



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:** CEO & Auditor-  
Controller  
**Department No.:** 012 & 061  
**For Agenda Of:** 10/15/2013  
**Placement:** Departmental  
**Estimated Time:** 20 Minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Chandra Wallar, County Executive Officer  
Director(s) Robert Geis, CPA, Auditor-Controller  
Contact Info: Tom Alvarez, 568-3432  
Betsy Schaffer, 568-2134  
**SUBJECT: FY 2014-16 Budget Process, Budget Development and General Fund Allocation Policies**

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**County Counsel Concurrence**

As to form: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

Consider recommendations regarding the budget development process and Budget Development Policies for the Fiscal Years 2014-16 Operating Plan, as follows:

- a) Receive and file the Budget Development Calendar and presentation outlining the six Budget Development Updates.
- b) Adopt the Budget Development and General Fund Allocation Policies for the Fiscal Years 2014-2016 Operating Plan.

**Summary Text:**

The County Executive Officer is charged with developing a balanced budget to recommend to the Board of Supervisors.<sup>1</sup> The County Executive Office, in coordination with the Auditor Controller and other County Departments, will implement the policy direction adopted by the Board to develop the FYs 2014-16 recommended budget.

To facilitate this process, a series of Budget Development Updates will be presented to keep the Board abreast of the various budget developments. Additionally, through approval of the Budget Development Policies for FYs 2014-16 Operating Plan, the Board will provide the necessary framework and direction to develop a balanced budget that the County Executive Officer can recommend to the Board.

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<sup>1</sup> Santa Barbara County Code (2010) 2:71(k). See also, California, *County Budget Act* (2010) 1:29062.

**Background:**

***Budget Adoption Process***

Staff utilizes an incremental approach from adoption of budget policies and strategies to adoption of the operating budget. Consistent with the prior year, the Budget Development Policies, the General Fund Allocation Policy and the Fiscal Outlook Report (FOR) will be presented to the Board in October and November. This year a Five-Year Forecast will be added to the Fiscal Outlook presentation to provide additional perspective on upcoming budgets. Staff then works with the Departments from December through April to develop their budgets and ultimately submit the Recommended Budget in May. In an effort to provide information to the Board as it becomes available, a series of Budget Development Updates are being proposed. These include:

#	Date	Proposed Budget Development Updates Presented to BOS
1.	10/15/2013	Budget Calendar, Budget Development and GF Allocation Policies
2.	11/5/2013	Fiscal Outlook Report & Five-Year Forecast
3	3/4/2014	Facilities Condition Assessment and Maintenance Management & Preservation Plans
4	3/18/2014	Service Level Impacts, Performance Outcomes and Fiscal Outlook Report Update
5.	4/15/2014	Capital Improvement Program
	5/1/2014	FY's 2014-16 Operating Plan distribution and posting
6.	6/9/2014 - 6/13/2014	Budget Hearings

Communicating this information via Budget Development Updates will enable the Board and public to participate in the process leading up to submittal of the County Executive Office (CEO) recommended operating plan and budget deliberations. Notice that Budget Update #3 is new and will communicate the findings of an extensive facility assessment and recommended maintenance plans. A copy of the complete Budget Development Calendar is included (Attachment A) and Budget Development Updates are identified in peach colored boxes, numbered B1-B6.

***Budget Development and General Fund Allocation Policies***

The FY 2013-14 Budget process was based on a budget development schedule, Budget Development Policies, and the General Fund Allocation Policy, approved by the Board in the Fall of 2012. On June 14<sup>th</sup>, 2013, the Board adopted a balanced FY 2013-14 budget as a result of a comprehensive development process which involved dynamic contribution from all departments and the CEO. Accordingly, staff is not recommending any substantive changes to the schedule or process and the recommended actions are consistent with the FY 2013-14 process.

There is only one new Budget Development Policy which addresses employee retention per Board direction from the Fall of 2012. The new Employee Retention policy is intended to attract, retain and develop a high performing workforce committed to excellent customer service and is included as Policy #8 in Attachment B.

Policy #5, *Reserves*, has been amended to allow funds in excess of the Strategic Reserve target to fall to the Program Restoration account and the annual \$1 million contribution to the Strategic Reserve will only occur up to the target amount. These changes are a result of the County achieving the targeted

Strategic Reserve amount at June 30, 2013. The Program Restoration account would be available for Board appropriation of near-term fiscal issues. This revised policy would allow a range of fund balance accounts to address short, near and long-term needs.

- **Contingency** – short-term, unanticipated needs, balance generally \$300,000 - \$1,200,000
- **Program Restoration** – near-term, funding source for fiscal issues or Board priorities
- **Strategic Reserve** – to mitigate: economic downturns, Federal and State actions that may reduce County revenue; maintain core service levels essential to public health, safety, and welfare; to fund declared disasters and absorb liability settlements

The majority of other changes are in the Fiscal Strategies associated with Policy #4, *Identify and Mitigate Fiscal Risks*, and reflects the specific nature of these strategies.

A General Fund Allocation Policy was developed and approved last year. There are no proposed changes to this policy other than to update the identified dates or periods covered and is included as Attachment C.

The Budget Calendar, Budget Development and General Fund Allocation Policies are recommended for Board consideration, possible amendment and adoption. The adoption of these documents will provide the necessary structure and framework to facilitate Departments and the CEO to develop their budgets in line with Board priorities.

**Attachments:**

- A) FYs 2014-16 Budget Development Calendar
- B) FYs 2014-16 Budget Development Policies
- C) FYs 2014-16 GF Allocation Policy

**Authored by:**

John Jayasinghe, CEO Fiscal and Policy Analyst, 568-2246

**cc:**

Assistant County Executive Officers  
Department Directors  
Budget Preparers