

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
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Agenda Number:
Prepared on: 4/19/05
Department Name: Board of Supervisors
Department No.: 011
Agenda Date: 5/3/05
Placement: Departmental
Estimate Time: 1 Hour
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Salud Carbajal Brooks Firestone
First District Supervisor Third District Supervisor

STAFF CONTACT: Michael F. Brown Jason Stilwell, Project Manager
County Executive Officer 568-3413

SUBJECT: Blue Ribbon Budget Task Force

Recommendation(s):

That the Board of Supervisors:

Consider a proposal to establish an advisory Blue Ribbon Budget Task Force and adopt goals and objectives for the body.

Alignment with Board Strategic Plan:

This recommendation is primarily aligned with: 1) An efficient government able to anticipate and respond effectively to the needs of the community, and 2) A strong, professionally managed County organization.

Executive Summary and Discussion:

Opportunities may exist to improve the County's budget process, make the process more transparent, and garner greater public participation in the budget process. It is important for the County to thoroughly review these areas periodically to assure the County is utilizing best practices. Objective expertise is an excellent method to provide such an evaluation. One way of gaining this objective expertise is to ask a group of County residents and experts to serve on a Blue Ribbon Budget Task Force to provide insight on these issues.

The proposed goals of the Blue Ribbon Budget Task Force are:

- 1) Identify budgeting best practices in both the public and private sectors that could be applied to enhance the internal and external County budget processes,
- 2) Make the County budget process more transparent, and
- 3) Promote more participation from the public.

The Task Force, in working toward these goals, can determine if there are areas in the County to save additional money, and develop recommendations to the Board of Supervisors. Depending on the nature of the recommendations the Board may be able to incorporate some of the recommendations immediately and others as part of the 2006-2007 budget. The proposed structure and organization of the Task Force is described below.

Budget processes are living systems in that they are continuously undergoing change to meet the needs and demands of decision makers. As decision makers themselves change, budget systems are expected to change to reflect new requirements. A common approach to budget improvement is to examine five broad areas of focus. These five areas are: 1) the proposed budget document, 2) relating budget allocation to County goals and objectives, 3) budget development schedule, 4) process improvement, and 5) budget division roles. In pursuing its goals, the work of the Task Force can be organized within these five broad areas of focus.

The Proposed Budget Document

The County strives to produce a budget document that clearly outlines the Board's priorities while being accessible and easily understandable to the general public. The County's budget document is excellent as indicative of the County's annual receipt of the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award. This recognition is awarded if a peer group of reviewers determine the document meets or exceeds strict GFOA guidelines.

The budget document is revised incrementally each year based on feedback from GFOA, Board direction, staff's continuing incorporation of best practices, and to address other changing requirement or mandates. There may be opportunities for the Blue Ribbon Budget Task Force to review the budget document, consider ways to improve the transparency of the document, and increase public participation.

The budget document meets certain requirements established in the State of California Government Code, the Santa Barbara County Code, and GFOA criteria. In addition the Division of Budget and Research has internal guidelines that also set certain parameters the budget document must comport with.

Recommendation: Direct the Blue Ribbon Budget Task Force to review the County's budget document and recommend changes according to the goals of the Task Force.

Relating Budget Allocation to County Goals and Objectives

The budget seeks to link the operating plan to the Board's strategic goals and critical issues. Without an adopted strategic plan it is more difficult to develop a budget that is other than a status-quo "target" budget.

The Blue Ribbon Budget Task Force can examine in detail the relationships between the County's strategic goals, critical issues, and other policies and recommend modifications or areas where links between policies can be strengthened. These recommendations can provide a foundation for the Board's strategic plan update process. Additionally, the Task Force can assist the County in developing a blueprint that describes how the County budget is linked to the overall policy goals.

Recommendation: Direct the Blue Ribbon Budget Task Force to review the County's strategic goals, critical issues, and other policy statements, recommend opportunities to strengthen the policy statements, and develop a blueprint describing how the budget ties to the overall plan.

The Budget Development Schedule

The budget process is nearly a continuous cycle. The five stages of the County's budget process – preparation, formulation, adoption, execution, and audit – overlap significantly. When the next year's budget is being prepared the current year's budget is being executed and the previous year's budget is being audited. Preparation of the next year's budget begins in the Fall. Departments begin setting their goals and objectives and developing their plans for accomplishing them. The budget formulation begins in earnest late in the calendar year. In November and December the budget staff throughout the County develops salary models, recurring performance measures, and budget requests for the following year's proposed budget.

This budget process is guided by law and the business necessity of preparing a six-hundred million dollar budget accurately and on schedule. As such it is a complex process. There may be methods to adjust the budget schedule that could make the process more efficient and cost effective while continuing to meet accuracy and scheduling goals. If the Task Force identifies such opportunities and the Board desires to pursue implementing them for the 2006-2007 budget it would be best if these recommendations could be received at the early part of the budget preparation stage but not later than the end of the calendar year.

Recommendation: Direct the Blue Ribbon Budget Task Force to review the County's budget process and schedule to enable the Task Force to recommend ways to make the process more efficient and cost effective.

Process Improvement

Process improvement opportunities exist in nearly every operation and organization. In an organization as complex and evolving as Santa Barbara County there are undoubtedly many possibilities to implement process improvement to existing or new activities the County undertakes. The expertise of the Blue Ribbon Budget Task Force will enable it to delve into certain County processes and recommend to the Board ways to enhance procedures and methods.

There are four areas the Task Force may want to examine in order to develop recommendations to the Board. These are: 1) considering vehicles that enhance Board of Supervisors decision making, 2) examining implementation methods for the customer service initiative, 3) identifying revenue enhancement opportunities, 4) examining the roles and effectiveness of the County's boards and commissions, and 5) identifying best practices. This last item, best practices, is very broad but certain opportunities may become apparent given the composition and expertise of the Task Force members.

Recommendation: Direct the Blue Ribbon Budget Task Force to consider vehicles that enhance Board of Supervisors decision making, examine implementation methods for the customer service initiative, identify revenue enhancement opportunities, examine the roles and effectiveness of the County's boards and commissions, and identify best practices. The Task Force will then present their findings and process improvement recommendations to the Board of Supervisors.

Budget Division Roles

The Budget and Research Division of the County Executive Office is primarily charged with managing the budget process, developing the budget document, and coordinating budget activities. Given the areas of focus for the Blue Ribbon Budget Task Force, the Budget Division staff will be involved in supporting the Task Force. In examining the processes and documents the Budget Division manages, the Task Force may also consider examining the role of the Budget Division. Further, given the recent change in executive function from that of County Administrator to County Executive, there may be new or restructured functions for the Budget Division that the Task Force identifies.

Recommendation: Direct the Blue Ribbon Budget Task Force to examine the role of the Budget Division of the Chief Executive Office and recommend modifications to improve operational effectiveness.

Composition and structure of the Blue Ribbon Budget Task Force

The County has a wealth of citizen expertise and individuals willing to serve the community. These citizens can offer the County an outside perspective on the County's budget processes and policies. Creating the Blue Ribbon Budget Task Force is a way to enable these citizens to serve their community by lending their expertise to the County in order to seek opportunities to improve the County's budget process, make the process more transparent, and recommend ways to enhance public participation.

It is recommended the Task Force consist of nine members. Each Supervisor would select one member. These Supervisor selections would not need to reside in the Supervisor's district but must be County residents. Four members would be selected by the entire Board. One of these members will represent the Santa Barbara County not-for-profit sector. Another will represent the County's labor organizations. The two remaining members are selected for their specific expertise in large scale local government or private sector financial operations and need not be residents of the County.

The Task Force would have an initial six months to meet the established goals and recommendations and could request the Board of Supervisors grant one six month extension to complete the work. It is to return to the Board of Supervisors with a series of recommendations. The recommendations may be delineated between those that are for immediate implementation and those that are items for future consideration or further study. The Task Force may want to return to the Board after six months with recommendations to incorporate into the 2006-2007 budget and return after one year with recommendations not directly tied to the budget.

The composition of its membership may enable the Task Force to organize itself into working groups. Depending on the expertise of its members, the Task Force may choose to select from its membership individuals to serve a Budget Document Working Group, Budget Schedule Working Group, and Budget Staffing Working Group. These Working Groups will bring their recommendations to the Task Force for full consideration and the Task Force will make recommendations to the Board of Supervisors. The entire Task Force would serve as the Working Group to examine Goals and Objectives and Process Improvement. Staff from the County Executive Office will support and assist the Task Force and Working Groups.

Recommendation: Create a temporary advisory nine-member Blue Ribbon Budget Task Force to examine the five areas described below.

It is important to identify process improvement opportunities and ways to make County government more transparent and accessible to its residents. The Blue Ribbon Budget Task Force is an excellent way to combine the expertise of our community with the need to continually find ways to improve the County's budget processes and enhance citizen participation.

Mandates and Service Levels:

None from the requested action.

Fiscal and Facilities Impacts:

None from the requested action.

Special Instructions: None

Concurrence: Ken Masuda, Budget and Research Director

Attachments: None

cc: Ken Masuda, Budget and Research Director