

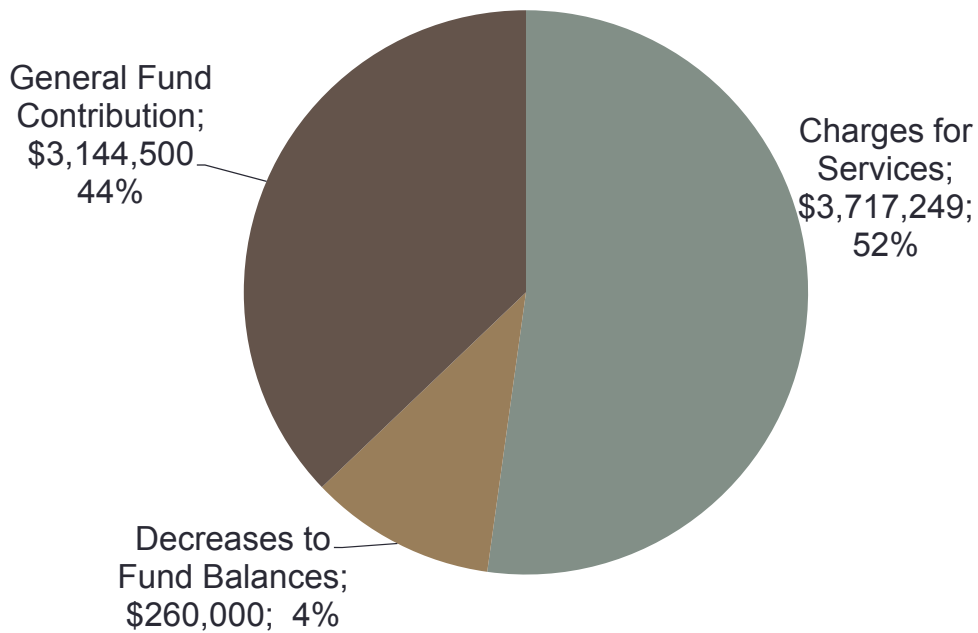


County Counsel Summary

- ∂ Operating \$ 7,121,749
- ∂ Capital \$0
- ∂ General Fund \$ 3,144,500
- ∂ FTE's 37.2
- ∂ One Time Use of Fund Balance
\$260,000
- ∂ Service Level Reductions \$230,000
- ∂ Expansion Requests \$130,000

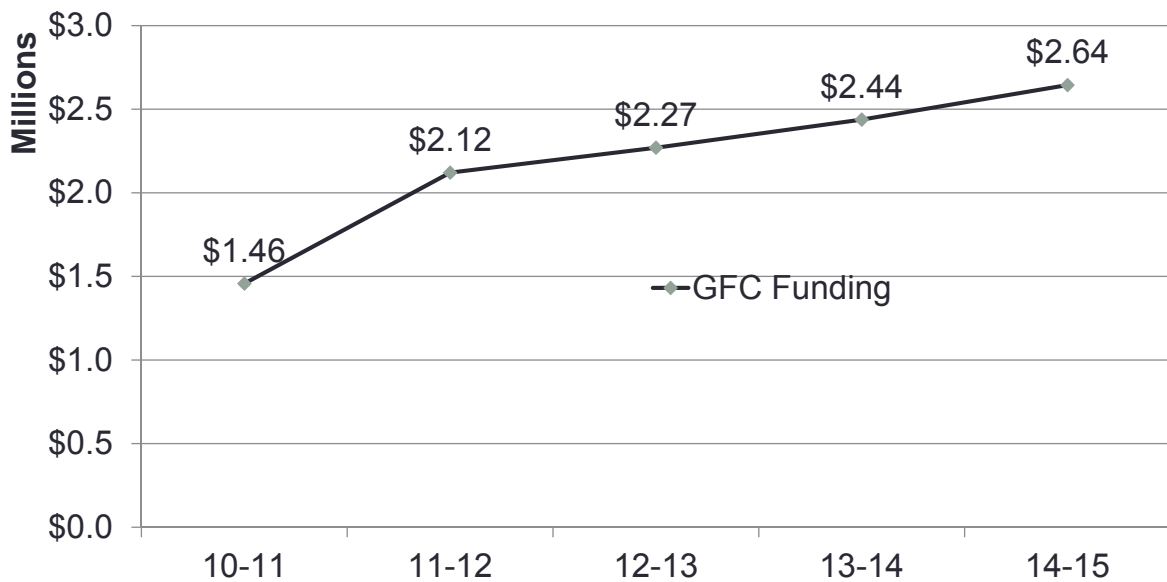
County Counsel

FY 14-15 Source of Funds



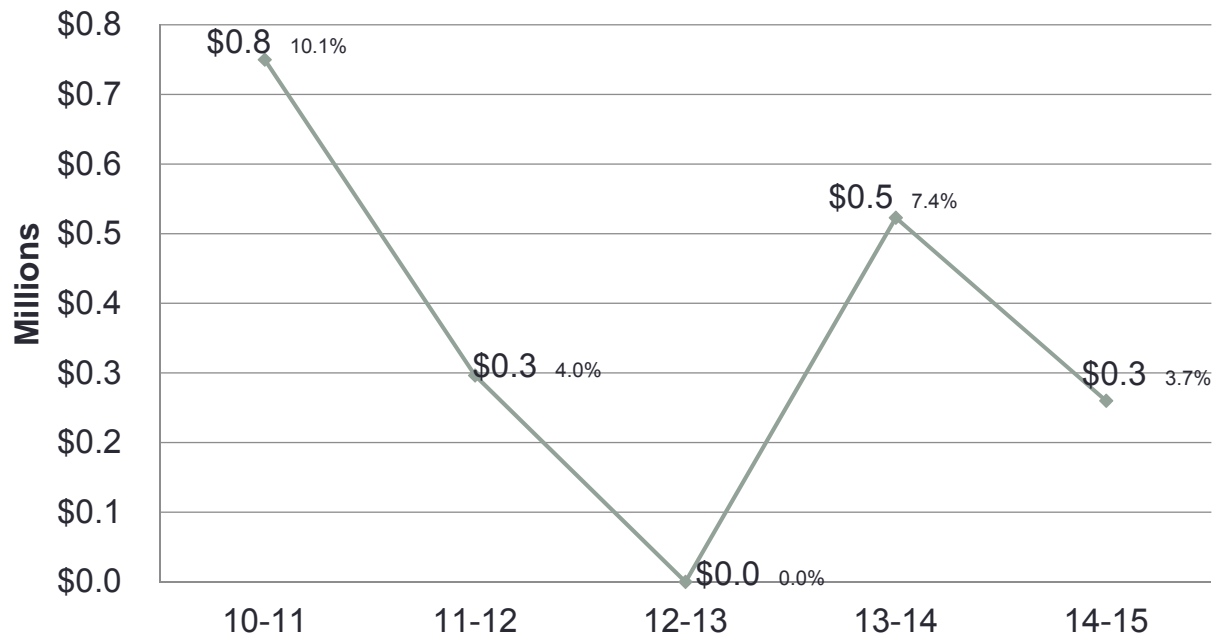
County Counsel

GFC 5 Year Summary



County Counsel

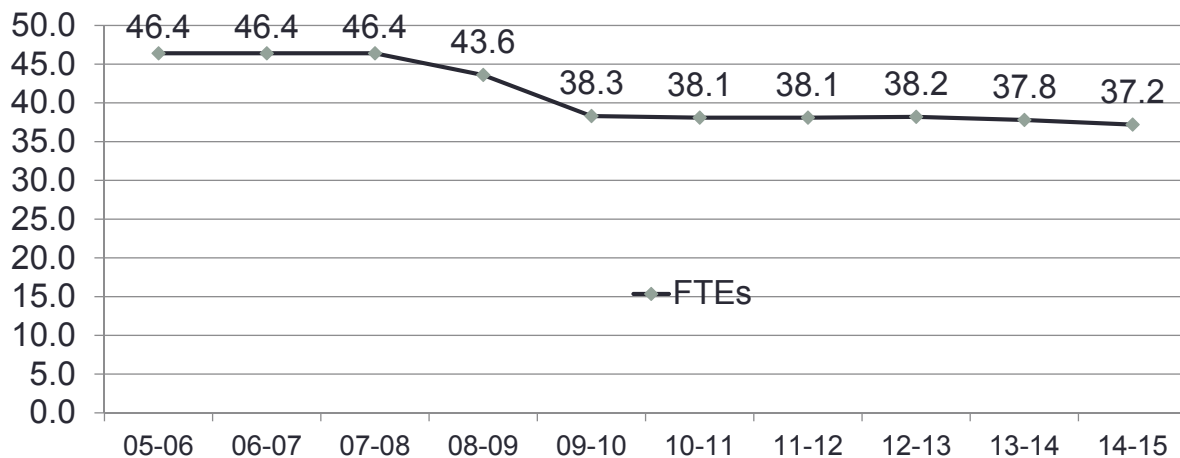
5 Year Summary Use of One-Time



County Counsel

Staffing Summary

- o 37.8 FTE FY 13-14 Adopted
- o 37.2 FTE FY 14-15 Recommended



County Counsel

FY 2013-14 Anticipated Accomplishments

- Santa Barbara Ranch: Prevailed at Court of Appeal
- Northern Branch Jail: Removed \$80M “refund risk”
- Mobilehome Tax Cases: Prevailed at Cal. Supreme Ct.
- RDA Long-Range Property Mgmt. Plan: DOF Approved
- “Camp 4” Fee-To-Trust Applications: Timely oppositions
- “Risk Litigation” Cases: Resolved well below reserves
- State Audit of ADMHS Medi-Cal: Recovered \$200,000
- HUD Audits: Responses to disputed payments

County Counsel

FY 2014-15 Objectives

- Prevail in \$710M disputed Roll Value at Vandenberg
- Northern Branch Jail: “Bidding” & “construction” phases
- Resource Recovery Project: CEQA, JPA, contract
- Medi-Cal Audits: Avoid \$6M of disallowed costs
- Fee-to-Trust: Be prepared to litigate on short notice
- HUD Audits: Avoid potential repayments
- “Risk Litigation:” Economically defend 4 trials in-house
- Transient Occupancy Tax Ballot Measure
- Provide Timely Advice On State Water Project Issues

County Counsel

FY 2015-16 Objectives

- Northern Branch Jail project: Continue intensive legal support for the “construction” phase of the Northern Branch Jail Project, which has a combined project size of about \$139 million
- Medi-Cal audits: Prevail in the ongoing appeals and expected litigation of California Department of Health’s audits of ADMHS Medi-Cal programs, to avoid or reduce County’s repayments
- HUD audits: Defend against HUD’s potential order that the County repay some or all of the disputed expenditures from the HUD Monitoring Report and OIG Audit, with more than \$3.6 million disputed.
- Litigation of federal civil rights and state tort cases: Economically defend cases “in-house” rather than referring them to more expensive Outside Counsel
- Workers’ Compensation “tail claims:” Closeout any of the remaining litigated Workers’ Compensation cases that are open for injuries occurring before July 2010, to free the County’s self-insurance from future liabilities.

County Counsel

Performance Measures

Description	2012-13 Actual	FY 13-14 Estimated Actual	FY 14-15 Recommended
A target of 90% or greater for the percentage of litigated cases which resolve at 85% or less than the amount reserved by Risk.	>95%	100%	>90%
A target of 60% or greater for the percentage of litigated cases resolved without payment to plaintiff.	70%	75%	>60%

County Counsel

FY 14-15 Financial Changes & Related Service Level Reductions

Financial Changes Causing SLR:

Description	\$ Amount	Ongoing?
1. Unfunding of 1.0 FTE Senior Deputy County Counsel position used for General Fund projects was necessary for County Counsel to meet net county cost target.	\$230,000	yes
2		

Service Level Reductions:

Program	FTEs	\$ Amount	Service Level Reduction
1 Legal Services	1.0 FTE	\$230,000	Reduction of legal services for General Fund programs
2			

County Counsel

Service Level Reductions

Unfunding of 1.0 FTE Senior Deputy County Counsel position used for General Fund projects was necessary for County Counsel to meet net county cost target.

County Counsel

FT 14-15 Efficiency Changes

- Save Outside Counsel Costs On “General Fund” Cases
 - ▲ Board restored 1.0 FTE GF litigator for FY 13/14
 - ▲ GF litigator began work Fall 2013
 - ▲ Cost savings expected to exceed \$300k/year

- Further Reduce Litigated Workers’ Comp. “Tail Claims”
 - ▲ Reduced from 65 to 45 last year
 - ▲ Expect to reduce by \geq another 15 next year
 - ▲ Free County from future liabilities

County Counsel

Key Challenges and Emerging Issues

Challenge #1: Simultaneous High-Risk/High-Value Matters:

- ▲ \$710M of Disputed ULA Property Tax Value
- ▲ \$139M Northern Branch Jail Project
- ▲ \$60M Resource Recovery Project
- ▲ \$6M Disallowed Medi-Cal Costs
- ▲ Disputed HUD Expenditures
- ▲ State Water Project Issues
- ▲ Rollout of Affordable Care Act Related Programs

Challenge #2: General Fund Contribution does not cover General Fund work:

- ▲ Recurring mismatch. FY 13/14 measured:
 - 59% of hours worked support General Fund activities
 - 37% of budget predicted to come from General Fund
- ▲ FY 13/14 required inefficient and bad-for-morale juggling of attorneys to cover General Fund projects
- ▲ FY 14/15 use of one-time funds to cover General Fund projects reduced gap to 59% of General Fund work versus 48% General Fund budget.

County Counsel

Key Challenges and Emerging Issues

Budget Enhancement:

- Request restoration of 1.0 FTE attorney @ \$130K (Deputy 1 loaded cost)
- County Counsel staffing gapped by 4.4 attorney FTEs since 2008
 - ▲ 13/14 Budget: Board restored 2.0 attorney FTEs, to avoid increasing gap from 4.4 to 6.4
 - ▲ 14/15 Budget: Unfunds 1.0 Senior Deputy & would increase attorney gap from 4.4 to 5.4
- Restoring 1.0 FTE Deputy 1 will help to avoid:
 - ▲ Juggling reassignments of high-risk projects; &/or
 - ▲ Having to use more expensive Outside Counsel

County Counsel

Summary

“An ounce of prevention is worth a pound of cure.”



- Recurring shortfall of General Fund Contribution for General Fund work
- FY13/14 accomplishments occurred with barely adequate staffing
- FY14/15 has multiple and simultaneous high-risk/high-value items, including the \$139M Northern Branch Jail Project
- Request to restore 1.0 attorney FTE (@ \$130K loaded)

County Counsel

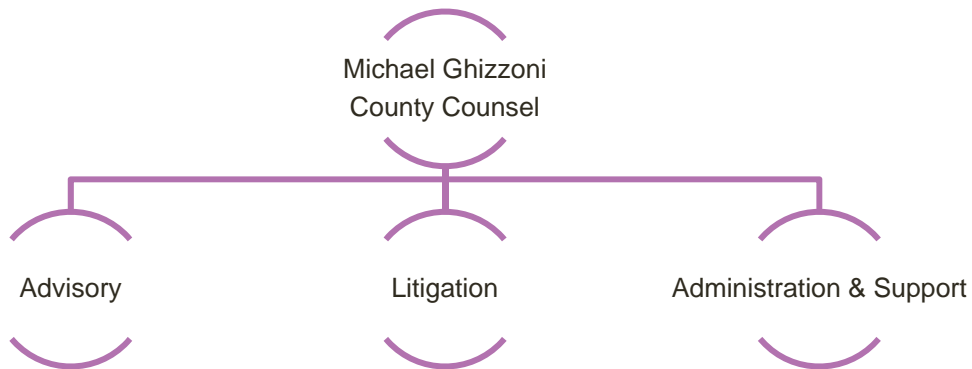


County Counsel

Budget & Full-Time Equivalents (FTEs) Summary

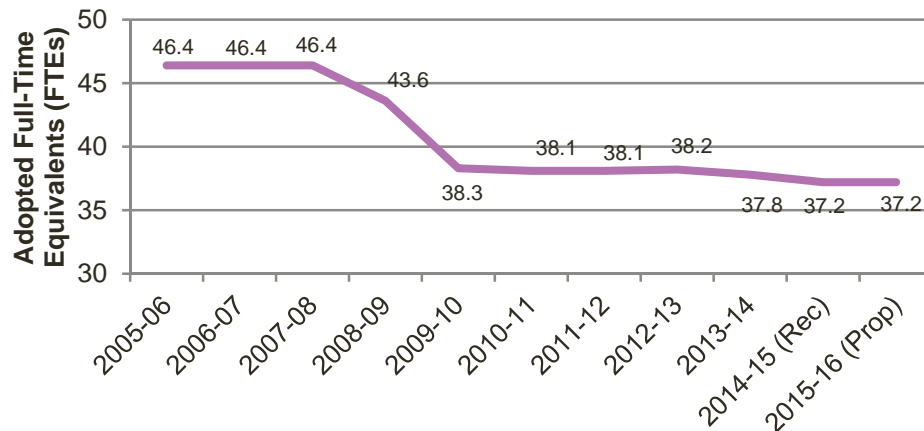
Operating	\$ 7,121,749
Capital	\$ -
FTEs	37.2

Budget Programs Chart



Staffing Trend

The staffing trend values will differ from prior year budget books in order to show amounts without the impact of any vacancy factors.



County Counsel

Mission Statement

The mission of the County Counsel's Office is to maintain the legal integrity of the County. We are the County's civil lawyers. We advise and advocate to protect and promote our clients' policies and actions.

Department Description

County Counsel is mandated to defend all civil action against the County, its officers, boards, commissions and employees, and to provide other civil legal services to the Board of Supervisors, County Officers, Departments, Boards, Commissions, and Special Districts.

The office provides a broad range of proactive legal services directed at promoting the public service objectives of the County, while protecting the County from loss and risk. Services include advising on the law as it applies to County operations; drafting legal documents and representing the County in civil actions, dependency court cases, and a wide variety of contractual, financial, regulatory, and transactional matters.

The office is organized into the advisory services, litigation services, and administration units.

2013-14 Anticipated Accomplishments

- Santa Barbara Ranch project litigation: Prevailed at the Court of Appeal in defending the County's approval of the Environmental Impact Report and Inland Project, which also protected the County from having to pay about \$500,000 or more of attorneys' fees. (In 2010, the Superior Court dismissed without prejudice claims relating to the Coastal Project which may be subject to review by the California Coastal Commission.)
- Northern Branch Jail project: Identified the County's risk of having to repay \$80 million of AB

900 funding if the State ultimately did not issue finance bonds for the project, even if through no fault of the County, and persuaded the State to enter an agreement that removed that risk. Provided fast and thorough legal support to the County's successful application for another \$39 million of SB1022 funding. At County Counsel's request, the State's standard Jail Construction Agreement for follow-on SB 1022 funding has been changed, statewide, and would include this protection against repayment risk for SB1022 funding to the County.

- "Rancho Goleta" property tax litigation: Prevailed in this complicated tax litigation when the California Supreme Court reversed the Court of Appeal's judgment against how the County Assessor assessed mobile home parks owned by resident-controlled nonprofit corporations. The total amount of contested taxes during 2002-2013 is about \$1.1 million.
- Long-Range Property Management Plan for the "Medical Clinic," "Church" and "Parking Lot" properties held by the County as Successor Agency to the former Santa Barbara County Redevelopment Agency: Following the County's investment of substantial County Counsel time, California's Department of Finance approved the County's use of all three properties at no further cost to the County.
- Fee-To-Trust Applications: This year, the Santa Ynez Band of Chumash Indians ("Chumash Tribe") applied to the federal government through several actions to approve:
 - Converting over 1,400 acres of land at "Camp 4" from fee-to-trust; and
 - A "Land Consolidation and Acquisition Plan" ("LCAP") for about 11,055 acres.

County Counsel

County Counsel attorneys quickly and thoroughly supported direction by the Board of Supervisors that the County opposes these related actions, including through extensive comments about the project's Environmental Assessment under NEPA. As an example, after appeals by the County and other parties, the Interior Board of Indian Appeals on October 24, 2013 vacated the Regional Director's decision approving the LCAP that the Chumash Tribe later withdrew; and dismissed the case as moot.

- Litigation of federal civil rights and state tort law cases: Successfully resolved sixteen cases for approximately \$900,000 less than Risk Management's reserves. Twelve of those cases were resolved with no County payouts; for example:
 - A jury found for the County at trial – meaning that the County will pay nothing – in a case where the plaintiff had demanded \$430,000 to settle his claim that a County road crew caused him to fall from his bicycle;
 - The County also obtained “no cost” dismissals in cases where:
 - Five individuals alleged that the County negligently caused them to be exposed to harmful pesticide spray from neighboring farms;
 - A company alleged that the County breached two contracts and violated the company's constitutional rights by requiring it to meet higher standards than other County contractors; and
 - A jail inmate alleged that the Sheriff's Office denied him reasonable accommodation for his disability.
- Prepared a proposed ballot measure for a business license tax on oil production.
- State audit of ADMHS Medi-Cal programs: Prevailed in appealing the State's SFY 05/06 audit, which will protect the County from having to repay about \$200,000 of disallowed costs. Began preparation for appeals and expected litigation of SFY 06/07 and 07/08 audits, which involve about \$6 million of disallowed costs.
- U.S. Department of Housing and Urban Development's (“HUD”) audits of Community Services Department's affordable housing programs: Throughout the year invested attorney time supporting County's responses to HUD Monitoring Report and HUD Inspector General's Audit of the County's HOME Investment Partnerships Program (\$3.6 million of expenditures disputed).
- Quaid bail bond litigation: Prevailed in defending \$500,000 of \$1 million of bail bonds posted on behalf of Randall Quaid and Ewegenia Quaid after they fled to Canada. The California Supreme Court denied further review on February 19, 2014. The California Supreme Court's action left in place the November 2013 order of the Court of Appeal that vacated Randy Quaid's \$500,000 bail forfeiture and denied vacation of Ewegenia Quaid's \$500,000 bail forfeiture, both at no cost to the County.
- Supported County's consideration of other major projects, including: Goleta Beach 2.0; Gaviota Coast Plan; Mission Canyon Community Plan; Key Site 17, Montecito Ranch Estates; Santa Maria Energy; Vincent Tier III Winery; Paradiso del Mare Inland and Ocean Estates; Las Varas; Hollister Ranch/YMCA Offer to Dedicate; Santa Barbara Veteran's Memorial Building; Orcutt Community

County Counsel

Plan amendments; State Water Project issues; and Inclusionary Housing Ordinance.

Report and OIG Audit, with more than \$3.6 million disputed.

2014-16 Objectives

- Property tax: Defend against a series of multi-year property tax assessment appeals and expected litigation by “United Launch Alliance,” involving about \$710 million of disputed Roll Value from commercial space activities at Vandenberg Air Force Base.
 - Northern Branch Jail project: Continue intensive legal support for the “bidding” and “construction” phases of the Northern Branch Jail Project, which has a combined project size of about \$139 million and involves State funding from both AB900 and SB1022.
 - Resource Recovery Project (proposed use of conversion technology to extend the life of the Tajiguas Landfill): We expect to use significant attorney time to review this \$60 million project’s compliance with CEQA, proposed Joint Powers Agreement and draft master contract with the vendor.
 - Medi-Cal audits: Prevail in the ongoing appeals and expected litigation of California Department of Health’s FY 2006-07 and 2007-08 audits of ADMHS Medi-Cal programs, to avoid or reduce County’s repayment of approximately \$6M in disallowed costs.
 - Fee-to-trust: Since federal rulemaking in 2013 removed the 30-day waiting period from some title transfer decisions, be prepared to immediately respond should there be federal approval of the 1,400-acre “fee-to-trust” application by the Santa Ynez Band of Chumash Indians.
 - HUD audits: Defend against HUD’s potential order that the County repay some or all of the disputed expenditures from the HUD Monitoring
- Litigation of federal civil rights and state tort cases: Economically defend these cases “in-house” rather than referring them to more expensive Outside Counsel:
 - Trials in two federal court civil rights cases, and two state court medical malpractice cases; and
 - Ongoing federal court appeals in three civil rights cases.
 - State Water Project: Provide timely legal support to the Board of Supervisors about significant water issues, including:
 - Potential extension of the 1963 Water Supply Agreement with the State of California; and
 - The proposed Bay Delta Conservation Plan.
 - Workers’ Compensation “tail claims:” Continue to economically reduce the County’s remaining portfolio of 45 litigated Workers’ Compensation cases that are open for injuries occurring before July 2010, to free the County’s self-insurance from future liabilities.
 - “Taxpayer” suits regarding recording mortgage documents: Defend ongoing Superior Court litigation cases against combinations of the County Recorder, County Sheriff and County employees related to recording real estate documents.
 - Ballot measure for Transient Occupancy Tax increase: Prepare a proposed referendum, for the November 2014 General Election, to increase the County’s Transient Occupancy Tax.
 - “Land use” projects. Provide advisory legal support for major projects, including: Housing Element 8-year Update; Goleta Beach 2.0; Eastern Goleta Valley Community Plan; Las Varas Project (Gaviota coast); Crown Castle

County Counsel

Telecommunications Project (29 facilities in Montecito); GPS Mining Project (similar to and next door to the Diamond Rock Project that we successfully litigated to Court of Appeal, 2008-2013); Shell Guadalupe Dunes Project; Cuyama Solar Project (40 megawatt project on 327 acres); and Winery Ordinance.

Changes & Operational Impact: 2013-14 Adopted to 2014-15 Recommended

Staffing

- During FY 13-14, a 0.6 FTE was converted to a 1.0 FTE at no additional cost. A decrease of 1.0 FTE Senior Deputy County Counsel (vacant) is necessary to meet general fund contribution target (a net decrease of 0.6 FTE).

Expenditures

- Net operating expenditure increase of \$43,500:
 - Salaries and Benefits – Increase of \$85,800 due to increases in salaries of \$24,300 and overall benefit increases of \$61,500
 - Services and Supplies– Decrease of \$45,700 due to overall lower services and supplies costs

These changes result in recommended operating expenditures and total recommended expenditures of \$7,121,700.

Revenues

- Net operating revenue increase of \$121,300:
 - Charges for Services – Increase of \$108,500 in Charges for services. All County Counsel billing was impacted by an 11% increase in the overhead rate for Fiscal Year 2014-15
 - “Legal Services to Other Funds” are billings to Risk Management, which increased by \$210,500

- “Legal Services” decreased by \$122,400
- “Other Services” increased by \$40,300
- “Services County Provided” decreased by \$20,000.

There is a continuing shift from revenue generating legal services to non-revenue generating legal services to handle such items as the Community Services Department, Planning and Development, Sheriff, and Public Health’s implementation of the Affordable Care Act.

- Miscellaneous Revenue increased by \$12,800.
- Net non-operating revenue decrease of \$77,700:
 - Decreases to Fund Balance of \$263,000. This represents a decrease in the use of one-time funding from the Program Restoration Fund Balance account, needed to balance the budget due to a loss in revenue.
 - General Fund Contribution – Increase of \$206,600 reflects the recommended increase to the GFC target.

These changes result in recommended operating revenues of \$3,717,200, non-operating revenues of \$3,404,500, resulting in total revenues of \$7,121,700. Non-operating revenues primarily include General Fund Contribution, transfers and decreases to fund balances.

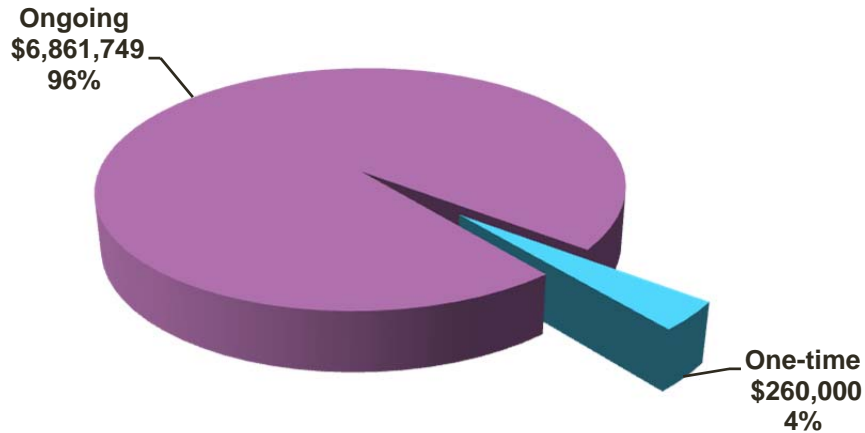
Changes & Operational Impact: 2014-15 Recommended to 2015-16 Proposed

The FY 2015-16 proposed budget reflects an overall increase of \$54,000 over the FY 2014-15 recommended budget. This is primarily the result of a \$176,000 increase in Salaries and Employee Benefits and an offsetting increase of \$123,000 in revenues, both driven by an increase in the hourly rates for the attorneys.

County Counsel

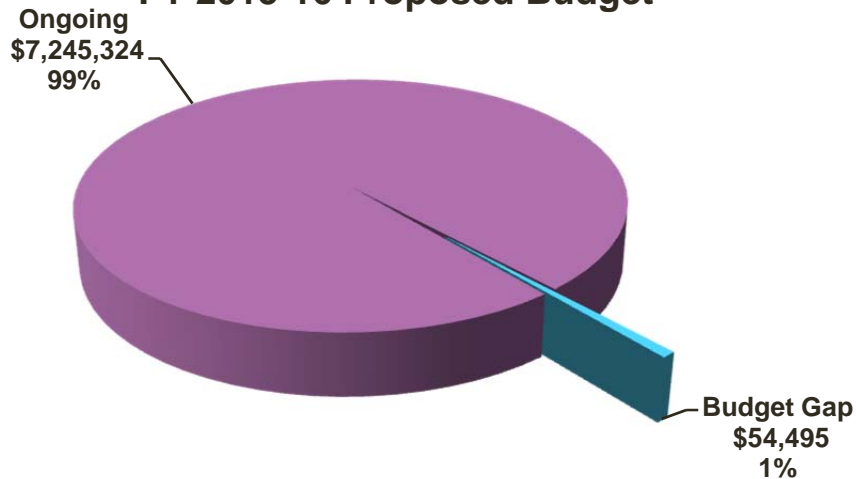
Gap Charts

FY 2014-15 Recommended Budget



The FY 2014-15 Recommended Budget relies on one-time sources to fund 4% of the Department's ongoing operations. These funds include \$260,000 from the Program Restoration Designation. These funds allowed the Department to maintain a higher level of service than would otherwise have been possible; however, because these funds are limited-term in nature, they may not be available to fund operations in future years.

FY 2015-16 Proposed Budget



To maintain FY 2014-15 service levels, we estimate \$54,495 of additional funding will be required in FY 2015-16.

County Counsel

Performance Measures Continued

<u>Description</u>	<u>FY 2011-12 Actual</u>	<u>FY 2012-13 Actual</u>	<u>FY 2013-14 YTD Actual</u>	<u>FY 2014-15 Recommended</u>	<u>FY 2015-16 Proposed</u>
Legal Services Program:					
A target of 90% or greater for the percentage of litigated cases which resolve at 85% or less than the amount reserved by Risk.	N/A	95%	100%	>90%	>90%
A target of 60% or greater for the percentage of litigated cases resolved without payment to plaintiff.	N/A	70%	75%	>60%	>60%

County Counsel

Budget Overview

	2012-13 Actual	2013-14 Adopted	Change from FY13-14 Ado to FY14-15 Rec	2014-15 Recommended	2015-16 Proposed
Staffing By Budget Program					
Administration & Support	3.26	3.34	0.26	3.60	3.60
Advisory	15.60	16.44	(0.52)	15.92	15.92
Litigation	17.90	18.01	(0.33)	17.68	17.68
Total	<u>36.76</u>	<u>37.80</u>	<u>(0.60)</u>	<u>37.20</u>	<u>37.20</u>
Budget By Budget Program					
Administration & Support	\$ 1,004,699	\$ 1,409,772	\$ 9,163	\$ 1,418,935	\$ 1,431,831
Advisory	2,731,011	2,790,213	(70,876)	2,719,337	2,797,203
Litigation	2,808,917	2,878,213	105,264	2,983,477	3,070,785
Unallocated	(137)	-	-	-	-
Total	<u>\$ 6,544,490</u>	<u>\$ 7,078,198</u>	<u>\$ 43,551</u>	<u>\$ 7,121,749</u>	<u>\$ 7,299,819</u>
Budget By Categories of Expenditures					
Salaries and Employee Benefits	\$ 6,050,591	\$ 6,139,530	\$ 85,799	\$ 6,225,329	\$ 6,401,640
Services and Supplies	326,188	772,333	(45,733)	726,600	726,600
Other Charges	167,711	166,335	3,485	169,820	171,579
Total Operating Expenditures	<u>6,544,490</u>	<u>7,078,198</u>	<u>43,551</u>	<u>7,121,749</u>	<u>7,299,819</u>
Total	<u>\$ 6,544,490</u>	<u>\$ 7,078,198</u>	<u>\$ 43,551</u>	<u>\$ 7,121,749</u>	<u>\$ 7,299,819</u>
Budget By Categories of Revenues					
Charges for Services	\$ 2,787,825	\$ 3,595,486	\$ 108,454	\$ 3,703,940	\$ 3,792,724
Miscellaneous Revenue	-	500	12,809	13,309	500
Total Operating Revenues	<u>2,787,825</u>	<u>3,595,986</u>	<u>121,263</u>	<u>3,717,249</u>	<u>3,793,224</u>
Intrafund Expenditure Transfers (-)	7,574	5,000	(5,000)	-	-
Decreases to Fund Balances	124,577	1,039,312	(279,312)	760,000	760,000
General Fund Contribution	2,270,038	2,437,900	206,600	2,644,500	2,692,100
Fund Balance Impact (-)	1,354,476	-	-	-	54,495
Total	<u>\$ 6,544,490</u>	<u>\$ 7,078,198</u>	<u>\$ 43,551</u>	<u>\$ 7,121,749</u>	<u>\$ 7,299,819</u>

County Counsel

Staffing Detail

Staffing Detail By Budget Program	2012-13 Actual	2013-14 Adopted	Change from FY13-14 Ado to FY14-15 Rec	2014-15 Recommended	2015-16 Proposed
Administration & Support					
COUNTY COUNSEL	0.86	0.69	0.31	1.00	1.00
CHIEF ASST COUNTY COUNSEL	0.07	0.06	(0.06)	-	-
DEPUTY COUNTY COUNSEL SR	0.02	-	-	-	-
CHIEF DEPUTY	-	-	-	-	-
DEPUTY COUNTY COUNSEL	-	-	-	-	-
BUSINESS MANAGER	1.00	1.00	-	1.00	1.00
LEGAL OFFICE PRO	1.00	1.00	-	1.00	1.00
EXTRA HELP	0.32	0.60	-	0.60	0.60
Administration & Support Total	3.26	3.34	0.26	3.60	3.60
Advisory					
COUNTY COUNSEL	0.14	0.30	(0.30)	-	-
CHIEF ASST COUNTY COUNSEL	0.92	0.86	0.14	1.00	1.00
DEPUTY COUNTY COUNSEL SR	4.82	4.70	(0.94)	3.76	3.76
CHIEF DEPUTY	0.03	0.02	0.03	0.05	0.05
CHIEF DEPUTY COUNTY COUNSEL	1.52	0.82	0.18	1.00	1.00
DEPUTY COUNTY COUNSEL SR-RES	-	-	0.57	0.57	0.57
DEPUTY COUNTY COUNSEL	4.91	6.98	(0.86)	6.12	6.12
LEGAL OFFICE PRO	2.53	2.52	(0.02)	2.50	2.50
COMPUTER SYSTEMS SPEC	0.25	0.24	0.09	0.33	0.33
PARALEGAL-RES	0.26	0.01	0.59	0.60	0.60
EXTRA HELP	0.21	-	-	-	-
Advisory Total	15.60	16.44	(0.52)	15.92	15.92
Litigation					
COUNTY COUNSEL	0.01	0.01	(0.01)	-	-
CHIEF ASST COUNTY COUNSEL	0.01	0.08	(0.08)	-	-
DEPUTY COUNTY COUNSEL SR	5.58	6.30	0.94	7.24	7.24
CHIEF DEPUTY	0.97	0.98	(0.03)	0.95	0.95
CHIEF DEPUTY COUNTY COUNSEL	0.09	0.18	(0.18)	-	-
DEPUTY COUNTY COUNSEL SR-RES	-	-	0.43	0.43	0.43
DEPUTY COUNTY COUNSEL	4.69	3.62	(0.74)	2.88	2.88
LEGAL OFFICE PRO	0.47	0.48	0.02	0.50	0.50
COMPUTER SYSTEMS SPEC	0.75	0.76	(0.09)	0.67	0.67
PARALEGAL-RES	5.30	5.59	(0.59)	5.00	5.00
CONTRACTOR	0.03	-	-	-	-
Litigation Total	17.90	18.01	(0.33)	17.68	17.68
Department Total	36.76	37.80	(0.60)	37.20	37.20