

SANTA BARBARA NEWS-PRESS

County budget crunch eases but still dire : Shortfall projected to be \$72M instead of \$90M

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Santa Barbara County's budget shortfall appears to be marginally less than initially projected, but no one on the Board of Supervisors or in county government is dancing for joy just yet.

During Tuesday's board meeting in Santa Maria, supervisors received a budget forecast update about its impending budget challenges.

A fiscal year 2011-12 budget shortfall projection delivered late last year had the supervisors envisioning a deficit verging on \$90 million -- leading to widespread discussions about service level impacts, hiring freezes and potential layoffs of county staff.

The shortfall picture delivered Tuesday was better -- \$72 million instead of \$90 million -- but that doesn't mean the county will have an easy fiscal year ahead, the supervisors learned.

"We're continuing to have some very significant financial challenges and shortfalls in our budget," said county CEO Chandra Wallar.

The county, she said, must still assess how best to meet its residents' needs, while meeting the supervisors' priorities of maintaining public safety, protecting children and having liveable communities.

The supervisors are anticipating they'll hold budget hearings on June 13, 15 and 17.

Some of the reduction in the projected budget deficit came because the county's department chiefs are coming together to determine priorities and reduce spending, said Dr. Jason Stilwell, budget director.

Additionally, he said, county officials are working with departments to determine what open positions might not need to be filled, "given the gravity of the budget gap coming forward," Dr. Stilwell said.

Some departments are not using their entire appropriations, allowing some funds to stay in reserves and be reapportioned in June for the next fiscal year, he said.

Other savings have come with a pension fund stability that is lower than initially anticipated. Last October, that fund increase was expected to be about \$30 million. A Board of Retirement adjustment on the return rate of investments means the shortfall will instead be closer to about \$21 million, Dr. Stilwell told the supervisors.

"That's a big component in reducing the gap projection for next year," he said.

The supervisors also heard from Treasurer and Tax Collector Harry Hagen about an upward trend in revenues from transient occupancy tax, which is levied on hotel guests. County Clerk/Recorder Joe Holland also spoke about a boost in property tax accounts and increases in assessed values of homes.

Auditor Controller Bob Geis predicted an increase of about 4 percent in the county's projected retail sales tax revenues, which would mean an additional \$7.5 million.

"We are seeing growth across most of the revenues," Dr. Stilwell said. "We're seeing our general fund revenue up \$3 million, with future estimates of \$4 million or more. Revenue is good, growth is good. But it's not sufficient on its own to close the budget gap."

Ms. Wallar said the budget issue is "not so much revenue, it's expenditures. That's where the gap's coming from. Salary, benefits and retirement are the big drivers of our problem. I certainly think it's a good trend to see revenue growth. I do want us to focus on how we close that expenditure gap."

Mr. Geis said the financial team will return to the board as the numbers became more clear, something the supervisors suggested was necessary before budget hearings.

That information, the supervisors said, must also be shared with employee union groups, especially as salary negotiations are on the horizon.

In another matter the board unanimously moved forward with the development of an ordinance aimed at regulating mobile home park conversions and closures, as a way to give residents greater protection and security if their parks face development.

After hearing pleas from mobile home owners from throughout the county, the board asked staff to return in six months with a proposed ordinance that would include information on residential impact reports, relocation assistance and permit procedures as they relate to the closure or conversion of mobile home parks.

The board opted to move the ordinance to the forefront of the staff workload, suggesting other projects could be temporarily delayed for the benefit of the mobile home park ordinance.

"This is something (mobile home park owners) have come to us repeatedly asking for us to take action on a protection for their homes," said 2nd District Supervisor Janet Wolf.

Also Tuesday, an ordinance that would ultimately allow kayaks and canoes on Cachuma Lake, and dogs to be on boats with their owners, was introduced. The new ordinance is set for adoption on March 15.

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