



**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 16, 2023  
**Placement:** Departmental  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

**TO:** Board of Supervisors

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

DocuSigned by:  
  
41846F5C725B460...

**SUBJECT:** Fiscal Year 2023-24 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 2023-24 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 CEO recommended expansions (Attachment A-1) and final budget adjustments (Attachment A-2) to the Fiscal Year 2023-24 Recommended Budget;
- c) Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2023-24 (Attachment D);
- d) Approve budget adjustments in the form of Attachment E, as amended during Budget Hearings, to the Fiscal Year 2023-24 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

Page 2 of 10

Year 2023-24 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 2023 budget hearings, and adopt that amended salary resolution to be effective June 26, 2023, which updates job classifications and department position allocations to include positions approved by the Board of Supervisors during the Fiscal Year 2023-24 Budget Hearings;
- g) Adopt position changes previously approved by the County Executive Officer during Fiscal Year 2022-23 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) 2023-24 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 in the form of Attachments A-1, A-2, and E. The information in this letter, attachments, and hearing binder are provided to enable the Board to adopt the FY 2023-24 budget during Budget Hearings. Budget Hearings are scheduled for June 16 and, if necessary, June 20, and if needed, may continue each day thereafter, through June 30, 2023.

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, present the CEO Recommended Expansions, respond to questions about the budget, and provide updates to department budgets since Workshops. The FY 2023-24 Recommended Budget was made available to the public on May 30, 2023, 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 2023-24 Recommended Budget Overview**

As discussed at Workshops with the presentation of the preliminary budget, the FY 2023-24 Recommended Budget is largely a status-quo budget with expenditure growth covering existing costs of operations and some key areas of program expansion. The Recommended Budget for all funds totals \$1.48 billion, an increase of \$89 million, or 6.4% from the FY 2022-23 Adopted Budget. The General Fund, which funds many County operations, totals \$499.5 million, an increase of \$42.3 million, or 9.2%, over prior year. Much of the overall budget change of \$89 million from last fiscal year is related to a \$36.7 million increase in secured property taxes across the General Fund, Fire District, Public Works, and Community Services Department, a \$29.2 million increase in State revenue, mostly 1991 and 2011 Realignment, to Behavioral Wellness and Social Services, and a \$22.8 million increase in charges for services, including a \$5.5 million increase to the Fire District's State contract revenues, a \$4.8 million increase due to Community Services' State Creative Corps grant, and \$2.8 million in increased landfill fee revenue to cover

the cost of operations and debt service on new facilities. Operating expenditures include both ongoing and one-time costs, and ongoing costs are largely supported by ongoing revenues. Of the County's \$86.7 million allocation through the federal American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF), \$30 million is budgeted in FY 2023-24, and expenditures will continue through the end of the funding period in December 2026.

The budget, in total, supports a workforce of 4,636.5 full-time equivalent (FTE) positions and reflects a net increase of 170 FTE, with the majority of that increase occurring in three departments: Social Services, Fire, and Behavioral Wellness, funded primarily by increased State funding.

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 2023-24 Recommended Budget can be found on the County's website (<https://www.countyofsb.org/3647/2023-to-2024>) and as **Attachment A** of this Board item. 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.

### **Significant Changes Since Budget Workshops**

Public Budget Workshops to review the preliminary budget were held April 18, 19 and 21, 2023, 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 \$11.9 million of available one-time funds toward these recommended capital improvement projects. 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 2023-24 Recommended Budget and are listed below.

#### **Capital and Maintenance Projects**

SB Courthouse Roof Replacement, Phase 2	\$3,500,000
SB Admin Building - Asbestos Abatement, Phase 2	275,000
SB DA Building - Security Fence	100,000
Betteravia, Building D, Glaze Windows and Seams	125,000
BWell Calle Real Headquarters Facility, Design	2,000,000
Modoc Rd. Multi-Modal Path	1,143,000
Lompoc Vets Hall - Parking Lot Expansion	450,000
Energy Efficiency HVAC Projects	
SB Health Clinic – Boiler/HVAC, Chiller, and Controls Replacement	625,000
Public Health Building (Calle Real Campus) – HVAC and Controls Replacement	400,000
SB Admin – Replace 12 HVAC Units and Controls	350,000

SM BWell – HVAC Controls	45,000
SB Casa Nueva – HVAC Replacement, Controls Upgrade, and Solar Shades	800,000
SB DA Building – Replace Energy Management System	250,000
Hold for Grant Match	
Orcutt Library building acquisition	550,000
Cachuma Lake RV Area PV Solar Array	1,120,000
Jalama Beach Park Improvements Master Plan & Coastal Access Design	200,000
<b>Total</b>	<b>\$11,933,000</b>

Also, in response to Board input at Workshops, a project to add more streetlights in Isla Vista will be funded by Public Works with a \$250,000 draw from Community Service Area 31 fund balance.

As indicated at Workshops, cannabis tax revenues have continued to decline, with continued volatility making revenues difficult to project. The revenue estimate for FY 2023-24 is \$7.5 million, a reduction of \$8.8 million from the current fiscal year budget, but a slight increase of \$783,000 from the actual estimated receipts this year. To provide greater budgetary stability, the Board directed staff at Workshops to replace commitments previously made using cannabis tax revenue with General Fund revenues (\$1.2 million in ongoing commitments and \$5 million in one-time), which is reflected in the Recommended Budget. The CEO's Recommended Expansions request additional swaps to further reduce reliance on ongoing cannabis tax revenues and to ensure fulfillment of the Board's prior commitments for equity programs and Mixteco translation services, and staff positions in General Services and Clerk-Recorder-Assessor. Additionally, ongoing \$2.4 million of cannabis revenue was previously allocated (in FYs 2020-21 and 2021-22) towards 18% deferred maintenance funding; this second swap would replace just over \$800,000 of that with General Fund revenue, leaving about \$1.6 million still funded by cannabis revenue. \$3 million in one-time allocations, including funding for a utility grade solar ordinance, a vehicle electrification specialist, and an employee housing study, remain funded by cannabis revenue as well.

### **State Budget Update**

The State's May Revise "holds the line" without making significant reductions over the Governor's initial January budget proposal, while the estimated deficit grew from \$22.5 billion to \$31.5 billion. The May Revise does eliminate the third year of the three-year Public Defense Pilot Program (PDP), which funds the Public Defender's Post-Conviction Unit. This reduction will be an impact to the County of \$563,000 in FY 2024-25; however, the department anticipates that unspent funding from the first year of the grant will offset some of the revenue loss in year three.

Senate Bill 184 (2022) implements a cap for individuals committed as Incompetent to Stand Trial (IST) on felony charges and imposes a penalty if it is exceeded. The growth cap established by Department of State Hospitals (DSH) results in an estimated \$6.4 million penalty for the County, with funds to be returned to the County pursuant to a local expenditure plan yet to be developed. As of May 2023, DSH has been engaged in ongoing discussions with county associations to

consider modifications to the growth cap methodology. Pending the resolution of those discussions, the County’s Felony IST Collaborative Solutions team, comprised of safety and health and human services partners, continues to evaluate the current system and propose improvements.

Future years may be more difficult for the State as it grapples with its deficit. The State Legislative Analyst’s Office (LAO) reported on May 23, 2023, after release of the Governor’s May Revise, in its [Multiyear Budget Outlook](#): “Under our estimates, the state faces operating deficits throughout the multiyear window, meaning revenues would need to come in above our projections for the budget to be balanced.... Our analysis suggests that level of revenue is very unlikely—there is less than a one-in-six chance the state can afford the May Revision spending level across the five-year period. This means that, if the Legislature adopts the Governor’s May Revision proposals, the State very likely will face more budget problems over the next few years.”

### **CEO Recommended Expansions (To Be Added to Recommended Budget)**

After receiving Board and public input and comments, the County Executive Office continued to work with departments on revenue estimates and potential sources of funding for various department requests, Board priorities, and other identified needs. Since Workshops, the Auditor-Controller’s Office has increased property tax revenue estimates by \$4.7 million, and the CEO’s Office projects there is close to \$800,000 of available ongoing Proposition 172 revenue. Additionally, \$4.5 million of available one-time balances, including \$800,000 of ARPA funding and \$1.5 million of Proposition 172 fund balance, were determined could be allocated toward one-time needs.

The table below describes the CEO Recommended Expansions which allocate the available ongoing and one-time funding described above, based on Board priorities, established needs, and areas in which the County could face significant financial, legal, health, or safety risks. The CEO Recommended Expansions are not built into the recommended budget but are being presented to the Board at Budget Hearings as **Attachment A-1** and if approved, will be incorporated into the final FY 2023-24 Adopted Budget.

An unallocated balance of \$425,000 in one-time, General Fund dollars is available and has been set aside in the Emerging Issues fund balance. The Board may wish to propose uses of these funds at budget hearings that would be discussed as part of the “Attachment E” budget adjustment process.

<b>Department</b>	<b>Description</b>	<b>FTE</b>	<b>Ongoing</b>	<b>One-Time</b>
<b>Operational Unavoidable Costs &amp; Risk Exposure</b>				
Community Services	<b>Orcutt Branch Library Rent and Black Gold Increases</b> – Orcutt Library rent increases (\$55,000 annually), and Black Gold Cooperative Library System costs (\$20,000 per year)		\$75,000	
Community Services	<b>Emergency Shelters and Warming Centers</b> – Additional County funding for Good Samaritan, PATH, and Freedom Warming Centers to supplement operating deficit		\$192,500	
General Services	<b>Betteravia Center Security</b> – Provides annual ongoing cost for 24/7 security at Betteravia Center (item added post-Workshops)		\$228,000	

Department	Description	FTE	Ongoing	One-Time
General County Programs	<b>Litigation, Compliance, and Contractual Obligations Set-aside</b> – Sets aside funding for potential costs related to ongoing litigation, settlement compliance and contractual obligations. Source of the one-time amount is Prop 172 (item added post-Workshops)		\$1,211,200	\$981,600
<b>Policy &amp; Board Commitments</b>				
Multiple	<b>Additional Maintenance/18% Growth</b> – Increase in 18% deferred maintenance policy for additional \$4.7M in Discretionary Revenue. New total \$15.8M: Public Works (\$7.9M), General Services (\$5.5M) and Parks (\$2.4M) (item added post-Workshops)		\$846,000	
Multiple	<b>Additional General Fund to Replace Cannabis Expenditure Commitments (Cannabis Swap)</b> – Further reduces reliance on cannabis tax revenue for ongoing expenditure commitments by replacing with General Fund growth. This adds to actions approved by the Board at workshops (item added post-Workshops)		\$1,745,600	
<b>Restricted Funding Allocations – ARPA, Prop 172, and Prop 69 DNA Fund</b>				
Community Services	<b>Enhance HHS Plan Prevention, Diversion and Re-Housing Programs for Relocation/Move-In Assistance Payments</b> – Provides restricted ARPA one time move-in costs (security deposits and first month's rent) under certain criteria for unincorporated County areas. This is an avenue to assist renters, which was a Board-identified priority at Workshops			\$500,000
Public Works	<b>Laguna County Sanitation District Groundwater Injection Recharge Site Studies</b> – Provides restricted ARPA one-time funds to identify potential recharge sites for an indirect potable reuse (IPR) system (item added post-Workshops)			\$300,000
Sheriff	<b>Dispatch Center Furniture and Hardware Replacement</b> – Provides Prop 172 funding to replace consoles that are approximately 25 years old with 15-year lifespan			\$353,500
General County Programs	<b>Criminal Justice Set-aside</b> – Set aside Prop 172 ongoing and one-time funds until criminal justice needs are clarified in the coming fiscal year. If higher priorities are not identified, would be released to fund District Attorney requests for a limited-term attorney to implement new case management system (\$164,900); victim witness advocate (\$117,900); and attorney for parole hearings (\$156,600), as well as Public Defender requests for two LOP supervisors (\$270,100) and a supervising attorney (\$240,000). Alternative funding is also being pursued for some of these		\$784,600	\$164,900
Sheriff	<b>ANDE Rapid DNA Instrument</b> – Annual subscription for DNA chips, DNA swabs, service fee, training and support for ANDE instrument that the department already owns. Recommended one-time funding from Prop 69 DNA Identification Fund balance			\$80,200
<b>Board-Identified Priorities from Workshops</b>				
County Counsel	<b>Deputy County Counsel</b> – Second personnel attorney to support departments and special districts on labor relations, employee relations, benefits, disability, leaves of absence and civil service	1.0	\$210,000	

Department	Description	FTE	Ongoing	One-Time
Community Services	<b>Sustainability Grant Writing Support</b> – To be used for consultant support to identify and apply for grant funding from federal, State, and local sources. Grant funding would support the implementation of measures and actions in the 2030 Climate Action Plan and Climate Adaptation Plan			\$75,000
Human Resources	<b>Administrative Office Professional Senior</b> – 1-year limited term Executive Recruiting Assistant to address the high volume of executive and management recruitments	1.0		\$121,100
Public Works	<b>Deferred Maintenance</b> – Closes remaining gap to reach the \$14.5M needed to maintain roads at current PCI (combines with additional 18% deferred maintenance funding to reach requested \$726,900)			\$303,900
Treasurer-Tax Collector	<b>Veterans' Services Supervisor</b> – AOP Expert to lead Veterans Services Operations in Santa Barbara, Lompoc, and Santa Maria	1.0	\$151,000	
General County Programs	<b>Los Olivos Restrooms</b> - Community request for five years of funding additional service to portable Los Olivos restrooms			\$375,000
General County Programs	<b>Polling Work on Tax Measures</b> - Funding to poll the electorate on opinions and attitudes towards various potential tax measures for the 2024 ballot			\$80,000
<b>Additional County Executive Office Recommendations</b>				
Human Resources	<b>Talent Development and Inclusion Strategist</b> – Total cost of position is \$265,700 with most funding available from ongoing equity set-aside and only \$40,700 needed to convert a one-time DEI position and program costs to ongoing	1.0	\$40,700	
General County Programs	<b>Board District Allocations</b> – \$56,100 per district, to be expended on programs, projects, and/or infrastructure. Expenditures from this allocation to be approved through Administrative Agenda items at Board hearings throughout the fiscal year (item added post-Workshops)			\$280,500
General County Programs	<b>Sustainability Initiatives Fund</b> – A set-aside to develop projects or pilot programs once Climate Action Plan is adopted, or to extend time for Sustainability Transportation Electrification Specialist position in CSD. Funds are held in General County Programs until projects or programs are identified (item added post-Workshops)			\$500,000
<b>Unallocated/Available for Board Hearings</b>				
For Board Deliberation				\$425,000
<b>Total</b>		<b>4.0</b>	<b>\$5,484,600</b>	<b>\$4,540,700</b>

### **Criminal Justice Funding Set-Aside**

During Workshops, the Board directed County departments to explore alternative funding sources for their submitted expansion requests. With assistance from the CEO's Office, the District Attorney and the Public Defender identified three expansion requests as appropriate to fund through the Community Corrections Partnership (CCP) and submitted funding requests for the CCP's consideration. In the meantime, Proposition 172 funds were set aside—\$784,600 ongoing and \$164,900 one-time funding—as described in the CEO Recommended Expansions table above.

**Update:** On June 2, the CCP approved one-time funding requests from the District Attorney for a domestic violence Victim-Witness Advocate (three years) and a Deputy District Attorney for case management system implementation (one year), and from the Public Defender for a Racial Justice Act/Supervising Deputy Public Defender (three years). Notwithstanding these funding approvals, the CEO's Office recommends the criminal justice set-aside continue to be held pending assessment of other high priority potential funding needs, including those related to compliance with the DRC structured settlement, Board priorities for jail population reduction strategies, and needs for associated diversion programs. The CEO's Office will also continue to work with the departments on funding strategies for the remaining recommended expansion requests (District Attorney – parole hearings DDA; Public Defender – LOP supervisors).

### **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-2**. The adjustments are related to several factors, such as appropriations included in the FY 2022-23 budget that were not spent but are planned to be spent in FY 2023-24, funds allocated toward one-time costs and other minor corrections or changes that adjust General Fund and non-General Fund budgets. Other significant changes to note include:

- **Adjustment #1, District Attorney:** Reallocates \$78,300 from grant funding to partially fund 1.0 FTE Victim-Witness Supervisor, with the remainder funded by salary savings from underfilling an LOP position.
- **Adjustment #5, Probation:** Reallocates \$378,900 of Community Corrections Partnership (CCP) funding from contractual services to fund 2.0 FTE in the Adult Division to support Familiar Faces, a multi-agency mental health street outreach program.

### **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-3**. Requests total \$4.7 million in ongoing funding, \$937,500 in one-time funds, and 21 FTE. These requests were presented at Workshops.

### **Board Adjustments (further expansions) – Attachment E:**

While the FY 2023-24 Recommended Budget is presented as balanced, there is \$425,000 of one-time funding available in General County Programs should the Board wish to allocate it during Hearings. Otherwise, it will remain available to address future needs or unexpected expenses. Should the Board wish to allocate these funds, or change any other allocations, this would occur during deliberation. **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 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 2023-24. 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 2023-24 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 2022-23 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.

Page 10 of 10

**Fiscal Impacts:**

Approval of these recommendations adopts the FY 2023-24 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 2023-24 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 2023-24 Salary Resolution
- G FY 2022-23 Position Changes under Resolution 99-486

**Authored by:**

CEO Budget & Research Division