



**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 Names: County Executive Office
(CEO)
Department No: 012
For Agenda Of: April 12, 14, 16, 2021
Placement: Departmental
Estimated Tme: 3 days
Continued Item:
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Directors
Mona Miyasato, County Executive Officer
Contact Info: Nancy Anderson, Assistant CEO, Budget & Research

SUBJECT: Fiscal Year 2021-22 Budget Development Workshops

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive and file information about the Fiscal Year 2021-22 preliminary budget;
- b) Provide direction, if any, regarding items to be addressed or included in the CEO's Recommended Budget, scheduled for release in May and Board adoption scheduled for June 8 and 10, 2021.
- c) Provide direction, if any, regarding Special Issues or other items; and
- d) Determine pursuant to CEQA Guidelines 15378(b)(4) that the above actions are not a project subject to CEQA review, because it is a government fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary:

At this time one year ago, there were many uncertainties as the new budget year approached—how severely would the pandemic impact the economy; how would the pandemic impact our most vulnerable, including the homeless and the mentally ill; how could services be continued safely, including those that make up the criminal justice system. In November, staff presented the Five-Year Forecast and Fiscal Issues Report. The objective was to maintain current service levels to the extent possible, while continuing to invest in priority projects and initiatives. Now, one year after the pandemic began, with the economy

continuing to reopen and vaccinations for all Californians on the horizon, we see Fiscal Year (FY) 2021-22 as a year of recovery and resilience

The County's preliminary operating budget is estimated at \$1.34 billion for FY 2021-22 and marks a third year in a row that service level reductions are not proposed by any County department. This is all positive news, resulting from years of prioritizing key projects, careful planning, managing resources and preparing for the future. Despite the pandemic, property tax and sales tax revenue have remained stable with modest growth and cannabis revenue has remained strong, continuing to exceed estimates. Critical federal and State resources for pandemic relief minimized anticipated budget gaps and reserve uses to cover response efforts, further stabilizing the fiscal outlook. All of these resources have been essential to offset increasing costs related to labor, general liability insurance and critical department needs. The preliminary budget incorporates the Board's policies on program-based budgeting, fiscal stability, identifying and mitigating fiscal risks and maintaining prudent reserves. Additionally, it continues to advance the Board's commitment to Renew '22 initiatives.

Purpose of the Budget Workshops

This letter and attached workshop documents are provided to present the Board of Supervisors with a preliminary budget for Fiscal Year (FY) 2021-22. The County Budget Act requires the County to approve a budget before June 30 (Government Code section 29064) to establish spending authority until final budget adoption. Budget Workshops are scheduled for April 12, 14, and 16.

Budget Workshops are held one month before the release of the Recommended Budget and two months before budget hearings to provide the Board an opportunity to review and discuss departments' preliminary budgets and special issues, receive public input on these items, and provide the CEO direction on policy issues or specific items for consideration prior to completion of the final Recommended Budget.

At the workshops, department directors will provide presentations on their budgets, significant issues impacting their operations, accomplishments, goals for the upcoming fiscal year, budget expansion requests, and updates on their Renew '22 initiatives. The County Executive Office, in conjunction with the Auditor-Controller's Office, has completed the review of submitted department budgets and revenue estimates, which remain subject to change until the tax roll is completed and the State budget is adopted.

The workshops also provide an opportunity for the Board to receive information and provide direction to staff, as appropriate, on particular policy issues that affect department budgets. This year, the workshops include four special issue reports:

1. Jail Population, Diversion and Collaborative Justice (Monday, following Sheriff presentation)
2. Main Jail Staffing and Facility Assessment Alternatives (Monday, following Special Item 1)
3. Capital and Deferred Maintenance Projects and Funding Sources (Friday, following General Services presentation)
4. Digital Transformation Projects (Friday, following General County Programs & Fund Balances presentation)

The materials provided at the workshops are not intended to be inclusive of the entire Recommended Budget, which will be finalized with all financial schedules and department detail pages and released in

May. Budget hearings are scheduled to be held on June 8 and 10, 2021. At those hearings, staff will present the Recommended Budget for the Board’s consideration, amendment, and adoption.

PRELIMINARY BUDGET SUMMARY

The preliminary budget for FY 2021-22 is \$1.34 billion, an increase of \$150 million over the prior year, driven largely by State and federal resources that increased \$110 million. Federal American Rescue Plan Act funding is the largest single increase at \$43.3 million (half of the County’s total allocation comes in FY 2021-22) and is discussed later in this report. Much of the remainder comes from a wide variety of State and federal grants secured for FY 2021-22, including the federal Emergency Rental Assistance Program and the California Homeless Housing, Assistance, and Prevention grant program. Finally, tax revenue and charges for services each increased by \$20.8 million. Operating expenditures include both ongoing and one-time costs, and ongoing costs are largely supported by ongoing revenues. The FY 2021-22 preliminary budget includes full time equivalent (FTE) staffing of 4,330.1 an increase of about 24 over the prior year.

Budget at a Glance

	FY 2020-21 Adopted	FY 2021-22 Preliminary
Operating Revenues	\$1.19 Billion	\$1.34 Billion
Operating Expenditures	\$1.19 Billion	\$1.28 Billion
Non-Operating Expenditures	--	\$0.06 Billion
Staffing (FTEs)	4,306.0	4,330.1

Positive and Stable Outlook for FY 2021-22

As the County approaches FY 2021-22, the fiscal position is stable, with revenues expected to meet current operational needs and no anticipated service level reductions. State, federal, and local revenues are expected to be sufficient to accommodate the current level of service, with some modest service expansions to meet mandates or critical needs next fiscal year.

The FY 2021-22 budget development process began with a Five-Year Forecast presented in November 2020 and later in December board priorities and budget development policies were discussed. Budget priority guidelines were developed with deliberate consideration for the fact that discretionary revenue growth could be impacted by economic downturns and may not keep pace with growing costs for labor, liability and County services. Since November, there are updated estimates for local resources, the State issued the Governor’s Budget in January and the federal government signed the American Rescue Plan Act (ARPA) that have all contributed to more positive outcomes for the County’s budget. In December, the Board reaffirmed its commitment to criminal justice system reform efforts including restorative justice and diversion programs, and asked for a discussion about reducing costs in the custody system through potential reductions in the countywide jail population that do not jeopardize public safety. The Budget Workshops include a special issue on this topic. In addition, some of the pre-workshops expansions listed below are intended as investments in criminal justice system efficiencies.

Budget development for FY 2021-22 is based on the following:

- **Revenue growth is expected to remain stable.** Two of the county's largest discretionary revenue sources—property and sales taxes—experienced stable growth over the past year, as strong home sales continued and taxable sales, despite a shift from in-person to online retail, remained steady. This stable growth is expected to continue in FY 2021-22. Transient occupancy taxes, which fell in FY 2020-21 as a result of less tourism, are expected to experience growth in FY 2021-22 as the travel and tourism industry reopens. State and federal funds for ongoing services are anticipated to improve slightly. Legislative action, however, has impacted the Public Health Department through the loss of 340B pharmacy discounts totaling \$4.2 million and Probation, Public Defender and Sheriff Departments have been impacted by the loss of \$2.6 million, mostly in Probation, due to the elimination of criminal justice administrative fees.
- **Service level reductions have been avoided** for the upcoming fiscal year as a result of adequate revenue and efficiencies in the departments, the use of one-time funds for ongoing operations in several departments and some General Fund Contribution (GFC) allocations to resolve increased liability insurance costs. However, the outlook beyond FY 2021-22 is more uncertain, with most labor groups in negotiations, more general liability cost increases anticipated and the SBCERS triannual study in FY 2022-23, which could impact retirement rates.
- **Labor and liability costs continue to increase.** Salaries and benefits are expected to rise by \$36.2 million, to \$697.3 million, making up 54.6% of operating expenditures. The largest drivers here are salaries, which increased \$15.6 million, to \$410.2 million, and pension costs, which increased \$15.8 million, to \$174.5 million. Pensions costs are partially offset by employee retirement pickup, which totals \$7.8 million in the preliminary budget, for a net cost of \$166.7 in FY 2021-22. Another operating expense, general liability insurance, increased by \$3.4 million, which is smaller in relation to salaries and pensions, but represents a 24% increase over the premiums in the FY 2020-21 adopted budget. This is the third year that liability premiums have increased by at least 20%, a trend statewide that shows no sign of abating.
- **Cannabis tax revenue** has proven recession-resistant, as steady growth over the past year is expected to continue into next fiscal year, with ongoing revenues estimated at \$16.7 million. The preliminary budget allocates ongoing discretionary cannabis tax revenue to enforcement operations and cannabis program administrative activities, as well as other priorities funded by the Board in prior years. Thus far, cannabis tax revenue has not been considered for ongoing uses beyond those just mentioned, given the relative newness of the revenue source, and any revenue received above that level has been used to fund one-time priority needs. Now going into the fourth year of cannabis tax experience, the FY 2021-22 preliminary budget recommends a shift in policy related to cannabis tax revenue that will allow a greater portion of the revenue received to be allocated towards ongoing expenditures. It is recommended that 75% of the annual revenue be considered a stable ongoing discretionary revenue source, available to fund ongoing expenses after funding enforcement and program administration costs. The remaining 25% of annual tax revenue should still be spent on one-time expenditures. In addition, of the available one-time fund balance, it is recommended that the county maintain a prudent reserve equal to 25% of the ongoing revenue amount. In FY 2021-22, this reserve amount equals \$4,184,000. Staff recommends implementing this practice now with the preliminary budget and include this recommendation in the ongoing Budget Development Policies in December 2021.
- **Northern Branch Jail Operating Fund has no change** recommended at this time to the original funding plan for Northern Branch Jail (NBj) operations, which will increase \$2.2 million to \$17.1 million in FY 2021-22. Special issues presented at the workshops will discuss efforts to seek jail diversion where appropriate and collaboration between criminal justice partners, as well as preliminary

staffing plans and facility impacts at the Main Jail after the NBJ is open. The outcome of these initiatives could ultimately mitigate the need for modifying the original funding plan in future years.

- Deferred Maintenance and Capital Investments are included.** The 18% funding plan continues to carve out funding for deferred maintenance, increasing by \$2.2 million in FY 2021-22, to a total of \$10.3 million in ongoing General Fund, split among Public Works, General Services, and Community Services Departments. Further funding of \$6.6 million is provided for critical capital and maintenance projects, including countywide accessibility improvements, roof replacements, energy efficiency upgrades, and more. A special issue presented at the workshops will provide more detail on capital and maintenance projects. Additionally, plans continue in preparation of issuing debt to fund major capital projects such as the Public Safety Radio System and the Main Jail Renovations.
- Investments in Technology are recommended consistent with Board policy.** The Board adopted a budget policy that prioritizes funding for critical information technology needs. A set aside of \$2 million annually will assist with technology replacement that is prioritized through the Executive Information Technology Committee (EITC). This critical funding will support the purchase of Office 365, the Accela program, cybersecurity and other projects that benefit several service departments. Per policy, at least \$1.5 million per year is being set aside towards the County Enterprise Resource Planning System that was initiated through the Business Applications Needs Assessment (BANA) and one-time and ongoing resources are considered for a reorganization effort of IT services.
- Data and Discovery Criminal Justice expansion requests have been identified for funding set aside.** A common theme from Public Safety departments has been the need for data collection and more efficient processing of discovery for court proceedings. KPMG addressed these needs as well during their departmental management reviews. Several expansion requests for data positions and equipment have been identified that support these initiatives. At this time, it is recommended that funding for these requests be set aside until the Recommended Budget is presented in June, as part of KPMG’s recommendation was that there be a coordinated discussion on these efforts with a lead from the County Executive Office that still needs to take place. The expansion requests for Data/Discovery have been identified on department workshop presentations and are summarized below:

Data/Discovery Expansion Requests for Criminal Justice

	<u>Cost</u>	
County Executive Office - Chief Data Officer Position	\$ 325,000	
Sheriff - Data Analyst Position	161,300	
District Attorney - Data Analyst Position	130,700	
District Attorney - (2) Legal Office Professionals (Lead Discovery Clerks) Positions	243,600	
District Attorney - Replace Digital Storage System for Storage Space	260,000	One-time
Total Data/Discovery Funding Needs	\$ 1,120,600	

- Pre-workshop expansions totaling \$4.1 million** were recommended to mitigate high liability risks and compliance issues, meet mandates and address critical organizational needs. Priority consideration was given to those requests that support Board strategic and programmatic priorities and the General Fund Contribution Allocation Policy. These include the following items:

Pre-Workshop Expansions Added to Preliminary Budget

<u>Department and Request</u>	<u>Total Cost</u>	<u>Ongoing</u>	<u>One-Time</u>	
Clerk-Recorder-Assessor - Redistricting consultant and staff work	\$ 225,700	\$ -	\$ 225,700	Risk Exposure/Mandate
Human Resources - Outside consultant for leadership classification compensation study	80,000		80,000	Operational Need
Human Resources - Program Business Leader (KPMG, Hybrid Model, Policies, BANA)	150,000	150,000		Operational/KPMG
Human Resources - Extra help EEO Investigator	25,000	25,000		Compliance
Human Resources - Leave of Absence System	110,000	70,000	40,000	Compliance
Planning & Development - Development Review Contingency Fund	300,000	-	300,000	Operational/KPMG
Sheriff - Data Center Replacement \$950k (\$300k Dept Contribution Asset Forfeiture)	650,000		650,000	Risk Exposure/Mandate
General Services - Buyer position and Dept Business Special position	225,000	225,000		Compliance/Operational/KPMG
Public Defender - Convert 5 Extra-help Legal Office Professional positions to regular FTE	176,600	176,600		Operational Need
Public Defender - Convert 1 Extra-help Computer System Specialist position to regular FTE	46,600	46,600		Operational Need
Public Defender - Add (2) Deputy Public Defender IV positions for arraignments in bifurcated court	312,000	312,000		Operational Need
Probation - Replace grant funding pre-trial assessment services	390,300	390,300		Operational Need
Sheriff - Overhire Program set aside increase	250,000		250,000	Operational Need
Multiple Departments - Data/Discovery set aside for positions and equipment	1,120,600	860,600	260,000	Operational/KPMG
Total Pre-Workshop Expansions	\$ 4,061,800	\$ 2,256,100	\$ 1,805,700	

Key Challenges and Emerging Issues

Every year, the County develops a balanced budget while maintaining focus on community priorities, State and federal mandates, legislative and regulatory changes, and building a strong future. Some challenges are unique to Santa Barbara County, and some are common among most local government agencies. As departments identified their key challenges, some common themes emerged, many of which were identified as such in last year’s budget as well.

- Delayed Census data and redistricting efforts:** With Census data now anticipated in August or September, which is 5-6 months late, mandated efforts to redraw County supervisorial lines are compressed. The timelines challenge the Citizens Independent Redistricting Commission (CIRC) to finalize a map by December 15, 2021 and turn it over to the County Elections Officer to incorporate precinct changes accordingly prior to candidate filing in March. The preliminary budget includes funding of \$500,000 for CIRC activity and another \$225,000 for Clerk, Recorder Assessor for one-time consulting assistance to ensure timely processing of changes.
- Increasing and changing State and federal mandates and regulations:** Legislative and regulatory changes continue to impact funding, workload, and service delivery systems. These changes are particularly prevalent among the social service and criminal justice departments. For example, Probation Department faces uncertainty due to the transfer of responsibility related to the realignment of Division of Juvenile Justice (DJJ) and Public Health is impacted by the transition of pharmacy carveout from managed care (Medi-Cal Rx), losing up to \$4.2 million in 340B savings. Departments continue to work closely with their respective professional organizations to mitigate impacts or prevent detrimental changes, as well as explore ways to work with CEO’s office to find opportunities to meet new demands.

- **Public Works cashflow needs for major bridge construction projects and Road Fund long-term operating challenges:** Advance construction costs became a cashflow issue for the General Fund in FY 2020-21 when \$1.7 million was needed to start the Floradale Bridge project. It is anticipated an additional \$5 million will be needed for this project in FY 2021-22. With changes in federal funding for cash advances, the County must now find alternative cashflow and seek reimbursement for costs. The department is reviewing alternative financing options, as multiple other bridge projects are being considered for next fiscal year that would further impact General Fund resources. Additionally, the department continues to be concerned about operational costs for the Road Fund exceeding ongoing resources and will be working with the CEO's Office to develop a long-term fiscal stability plan.
- **Deferred Maintenance:** Departments continue to struggle with addressing deferred maintenance for parks, roads and county facilities. In response to growing deferred maintenance needs, the Board developed a funding policy, effective in July 2015, providing a mechanism to increase ongoing funding available for maintenance projects. The policy commits 18% of unallocated discretionary general revenue growth to address maintenance needs on an annual basis, thereby increasing the ongoing funding every year that experiences growth in discretionary revenues.

As mentioned above, \$10.3 million in ongoing General Fund revenues will be available to be dedicated to deferred maintenance per the 18% formula in FY 2021-22. In addition to this improved level of ongoing revenues available to meet this need, the preliminary budget allocates \$4.4 million in General Fund resources to address key deferred infrastructure replacement projects. Despite the annual growth anticipated in funding, the backlog of deferred maintenance projects countywide remains in the \$471 million range, leaving a very significant gap between allocated funding and current need. The proposed federal infrastructure plan ("the American Jobs Plan") released March 31, 2021, may provide funding for some of these needs, including bridge funding discussed above, if passed by Congress.

- **Next steps to enhance access to justice:** Many evaluations of the criminal justice system and plans for improvements have been developed over the past two years. KPMG completed management reviews of all criminal justice departments, as well as produced a report focused on identifying efficiencies within the system as a whole. Through a Bureau of Justice Assistance Sixth Amendment Initiative technical assistance grant, the Center for Court Innovation conducted a strategic planning and research support effort. The pandemic crisis sped up the implementation of some recommended system efficiency initiatives, as well as demanded innovative action in response to external demands and the pandemic environment. Certain actions will end as the Courts and community services reopen; others—those that have proven effective and efficient—will continue. The County's challenge now becomes a matter of refining current successful collaborative efforts to enhance data-driven decision-making, enhance the use of technology to more efficiently respond to and address the needs of the criminal justice partners and their clients, and put into action many of the recommendations that were made in the KPMG reports and other evaluations in order to create sustainable, effective improvements to the criminal justice system to enhance access to justice. These initiatives are discussed in more detail in the special issue presentation on this topic.
- **Addressing Homelessness:** Several County departments have been involved in providing services to prevent, address, mitigate or house homeless individuals. Homeless programs continue to increase in their complexities but have received renewed interest and effort at the federal, State and local levels. The County has been successful in applying for and administering available federal and State homeless funding, such as, the Rental Assistance Program (\$14M) and CARES Act allocations for unsheltered and vulnerable populations have resulted in several projects, including the Roomkey Project, and continue to leverage our work with local Community Based Organizations and other government agencies to address homelessness.

Fiscal Issues Update

The Five-Year Forecast Report presented in November 2020 identified a number of fiscal issues that will need to be addressed in the coming years. Some of these issues have been addressed through preliminary budget allocations, some appear as expansion requests, and others are not being addressed at this time. The table below outlines the issues, the estimated costs, and gives an update on if, and how, they are addressed in the preliminary FY 2021-22 budget.

Fiscal Issue	Estimated Cost in 5-Year Forecast	Budget Workshop Update
Addressed in Preliminary Budget		
Deferred Maintenance	\$459.5 million	18% funding plus additional ongoing and one-time revenues allocated to maintenance in the preliminary budget includes:
Public Works: \$311M		Public Works \$12.7M
General Services: \$95M		General Services \$7.0M
CSD-Parks \$53.5M		CSD-Parks \$2.0M
AB 1869 eliminates criminal justice administrative fees	\$2.4 million	Reduced fee collections incorporated into Department budgets.
Federal 340B Drug Discount Program will be eliminated	\$2.2 million	Annualized loss is \$4.2 million, and Public Health's loaded budget assumes the revenue loss, with one-time fund balance used to balance. Will need to reduce expenses in future years unless offsetting ongoing revenue is found. 5-Year Forecast \$2.2 million was an estimate on a half-year of loss, due to anticipated timing of implementation.
Criminal Justice System Technology Needs	\$1.5 to \$3.0 million	Replacement of Sheriff data center for \$950k included in preliminary budget; criminal justice departments also meeting to discuss solutions for digital discovery needs. Funding in Technology Fund set aside for eventual solution.
Discovery process and materials	\$250k	Funding set aside to grant expansion requests from District Attorney for lead discovery clerks and digital storage upgrades totaling \$500k
Lack of State funding for pre-trial assessments	\$1.4 million	Funded with ongoing GFC in preliminary budget. Additional Prop 172 revenue of \$390k provided to enhance assessment services after end of a grant on 12/31/21.
Cybersecurity	\$1.5-\$2.0 million	Technology Fund in General County Programs will be utilized as needed as Cybersecurity needs are identified.
Facility Conditions and Workspace Configurations	Not quantified at time of Forecast.	Funding provided for facility conditions projects prioritized in the annual CIP.
Business Applications Needs Assessment recommended software solution and implementation	\$10M+ one-time plus Countywide annual licensing and maintenance costs	Preliminary budget begins policy of setting aside minimum \$1.5 million annually to build up necessary funds.
Whole Person Care to address social determinants of health: Potential CalAIM Medi-Cal reform	Not quantified at time of Forecast.	Begins January 1, 2022; Public Health will implement and received funding from CA Department of Health Care Services. Further initiatives, such as Behavioral Health Payment Reform, will be implemented in later phases and continue to be monitored.
Submitted as Expansion Request		
Reform efforts in criminal justice to reduce the jail population and reduce recidivism.	Not quantified at time of Forecast.	Special Issue topic to be presented at Budget Workshops to highlight efforts continuing into FY 21-22. Expansion requests submitted related to pre-trial supervision from Probation and data analysis from multiple Departments
Not Included in Preliminary Budget		
Holistic defense model (Public Defender)	\$650K	Department exploring use of grant funded staffing to start addressing issue.

Department Expansion Requests

Departments have submitted requests for budget expansions totaling \$7.2 million in ongoing funding and \$7.6 million in one-time funds, with an increase in staffing of 19.5 FTE. Requests related to Data/Discovery efforts are not reflected in this table as funding has been recommended to be set aside for inclusion in the Recommended Budget in June as discussed previously on page 5. These requests will be discussed in detail in department presentations and included in Tab 3 of the Budget Workshop binder.

Summary of Expansion Requests

#	Description	FTE	Ongoing	One-Time
Clerk-Recorder-Assessor				
1	Voter's Choice Act (VCA) Election Format: Contract with a vendor to operate California's Voter's Choice Act (VCA) vote-center model, with one FTE and additional extra help positions to assist.	1.0	\$1,155,000	\$755,000
District Attorney				
2	eSCARS Coordinator: One Victim Witness Supervisor to implement and manage the eSCARS child abuse reporting project in the County.	1.0	\$124,600	
3	Post-Conviction Litigation Unit: One Deputy District Attorney III and a half-time Legal Office Professional Senior to establish a Post-Conviction Litigation Unit to address recently-implemented legislation requiring review and re-litigation of closed cases.	1.5	\$259,100	
Planning & Development				
4	Administration Division - Enterprise Leader: Add one Enterprise Leader to oversee Administration Division. GFC request will partially fund position costs, with remaining recovered through permit revenue.	1.0	\$74,000	
Probation				
5	Professional Standards Unit Support: Add AOP Senior to Professional Standards Unit to free up sworn staff to focus on backgrounds and investigations.	1.0	\$114,500	
6	Pretrial Supervision Program: Enhance existing Pretrial Supervision Program by adding two Deputy Probation Officers.	2.0	\$270,400	
Public Defender				
7	IT Staffing: Add one permanent FTE position to enhance the productivity and efficiency of the technology team.	1.0	\$118,600	
8	Fiscal Staffing: Add one permanent FTE Accountant position to handle fiscal matters and all grants.	1.0	\$112,000	
9	Misdemeanor Attorney Staffing: Convert two extra help positions into permanent FTE to assist with misdemeanor caseloads.	2.0	\$151,600	
Public Works				
10	Floradale Bridge Project: Local match required for the Federal Highway Bridge Program revenue.			\$993,000
11	Road Operations - Structural Deficit: Ongoing funding requested to close structural deficit in road operations		\$2,900,000	

Summary of Expansion Requests (cont.)

#	Description	FTE	Ongoing	One-Time
Sheriff				
12	Cannabis Compliance Team Expansion: Add an additional Cannabis Compliance Team (CCT) of one Sergeant, four Detectives, and one AOP, to bring the total CCTs to two.	6.0	\$1,071,500	\$350,000
13	Body-Worn Cameras: To outfit all patrol deputies and supervisors with a body-worn camera and fund a position (Computer Systems Specialist) to operate the program by downloading discovery evidence for the District Attorney's Office and thereby to the Public Defender.	1.0	\$313,000	\$130,000
14	Data Center Replacement: Ongoing funding set aside to build a fund balance for future data center replacements. One-time request to replace existing data center was granted in pre-workshop expansions.		\$161,300	
Treasurer-Tax Collector-Public Administrator				
15	Cannabis Tax Collection and Compliance: One Enterprise Leader position to be responsible for cannabis tax collection and compliance auditing efforts.	1.0	\$219,400	
Total Expansion Requests		19.5	\$7,045,000	\$2,228,000

FY 2021-22 Maintenance Expansion Requests

#	Title	FTE	Ongoing	One-Time
Community Services				
1	Pavement Rehabilitation: Increases the current Pavement Condition Index (PCI) by 5 points in all County parks. PCI rating is currently 54, with 65.9% of pavement in "Fair" to "Poor" condition.			\$1,000,000
General Services				
2	Landscape Maintenance: Enhances funding to cover added costs for changes in requirements with gas-powered tools, weed abatement, and reporting; increased scope to address safety concerns.		\$150,000	
Public Works				
3	Pavement Rehabilitation: Maintains the County's current overall system PCI of 56 (on a scale of 0-100).			\$4,332,200
Total Maintenance Expansion Requests		-	\$150,000	\$5,332,200
Grand Total of Expansion Requests		19.5	\$7,195,000	\$7,560,200

New Federal Funding – American Rescue Plan Act

A major potential funding source in FY 2021-22 for pandemic response and critical infrastructure projects is the American Rescue Plan Act (ARPA) funding. The President signed the legislation on March 11, 2021 that will allocate \$86.6 million to Santa Barbara County and another \$82 million to the local cities.

The ARPA funding is eligible to be used: to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; for the provision of government services to the extent of the reduction in revenue of such county due to such emergency; or to make necessary investments in water, sewer, or broadband

infrastructure. It cannot be used for deposit into any pension fund. The County is awaiting specific guidance from the U.S. Treasury Department to better define eligible expenses and auditing requirements.

As a result, ARPA funding is included in the preliminary budget but has not yet been allocated to specific purposes due to the timing of notification of funding and the need to evaluate appropriate uses and priorities. The County Executive Office has begun outlining a recovery strategy with proposed uses and will work with departments and your Board in the coming months with a process to develop the plan. At a minimum, the plan is anticipated to include Public Health and other emergency response costs not already covered, loss of County revenue to the emergency, priority capital and one-time projects that are eligible (i.e., homeless housing) and community recovery needs.

Renew '22 - Resiliency in Navigating the Pandemic

During the last year, we prepared and positioned ourselves to adopt new practices, be responsive and resilient, and rethink what the public needs and expects of us through our Renew '22 initiative. The pandemic caused an acceleration of Renew '22, which was initiated in 2017 to fortify the organization against the next economic or natural emergency. The County has been relatively fortunate in that our major revenue sources have remained relatively stable over the past year. Nevertheless, we have continued to pursue efficiencies and improvements in the way we do business through Renew '22 initiatives to help position us to mitigate or avoid the difficult funding choices that were necessary during the last recession. Some Renew '22 efforts that have continued over the past year include the following:

- **Process Improvement and Innovation Training** through the County's InnovateSBC program, which launched in July 2020, has already trained nearly 200 employees. The original goal was to train 225 employees by June 2022, but, given the success and overwhelming positive feedback from participant departments, we are considering expanding this goal to 10% of all county employees, over 400, by June 2022. This training provides staff at all levels with tools to review processes and practices, and empowers them to implement innovations in the ways we deliver services to our customers, with the ultimate result of streamlining and improving our outcomes. We continue to track the innovation efforts implemented through InnovateSBC, and we will return to the Board at a later date with a full report; however, initial efficiencies identified by participants thus far have the potential to exceed \$1 million.
- **KPMG Departmental Management Reviews** will continue, conducting high-level assessments of departments, identifying strengths and opportunities, and developing benchmark financial and operational areas with similar jurisdictions. Of twelve departmental reviews currently under contract, nine are completed and the remaining three are underway, with all departments anticipated to be completed by December 2021. The next set of departmental reviews will be identified during the second quarter of FY 2021-22. In addition, KPMG is providing more focused and detailed reviews of certain County programs and processes at departments' request, including the County's assessment appeal process; cannabis licensing and permitting, cannabis tax revenue assessment and collection; calculation of annual internal service fund charges among departments; General Services' internal purchasing operating structure, policies, and practices; as well as the County's broader decentralized procurement model.
- **Additional or improved digital and online service**, which was part of the Renew '22 "Big Picture Goals," shared by all departments, will leverage and build upon what has been done during the pandemic to provide greater efficiency and customer service. Countywide, these include a new

website platform making it easier to update content and new Microsoft Office tools in 2021, as well as an added IT Project Manager to implement these countywide efforts.

- **More employee engagement**, in the form of regular feedback surveys to employees from County HR; expansion of e-learning opportunities; supervisorial, management and leadership trainings; and dissemination of our countywide values. These practices help fortify connections among employees, remind them of our purpose in serving the public, and accentuate the positive parts of our County culture. Strengthening the ties that bind us together is important in times of stress and uncertainty for employees, as we continue a hybrid workforce of virtual and on-site employees.
- **Department Adaptations and Innovations** have led to efficiencies. Over the past year, the COVID-19 pandemic has challenged us in new and unique ways, upending the ways we live and work. When physical locations were required to close, each department evaluated and swiftly adapted its operations to migrate staff to telework or other socially-distanced solutions, while continuing to provide essential services to the public that were previously offered only in-person. At the same time, County employees working remotely increased from 3.8% in 2019 to 33.5% within just three months of the pandemic onset.

Many departments spearheaded innovative efforts to be more efficient in work processes and serving their customers and clients. Some departments have migrated critical services online, such as Child Support Services' full spectrum of caseload management, telehealth appointments provided by Behavioral Wellness and Public Health, as well as virtual hearings and online permitting by Planning & Development. General Services worked with several departments to move to Docusign for electronic signatures that has streamlined approval processes and concurrences on contracts, resolutions and board letters. As the end of the pandemic draws closer, departments will be asked to reflect upon how their functions have adapted and changed and what they would continue with beyond the pandemic.

Fiscal Impacts:

There are no fiscal impacts associated with holding the Budget Workshops. Addressing the information presented during the workshops will provide staff direction in finalizing the Fiscal Year 2021-22 Recommended Budget for adoption at the June budget hearings.

Attachments:

Attachment A: FY 2021-22 Budget Workshop Binder

Authored by:

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cc:

Assistant CEOs

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