Decisions to set aside resources for future initiatives—undertaken even during challenging fiscal times—are coming to fruition, with the County well positioned for any future economic uncertainty. The FY 2019-20 recommended budget marks the first time since FY 2007-08 that no service level reductions were required of any County department to balance revenues and expenditures. This positive news is the result of years of the Board’s prioritization and commitment to key projects, careful planning, managing resources, and preparing for the future, aided by no new natural disasters in this past year. In addition, there has been continued, modest growth in local revenues, and a healthy State budget with a surplus. Further, net pension costs are slightly lower next year as compared to the current year, as a result of pension cost sharing agreements the County negotiated with our labor unions last year.

Summary of Recommended Expansions

The recommended budget includes some funding expansions for services based on consideration of State and federal requirements, Board priorities, established needs, and areas in which the County could face significant financial, legal, health, or safety risk or liability. These recommendations were made after input from the Board at the April workshops and further discussion with departments. The expansions are described below and detailed in Section B of the budget book.

- **Criminal Justice System Enhancements (Probation, Public Defender, Sheriff):**
 - Pretrial assessments (11.0 FTE) will be transferred from Courts Special Services to **Probation** to achieve efficiencies through integration of pretrial assessment and supervision into one process. The transfer is anticipated to take place mid-year at a cost of \$36,000.
 - **Public Defender** will add one full-time misdemeanor attorney and an additional extra help misdemeanor attorney at a cost of \$234,200. One-time funding of \$110,000 for a partnership with the Family Services Agency is also included, which will provide social workers to provide holistic defense services for Public Defender clients.
 - **Sheriff** will receive ongoing funding of \$160,000 for the Behavioral Science Unit Manager position, which was funded with one-time funds in the FY 2018-19 budget. In addition, one-time funds of \$1.1 million are included to replace the Sheriff's in-car mobile data computers as well as \$185,000 in ongoing funds to build up a replacement reserve for the system.
- **Farmstays Land Use Policy (Planning & Development):** This will fund one-time labor and consultant costs of \$115,000 to expedite amendments to the County Land Use Development Code, Article II, and Uniform Rules to allow farmstays consistent with regulations adopted in the Gaviota Coastal Plan area.
- **Regional Climate Action Planning (Community Services):** This will fund anticipated one-time costs of \$324,000 associated with conducting the inter-jurisdictional, multi-stakeholder collaboration required to update the ECAP and meet the newly adopted GHG reduction goal.
- **Management Analyst Intern Program (County Executive Office):** This will fund the first round of a two-year limited-term apprenticeship program at a one-time cost of \$125,000 per year (\$250,000 total). A Management Analyst Intern will work on special projects in the CEO's office as well as potential assignments in other County departments.
- **Facility Security Enhancement (General Services):** This provides \$174,000 in non-General Fund revenue for a position responsible for overseeing physical security, managing security personnel, and investigating security breaches, as well as ensuring business continuity and crisis management in a manner consistent with County policies, procedures, quality standards, customer needs and applicable local, state, and federal regulations.

Strategic Reserve Policy

The County's Strategic Reserve policy calls for a targeted funding level of 8% of operating revenue (approximately 30 days of working capital) for the General Fund to be appropriated annually by the Board of Supervisors as part of the budget adoption process. The recommended budget increases the Strategic Reserve balance to full funding of \$36.4 million in FY 2019-20.

Continued Commitments to Board Priorities and Key Issues

FY 2019-20 will be a milestone year, with the culmination of major funding initiatives that have been in the making for years. These projects are the result of the County's commitment of resources, over decades in some cases, and continued prioritization.

- The **Northern Branch Jail** is slated to finish construction and begin operations. The ongoing operating costs are currently estimated at \$18.8 million for the first full year of operations (FY 2020-21) with annual increases in future years. By adding incrementally higher amounts of General Fund Contribution each year to a dedicated jail operating fund, we are slowly building towards the annual funding amount needed to operate the new jail. Currently, we are well over halfway towards building up sufficient ongoing funding to fully operate the new jail; the plan is expected to continue until FY 2022-23.
- The **Fire Tax Shift** will reach its target of 17% of property tax revenues in FY 2019-20. In 2012, the Board approved a plan to enhance Fire District services and address annual deficits in the District budget. This plan shifts 25% of the General Fund incremental property tax growth each year to the Fire District, until the share of local property taxes for the Fire District reaches 17%. In FY 2019-20, \$11.6 million of ongoing revenue is attributed to the shift (i.e., the amount above the FY 2011-12 discretionary General Fund transfer amount).
- The **Tajiguas Resource Recovery Project**, approved in FY 2018-19, will remain under construction in FY 2019-20. This regional project, when completed, will meet State requirements for landfill waste diversion and will represent the single largest reduction in greenhouse gases in the county.
- **Pension cost sharing** will result in a net reduction to our pension contribution costs starting in FY 2019-20. The County's total pension contribution next year is \$143.8 million, representing a \$0.2 million reduction from the FY 2018-19 adopted budget.
- **Major capital improvement projects** requiring General Fund support have been unfunded for several years. However, in the current year, the Board approved a list of projects for a combination of debt and one-time funding, including improvements to the Main Jail, Cachuma Park infrastructure upgrades, Courthouse roof replacement, Calle Real campus water system replacement, renewable energy upgrades, public safety radio tower enhancements, a new South County headquarters building for Probation, and expansion of the Emergency Operations Center (EOC). The CEO and General Services will work together this coming year to develop a funding strategy for the large public safety radio replacement project.
- **Deferred maintenance** remains a significant issue for County departments, with a backlog of maintenance and capital renewal needs for our parks, roads, and County facilities. Board policy calls for a commitment of 18% of unallocated discretionary general revenue growth to address maintenance needs on an annual basis. The recommended budget allocates \$6.4 million in ongoing General Fund revenues for deferred maintenance per the 18% formula, reflecting growth of \$2 million from the prior year's budget.

In addition, the recommended budget includes \$2.3 million in ongoing General Fund Contribution for capital improvements and infrastructure maintenance, as well as \$7.2 million in one-time General Fund resources to address key deferred infrastructure replacement projects.

- **Cannabis Enforcement** remains a priority. The FY 2019-20 recommended budget includes total cannabis enforcement team staffing of 13.0 FTE dedicated to enforcement against unlicensed cannabis operations. The enforcement team is made up of staff from the Sheriff, District Attorney, Agricultural Commissioner, and Public Health Departments. In FY 2019-20, the recommended budget dedicates \$2.8 million to enforcement activities, an increase of \$1.1 million from the FY 2018-19 adopted budget of \$1.7 million.

Discussion of individual department work initiatives and budgets for the coming year were reviewed with the Board during the budget workshops conducted in April. At the June budget hearings, staff will provide an overview of the budget, respond to unanswered Board requests made at the workshops, and provide updates to department budgets since the April workshops.

Final Budget Adjustments:

As is the case each year, events have occurred since the Recommended Budget was prepared that prompt staff to recommend adjustments to various appropriations and revenues. The recommended adjustments are detailed in **Attachment A-2**, and include:

- Appropriations included in the FY 2018-19 budget that were not spent but are planned to be spent in FY 2019-20. These planned expenditures were moved to a fund balance account via a Budget Revision during FY 2018-19.
- Other recommended changes that adjust General Fund and non-General Fund budgets.

Expansion Requests for Board Consideration:

Some departmental requests for additional General Fund Contribution are presented for Board consideration for either one-time or ongoing funding. These requested adjustments are summarized below and presented in **Attachment A-3**.

Department Expansion Requests – Deferred to Hearings

#	Description	FTE	Ongoing GFC*	One-Time GFC
Community Services				
1	Countywide Library Funding	-	135,000	-
2	CCE Start-up Capital Balance (may not be needed in FY 2019-20)	-	-	750,000
3	Countywide Recreational Master Plan	-	-	350,000
General Services				
4	Add 1.0 FTE Real Property Agent	1.0	126,000	-
Human Resources				
5	Departmental Business Specialist for Recruiting	1.0	125,000	-
6	Add Financial Office Professional to Administration	1.0	67,500	-
Public Works				
7	Local share of 2019 storm-related damage costs	-	-	1,318,000
8	Maintenance funding to maintain current PCI of 57	-	5,490,700	-
9	Local share of Thomas Fire and debris flow costs	-	-	1,120,000
Sheriff				
10	Jail Room Consolidation	-	135,000	1,350,000
11	Custody Deputies	13.8	1,473,300	-
12	Data Systems Analyst	1.0	141,100	-
13	Records Management System Upgrade	-	-	582,000
14	Dispatch Governance Group Funding	-	100,000	-
15	Chief Deputy Sheriff - Administration	1.0	351,700	-
16	Body-Worn Cameras & 1.0 FTE Computer Systems Spec.	1.0	133,400	514,400
17	Data Center Replacement	-	133,500	1,335,000
Total		19.8	\$ 8,412,200	\$ 7,319,400

* Because no ongoing GFC is available, these requests could be supported with one-time funding in FY 2019-20.

Board Adjustments (further restorations or expansions) – Attachment E:

The FY 2019-20 recommended budget includes one-time revenue in the amount of \$1,086,100 available for allocation by the Board at these hearings. This amount includes \$889,600 from cannabis tax revenue and \$196,500 from other General County Programs fund balances. There is no unallocated ongoing discretionary revenue. During the course of the hearings, the Board may wish to allocate those funds. **Attachment E** provides a form that can be used for Board deliberation.

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 grants and contracts where amounts are within 10% of current agreement amounts.

This process is only for single-year contracts, not multi-year agreements. To qualify for this process:

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

Ongoing contracts or grants 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 2019-20. The grants to be included in this year's budget hearings are identified in **Attachment B**. The contracts to be included in this year's budget hearings are identified in **Attachment C**. The contract list may include partial-year contracts that equate to an appropriate pro rata share (taking into account 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 2019-20 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 budget hearings. This update of the master classification and salary plan is required by Section 27-17 of the County Code. **Attachment G** details the position changes approved by the CEO during FY 2018-19 under the authority granted through Resolution 99-486. This resolution 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.

County Budget Act:

Among its requirements, the County Budget Act (California Government Code § 29000 et seq.) specifies that the Board of Supervisors must adopt a balanced budget each year, with funding sources equal to financing uses. Additionally, each department has an opportunity to address the Board regarding their recommended budget.

Fiscal Impacts:

Approval of these recommendations adopts the Fiscal Year 2019-20 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 2019-20 Recommended Budget
- A-1 CEO Recommended Expansions
- A-2 Final Budget Adjustments
- A-3 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 2019-20 Salary Resolution
- G FY 2018-19 Position Changes under Resolution 99-486

Authored by:

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Cc:

Department Directors
Assistant County Executive Officers
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