



# 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

**Submitted on:**  
**(COB Stamp)**

<b>Department Name:</b>	County Executive Office
<b>Department No.:</b>	012
<b>Agenda Date:</b>	June 17, 2025 (June 18 if needed)
<b>Placement:</b>	Departmental Agenda
<b>Estimated Time:</b>	1 Day
<b>Continued Item:</b>	No
<b>If Yes, date from:</b>	N/A
<b>Vote Required:</b>	Majority

**TO:** Board of Supervisors

**FROM:** Department Director(s): Mona Miyasato, County Executive Officer

Contact Info: Paul Clementi, Budget Director

**SUBJECT:** Fiscal Year 2025-26 Recommended Budget Hearings

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## 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 2025-26 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 2025-26 Recommended Budget;
- c) Approve final budget adjustments (Attachment A-3) allocating \$250,000 of funding from the General County Programs sustainability initiatives set aside to the Community Services Department for work on oil and gas regulations;
- d) Approve budget adjustments, if any, to the use of ongoing Cannabis Tax Revenue allocated to the Sheriff cannabis enforcement program and the 18% deferred maintenance program, in the form of Attachment G, as amended during Budget Hearings;
- e) Adopt the Resolution of the Board of Supervisors entitled In the Matter of Adopting the Budget for Fiscal Year 2025-26 (Attachment D);
- f) 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 2025-26 Recommended Budget, where contract amounts are within 10% of previously contracted amounts;
- g) Receive the draft salary resolution (Attachment E), direct any specific changes made during the June 2025 budget hearings, and adopt that amended salary resolution to be effective June

23, 2025, which updates job classifications and department position allocations to include positions approved by the Board of Supervisors during the Fiscal Year 2025-26 Budget Hearings;

- h) Adopt position changes previously approved by the County Executive Officer during Fiscal Year 2024-25 under Board Resolution 99-486, as shown in Attachment F; and
- i) 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) 2025-26 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 **Attachment A-1**. The information in this letter, attachments, and hearing binder are provided to enable the Board to adopt the FY 2025-26 budget during Budget Hearings. Budget Hearings are scheduled for June 17 and, if necessary, June 18, and if needed, may continue each day thereafter, through June 30, 2025.

In April, the Board reviewed and discussed individual department work initiatives and preliminary budgets for the coming year. Input received at the workshops was considered in the finalization of the Recommended Budget and budget hearing materials.

At the June hearings, staff will provide the Board with an overview of the CEO Recommended Budget, respond to questions about the budget, and provide updates to department budgets since workshops. The purpose of the meeting is to conduct the public hearing on the recommended budget, and after the conclusion, adopt the budget by resolution. At the hearings, the Board may make any revisions, reductions or additions as appropriate.

The FY 2025-26 Recommended Budget was made available to the public by May 30, 2025, 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.

### **Discussion:**

#### **FY 2025-26 Recommended Budget Overview**

**The FY 2025-26 Recommended Budget includes \$1.69 billion in operating expenditures and \$152.2 million in capital expenditures and represents largely status quo operations.** There are no recommended service expansions and growth is minimized through increased use of salary savings, and in the case of Social Services, significant deletion of vacant positions. The budget is balanced, meets debt service obligations, addresses critical deferred maintenance and infrastructure needs, adheres to the Board's financial management policies, and allows for continued progress on critical countywide initiatives and Board priorities related to housing and permitting processes; improving the criminal justice system; coordinated community service delivery and strengthened safety net programs; continued financial and organizational excellence; environmental sustainability and climate resiliency; and infrastructure maintenance and improvement.

Total operating budget growth of 4.8% is lower compared to prior year growth of 8.5% and primarily driven by:

- A \$30 million or 3.6% increase in salaries and benefits, which reflect a modest cost-of-living adjustment and a decrease of 21.87 full-time equivalent positions compared to the FY 2024-25 Adopted Budget (from 4,767 FTE to 4,745 FTE);
- A \$27.4 million or 4.7% increase in services and supplies primarily related to increased behavioral health service provider costs, increased spending on pavement preservation construction projects, and increased jail medical and pharmaceutical costs; and
- A \$19.6 million or 9.4% increase in other charges, which include internal service costs such as liability insurance premiums and information technology services, as well as increased landfill closure and post closure cost payments at the Tajiguas Landfill and cash assistance payments administered by County social programs.

**The General Fund operating budget of \$548 million reflects \$25.9 million or 6.8% more discretionary revenue driven by property and transient occupancy tax growth and is balanced with the release of a \$6.8 million ongoing revenue set-aside.** Continued growth in discretionary revenue will be vital to supporting increases in labor and operational costs for many County operations, including most of the public safety functions. An updated five-year financial forecast of ongoing General Fund revenue and costs anticipates deficits starting in FY 2027-28 and growing to \$19.6 million by FY 2029-30, largely driven by jail operating and capital costs.

**The CEO's Recommended Budget aims to create stability amid future fiscal uncertainty driven by:**

- **Jail and other operating costs outpacing revenue growth and contributing to forecasted deficits in the General Fund of \$19.6 million over the next five years;**
- **Slowdown of State revenues upon which the County relies; and**
- **Volatility of proposed federal funding cuts for key County services.**

Future sustainability depends largely on how these factors will impact departmental budgets and be mitigated by practical cost-reducing or revenue-producing measures in the coming year. Recommended departmental work plans provide a stable position from which to start conducting a careful assessment of these factors and other financial risks and begin planning for change. After the budget is adopted in June, the CEO will ask departments to start compiling strategies for reductions or new revenue generation. Given the extent of the forecasted deficit, it is recommended that the County begin reserving one-time available funds; redirecting funds from lower priority projects; consider opportunities to increase other revenue sources; and develop strategies to reduce spending, which may include decreasing service levels in order to balance future year budgets. A summary plan for continued fiscal stability will be presented to the Board with the FY 2026-31 five-year forecast by January 2026.

## **State & Federal Budget Update**

**State Budget: The May Revise anticipates a \$12 - \$14 billion deficit driven primarily by impacts of trade policy and proposes reductions to Medi-Cal and In-Home Support Services; federal impacts are still unknown.** Revenue projections included in the State's revised May budget are \$5.2 billion lower than January estimates due largely to the downgraded economic outlook and the decline in equity markets; and expenditures in Medi-Cal have increased significantly due to higher enrollment, pharmacy, and managed care costs. Governor's proposed solutions for addressing the resulting deficit include \$5 billion of reductions to primarily Medi-Cal and In-Home Support Services programs largely through limiting program access; \$5.3 billion of borrowing and Medi-Cal rate increases; and \$1.7 billion in funding shifts from the State General Fund to other sources. Notably, the May Revise

did not account for potential federal funding and policy impacts. Any impacts would be addressed in future budget actions by the State and could make the deficit worse.

For the time being, the State's budget does not yet necessitate changes to the County's Recommended Budget; the Legislature is in the process of budget negotiations and facing a June 15 deadline. Departments will continue to monitor the State legislature's response to the Governor's proposal and staff will provide information, or request action, at the Budget Hearings if necessary. Preliminary analysis of potential impacts to health and human services funding, services and access to care include:

- **Downgraded 1991 and 2011 Realignment Revenue projections** due to lower anticipated sales tax revenue may result in an additional \$1.5 million decrease in Social Services FY 2025-26 revenue projections. A potential revenue downgrade is not included in the recommended Social Services budget and should it materialize, will be managed by holding positions vacant through the first few months of the fiscal year. The department will return to the Board with an analysis of State and federal budget impacts, and recommended budget adjustments, likely including further position reductions, once additional information is known this fall..
- **A Medi-Cal enrollment freeze as of January 1, 2026 and monthly premiums in 2027** for adults with unsatisfactory immigration status could impact up to 20% (approximately 29,000) of the County's adult Medi-Cal-eligible population and would likely decrease reimbursements for continued County health and behavioral health care services to this group.
- **Elimination of In-Home Support Services (IHSS) benefits for Medi-Cal expansion clients** would result in lost in-home assistance for up to 57 individuals with unsatisfactory immigration status, who are currently receiving services.

**Federal Budget:** The President's May 2025 budget proposal calls for discretionary funding cuts to federal education, health, housing, and labor programs; significant cuts to safety net health insurance and food assistance programs proposed by Congress. There remains great uncertainty about the federal budget and recent proposals passed by the House of Representatives could have significant impacts to Medi-Cal and CalFresh program funding and administrative costs.

The Continuing Resolution passed in March ends on September 30, which means that impacts to the County budget will be largely unknown for the first four months of FY 2025-26. In the current fiscal year, County Health has started making program changes in response to lost federal Epidemiology and Laboratory Capacity funding for COVID-related services and will reduce appropriations by \$1.6M for extra help positions, services and supplies, and equipment costs in FY 2025-26. As additional details of the federal budget are released, staff will continue to monitor and analyze impacts to County departments. The majority of federal funds received by the County are allocated to the Social Services Department.

## **Follow up from Budget Workshops**

Following Budget Workshops, held on April 14 and April 16, 2025, the County Executive Office worked with departments to incorporate direction from the Board into the FY 2025-26 Recommended Budget. Specifically, to include recommended uses of \$16.4 million of available one-time General Fund fund balance; and identify ongoing cuts to the Cannabis Tax Revenue budget, which were approved by the Board on June 3, 2025 and included as final budget adjustments on **Attachment A-1**.

Specifically, the Board requested further review of the following items:

- **Capital Improvement Projects**
  - Vandenberg Village Park Project Phase I (\$426 thousand) – *staff requests Board direction*
  - District Attorney security system improvements - *resolved; General Services using allocated security funding*
- **One-time funding requests recommended by CEO at Workshops**
  - Sheriff in-car computing equipment replacement (\$925 thousand) – *staff requests Board direction*
- **Other Items**
  - Cannabis tax revenue expenditure reductions – *staff requests Board direction*
    - *On June 3, the Board requested further discussion at budget hearings regarding use of Sheriff ongoing cannabis enforcement funds and the \$1.5 million that goes toward deferred maintenance*
  - Zero-net energy option for Northern Branch Jail expansion – *resolved through Board action on May 6, 2025*
  - Sustainability Fund appropriation to the Community Services Department for studies associated with oil and gas prohibition – *included as final budget adjustment*

More detail on these items is provided below.

### Review of Recommended Capital Improvement Projects

In FY 2025-26, one-time funding of is recommended to fund new capital projects (\$4.9 million), and establish a set aside for the Northern Branch Jail expansion (\$5.1 million). The \$10 million unallocated fund balance carried over from the FY 2023-24 General Fund surplus was conceptually approved by the Board on March 11, 2025 to fund capital projects included in the FY 2025-26 Capital Improvement Plan. However, during Budget Workshops on April 16, 2025, the Board directed staff to redirect \$5.08 million of the \$10 million carryover away from specific projects in the Capital Improvement Plan and toward a set aside for future Northern Branch Jail expansion costs.

Recommended Capital Projects to Fund	Amount
Arts Fund (1% of Annual Capital Budget, Cap \$200,000)	\$200,000
Calle Real Water Loop Phase III	\$1,500,000
Clark Ave Parking/Hardscape Improvements	\$1,235,000
Sheriff Annex Temporary Relocation	\$1,000,000
Parks 5 Year Repaving/Restriping Maintenance Program (Goleta Beach 2023 Storm)	\$985,000
<b>Subtotal</b>	<b>\$4,920,000</b>
Northern Branch Jail Construction Set Aside	5,080,000
<b>Total</b>	<b>\$10,000,000</b>

Staff were asked to consider alternative funding options for the following two projects.

- **Vandenberg Village Park Project, Phase 1.** This project is a \$3.8 million, multi-year project. The Community Services Department will begin the project with \$471 thousand of Developer Impact Fees (DIF) revenue, that will fund an updated design, grading, stormwater bioswales, a natural

trail loop and chaparral mitigation. The \$426 thousand of General Fund requested in the Capital Improvement Plan for this first phase would be used for playground installation.

A balance of \$975 thousand is available in the North County Parks, Trails, and Open Space set-aside, which could fund the \$426 thousand first phase. Staff is seeking direction from the Board whether to use this balance or defer this work on project until more funding is secured.

- **District Attorney's Office Security System Improvements at the Santa Maria Juvenile Office.** Funding has been secured for this project. Prior year security project funding will be utilized by General Services to fund the \$200 thousand security system improvements to the District Attorney's Juvenile Office in Santa Maria.

### Review of Recommended One-Time Uses

The CEO recommended uses of one-time funds at the Budget Workshops. These were confirmed by the Board during workshops and are included in the Recommended Budget.

Recommended One-Time Uses	Amount
Social Services Funding Gap Bridge	\$3,394,000
Regional Fire Communication Center Funding Gap	\$2,123,000
Upgrade of Jail Management System	\$578,000
Co-response Deputy Half-year Grant Replacement	\$127,000
District Attorney Victim Witness Funding Gap Bridge	\$142,000
<b>Total</b>	<b>\$6,364,000</b>

**One-time funding of \$926 thousand for Sheriff in-car computing equipment replacement is recommended.** Staff was directed to return at the June Budget Hearing with further analysis of the immediate need to fulfil the Sheriff's Office request to replace in-car computing equipment in Sheriff patrol vehicles, which could be funded with of General Fund drawn from a fund balance established for this purpose in FY 2019-20. Further discussion with Sheriff information technology staff and consultation with the Information Technology Department confirmed that replacing this equipment on the established five-year replacement cycle would mitigate the risk of a larger number of failures that could result to higher future costs. Therefore, funding for this replacement is included as a recommended final budget adjustment, pending Board approval.

### Cannabis Tax Revenue Discussion

**Ongoing cuts of \$1.4 million to balance the Cannabis Tax Revenue budget are included as final adjustments to the Recommended Budget.** During Budget Workshops, the Board directed staff to return before budget hearings with recommended ongoing cuts to the preliminary Cannabis Tax Revenue budget that would balance ongoing revenue and expenditures. On June 3, 2025, staff presented recommendations to cut \$1.4 million in ongoing expenditures from various County departments, which were approved by the Board and are included as final budget adjustments to the Recommended Budget.

Additionally, the Board directed further discussion at budget hearings regarding use of Sheriff ongoing cannabis enforcement funds and the \$1.5 million that goes toward deferred maintenance.

<b>Approved Reductions to FY 2025-26 Ongoing Cannabis Revenue Uses (June 3, 2025)</b>	<b>Amount</b>
Enforcement Costs - District Attorney (1.2 FTE)	(\$310,100)
Enforcement Costs - Sheriff (1 FTE, overtime, services and supplies)	(\$472,000)
Education Costs - Perinatal Cannabis Use Prevention Education - BWell	(\$41,000)
Appeals Costs - P&D	(\$370,000)
Cannabis Program Admin - CEO (0.5 FTE & program costs)	(\$76,800)
Cannabis Program Admin - TTC (national pricing data contract)	(\$18,000)
Cannabis Program Admin - HdL Auditing Contract - TTC	(\$90,000)
<b>Total cuts included as Final Budget Adjustments</b>	<b>(\$1,377,900)</b>

<b>For Discussion:</b>	<b>Amount</b>
<b>Ongoing Cannabis Tax Revenue Allocations to Sheriff and 18% Maintenance</b>	
<b>Sheriff Enforcement Program Costs</b>	
Sheriff Deputy, Special Duty (3 FTE @ \$242K each)	725,400
Sheriff Sergeant (1 FTE)	298,600
Program Costs - lease (\$239K), overhead (\$115K), vehicles (\$81K), equipment (\$22K)	478,100
<b>Sheriff Enforcement Budget</b>	<b>1,502,100</b>
<b>18% Maintenance Allocation</b>	
Public Works Allocation (50%)	786,400
General Services Allocation (35%)	550,500
Community Services Allocation (15%)	235,900
<b>18% Maintenance Budget Funded with Cannabis Tax Revenue</b>	<b>1,572,800</b>

### Other Items

Additional direction received from the Board during budget workshops includes:

- **Criminal Justice Data Sharing.** The Community Corrections Partnership was directed to return to the Board in six months (by October) with an update on countywide criminal justice data sharing and improved data regarding characteristics of jail inmates.
- **Zero Net Energy Options at the Northern Branch Jail.** The General Services Department was directed to return to the Board with an administrative agenda item to approve an alternative Northern Branch Jail Zero Net Energy construction option. On May 6, 2025, the Board considered this option and recommended offsetting the \$14M additional cost required to achieve Zero Net Energy for the Northern Branch Jail 1.5 Housing Unit expansion by using electricity generated from the previously proposed Power Purchase Agreement solar project designated for the Northern Branch Jail location.

## CEO Recommended Expansions

The County Executive Office is not recommending any department expansions in FY 2025-26.

## Final Budget Adjustments (to be added to the Recommended Budget)

**Final Budget Adjustments totaling \$3.7 million are recommended for inclusion in the FY 2025-26 Adopted Budget.** Final Budget Adjustments are generated in response to resource allocation needs that emerge after the finalization of the Recommended Budget. The recommended adjustments are detailed in **Attachment A-1** and **Attachment A-3** and include appropriations for unspent funds from the current fiscal year, appropriations for recently identified funding, Board-directed changes to funding allocations, and other corrections or modifications to the General Fund and non-General Fund budgets. Final adjustments of note in Attachment A-1 include:

- **Adjustments #2, 3, 10, 19, 27, 30, Cannabis Tax Revenue budget cuts of \$1.4 million.** These adjustments decrease appropriated uses of cannabis tax revenue for enforcement, education, appeals, and administration activities.
- **Adjustment #25, Sheriff in-car computing equipment replacement funding of \$925 thousand from General County Programs.** This adjustment establishes appropriations in the Sheriff's budget for in-car video equipment replacement funded by the release of General County Programs fund balance set aside for this purpose.

**Adjustments to Community Services sustainability funding of \$250 thousand from General County Programs are also recommended and included as Attachment A-3.** This adjustment establishes appropriations for consultant costs to develop revisions to land use and other county regulations that prohibit new permits for oil and gas operations and develop process to phase out existing operations. The framework for overall process will be presented to the board by October 2025.

## 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**. All requests are from the Sheriff's Department and total \$2.7 million in ongoing funding, \$1.6 million in one-time funds, and 10.0 FTE. These requests were presented at budget workshops.

## 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 2025-26. 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 2025-26 salary resolution is also before the Board for consideration and adoption. **Attachment E** 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 F** details the position changes approved by the CEO during FY 2024-25 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.

### **Fiscal Impacts:**

Approval of these recommendations adopts the FY 2025-26 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.

The FY 2025-26 Recommended Budget currently is \$1.69 billion, and any Board direction to next year's work plans or projects could have a fiscal impact. However, there are no immediate budgetary or fiscal impacts associated with holding the Budget Workshops.

### **Attachments:**

**Attachment A** - FY 2025-26 Recommended Budget (<https://www.countyofsb.org/4584/2025-2026>)

**Attachment A-1** - Final Budget Adjustments

**Attachment A-2** - Department Expansion Requests, Deferred to Hearings

**Attachment A-3** - Oil and Gas Regulations Final Budget Adjustments

**Attachment B** - Ongoing Grants

**Attachment C** - Ongoing Contracts

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**Attachment D** - Budget Resolution of the Board of Supervisors

**Attachment E** - FY 2025-26 Salary Resolution

**Attachment F** - FY 2024-25 Position Changes under Resolution 99-486

**Attachment G** - Cannabis Tax Budget Adjustments

**Contact Information:**

Paul Clementi, Budget Director

CEO Budget & Research

PClementi@countyofsb.org