



Budget Priorities

BOARD OF SUPERVISORS

February 26, 2019

Board direction today

- Seeking direction prior to April Budget Workshops to reflect Board preferences in these areas:
 - Allocation of cannabis tax revenue
 - Preliminary direction on priorities for evaluation
 - Guidance on top projects for federal/state advocacy, requested by Legislative Committee



Recap of the Forecast

Potential General Fund surplus
of \$3.5 million in FY 2019-20

Assumes no expansion of staff
or services

Potential recession in future
years included in forecast



Five-Year Forecast Gaps (\$ millions)

- Presented in November 2018, the forecast showed a potential net surplus across all funds in FY 2019-20
- Assumed recession and revenue slow-down in out years
- Continuing to refine information

Fund	2019/2020 Fiscal Year Forecast	2020/2021 Fiscal Year Forecast	2021/2022 Fiscal Year Forecast	2022/2023 Fiscal Year Forecast	2023/2024 Fiscal Year Forecast
0001 -- General	\$ 3.5	\$ (5.5)	\$ (14.5)	\$ (16.1)	\$ (14.9)
0044 -- Mental Health Services	(0.6)	(0.9)	(1.3)	(1.6)	(1.9)
0055 -- Social Services	(1.5)	(3.0)	(5.6)	(7.8)	(9.8)
0069 -- Court Activities	(0.3)	(0.6)	(0.8)	(1.1)	(1.3)
All Other Funds	0.1	0.2	0.1	(0.1)	(0.2)
Net Surplus/(Deficit)	\$ 1.2	\$ (9.7)	\$ (22.1)	\$ (26.7)	\$ (28.1)



Fiscal Issues



Fiscal Issues with One-Time Funding Needs

- Major fiscal issues and projects presented in November 2018. Not all can be addressed in full in FY 2019-20, but many may be candidates for one-time funding.

Fiscal Issue		Estimated Cost
Presented November 2018		
1	Deferred Maintenance	\$ 438,000,000
2	Public Safety Communications System Replacement (presented to BOS 2/5/19)	50,000,000
3	Main Jail Renovations	Under Review
4	Hazard Mitigation Grant Program (Local Match)	10,400,000-11,600,000
5	Solar Projects	4,500,000
6	Main Jail Electronic Security System and CCTV Upgrade/Replacement (Sheriff)	1,350,000
7	Data Center Replacement and Redundancy (Sheriff)	1,335,000
8	In-Car Video and Computer System Replacement (Sheriff)	1,100,000
New Items		
9	Technology Replacement & Investment Fund	2,000,000
10	Countywide Cloud-Based Website	500,000



Fiscal Issues with One-Time Funding Needs

- Two new issues added since November 2018:
 - **Technology Replacement & Investment Fund** **\$2 million**
 - Responsive to departments' changing needs
 - Promotes innovation and transformation through multi-departmental initiatives and common technology platforms countywide
 - **Countywide Cloud-Based Website** **\$0.5 million**
 - Addresses capacity issues with County website during demand spikes by users
 - Assures the County website will be available during disasters and other critical events to provide public information



COP Funding for Capital Projects

- Some fiscal issues may be candidates for COP funding
- General Services presented preliminary list of eligible projects in May 2018 and will return with refined list in March 2019

Project		Estimated Cost
1	Main Jail Renovations	Under Review
2	Public Safety Radio Tower Enhancements Phase 3	\$ 2,120,000
3	Calle Real Water System Replacement	2,000,000
4	Santa Barbara Historic Courthouse Roof Replacement	3,100,000
5	Renewable Energy and Energy Efficiency Upgrades	4,600,000
6	Cachuma Lake Park Infrastructure Upgrades	12,000,000
7	Santa Barbara Probation Department HQ New Construction	19,500,000
8	Emergency Operations Center Expansion	5,000,000
9	Public Safety Communications System Replacement	50,000,000



Cannabis Tax Revenue



Cannabis Tax Revenue Budgeting

- Current year budget includes \$5.5 million in cannabis tax revenue. As of January, \$3.1 million has been received
- Funds cannabis enforcement program operations and additional one-time projects selected by Board.
- Uncertainty remains and will remain until market stabilization and trend data becomes available.
- **Recommended to continue current practice**
 - Allocate cannabis tax revenues first to enforcement costs
 - Budget remaining tax revenues towards one-time needs that are consistent with Measure T (“general governmental purposes such as law enforcement, health care, parks, roads and other needs”).



Board Priorities



Incorporation of Board Priorities in Budget Development

- Seeking today preliminary direction on Board priorities to be evaluated in the budget development process.
- Information will be brought back at April Workshops.
- Prior Board funding priorities remain in place: Northern Branch Jail; 18% maintenance plan; Fire Tax shift; Strategic Reserve
- FY 2019-20 will see available revenue to be allocated per Board priorities – amount still being determined
- Revenues could be used for:
 - One-time uses to address fiscal issues
 - Expanded services in priority areas
 - Saved to address future year deficits in event of recession
 - Department-requested expansions to be presented during budget workshops in April



Legislative Priorities



Legislative Priorities

- The Legislative Program Committee requests Board guidance on top County projects for which to advocate for state or federal funding
- Board priorities may fall into the following categories:
 - Specific program funding requests
 - Specific project-based funding requests
 - Requests for categorical or formula-based funding enhancements due to unique circumstances for the County



Recommended Actions

- A. Receive and file an update on budget development and context for the FY 2019-20 Recommended Budget;
- B. Direct staff to allocate available current year and FY 2019-20 cannabis tax revenue to enforcement costs and one-time needs as part of the budget development process;
- C. Provide staff with any preliminary direction on Board priorities for FY 2019-20, as needed;
- D. Provide guidance to staff regarding top projects to advocate for federal or state funding as requested by the Legislative Committee; and
- E. Determine pursuant to CEQA Guidelines §15378 that the above activity is not a project under the California Environmental Quality Act.

