



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

701 OCEAN STREET, SUITE 520, SANTA CRUZ, CA 950604073
(831) 454-2100 FAX: (831) 454-3420 TDD: (831) 454-2123

SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

May 15, 1999

AGENDA: MAY 18, 1999

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

COUNTY ADMINISTRATIVE OFFICER'S RECOMMENDATIONS FOR THE 1999-00 PROPOSED COUNTY BUDGET

Dear Members of the Board:

This letter transmits the 1999-00 County Administrative Officer's Recommendations for the Proposed Budget for your consideration during the 1999-00 Budget Hearings scheduled to begin Wednesday, June 16, 1999. The County Administrative Officer's Proposed Budget for all funds totals \$385,298,355, an increase of \$26,702,863 from last year. The budget reflects a **General Fund** totaling \$255,626,543, an increase of \$14,702,868 over last year.

The Proposed Budget assumes the continuation of the County's current major revenue sources with modest growth. The County's Proposed Budget also assumes the continuation of the majority of State and federal funding for other local programs.

The Proposed Budget incorporates the full reduction in General Fund expenditures made available through the enactment of the State's Trial Court Funding legislation in 1998-99. Although the Governor's January, 1999 State Budget proposed a 50% reduction in last year's agreement, the May, 1999 Revision that was recently released includes the financial provisions for upholding current law.

BUDGET 2000- SUSTAINING THE QUALITY OF LIFE IN OUR COMMUNITY

The 1999-00 Proposed Budget provides for a relatively stable budget which maintains the current level of County services, expands programs in some areas, provides for one time deferred maintenance projects at County facilities, and includes funding for some major capital improvements, including upgrading the County Government Center wiring for advanced data systems, improvements at the Juvenile Hall, and replacement of the modular Court buildings. The 1999-00 Proposed Budget also provides financing for the full year operation of the Medium Security Detention Facility and Simpkins Family Swim Center.

As the County prepares to celebrate its 150 year birthday and as the year 2000 approaches, we believe that the County's Budget for 1999-00 must continue to address these and other investments in our future including:

- The incorporation of stable and ongoing funding for the Parks Department which has been funded with one time financing since the loss of county service area revenue resulting from the passage of Proposition 218. The recreation and cultural programs, and the maintenance of open spaces supported through the Parks Department are critical to sustaining a balanced quality of life in our community.
- An investment in children and their families through the creation of new programs to address youth at risk, providing them with countywide supportive services to encourage healthy and restorative activities. In addition, the implementation of Proposition 10 funding for services for children 5 years and younger will provide tremendous opportunities for innovative "healthy start" programs in the community.
- A community focus on public safety, with continuing support for the Sheriff's Department Community Policing efforts and neighborhood service centers as well as community collaborations through Probation Department and Mental Health partnerships with the schools, police agencies and community based organizations designed to foster problem solving within neighborhoods.
- A community focus on public service through the implementation of Planning Department permit centers to maximize convenience for the public and minimize the use of vehicular travel to the County Government Center. In addition, during the current Fiscal Year, the County undertook a comprehensive review of the Environmental Health Department's septic tank services. An Environmental Health Task Force was established representing a broad range of the community with interest in these issues. The Task Force developed a comprehensive report and recommendations to improve services. The proposed budget provides for the implementation of the Task Force recommendations. A supplemental report will include additional information on the implementation of these recommendations; and,
- An investment in technology through the establishment of a Technology Capital Outlay Fund in the amount of \$700,000 to finance advancements in the County's technology equipment and data management systems to guide us into the 21st century. This will

allow us to replace aging technology in priority areas including the Sheriffs department, detention, the District Attorney's office and the finance departments of the County.

THE TALE OF THE STATE'S UNANTICIPATED REVENUE AND THE LOCAL PROPERTY TAX SHIFT

The Governor's May, 1999 Revision to the 1999-00 State Budget incorporates the addition of \$4.3 billion in unanticipated revenues for the current and 1999-00 fiscal years. The Governor's proposals for the expenditure of these funds are mostly one-time, since the Administration anticipates a slow down of domestic economic growth. Funds for "Local Assistance" are primarily the reinstatement of current law, such as Trial Court Funding and flood control subventions, and one time categorical funds, including additional grants for local law enforcement, the federal pass through of Adult and Juvenile Detention funds, and an infrastructure loan program which the Governor has indicated will require a \$4 local to \$1 dollar State match, with no guarantee at the present time that these funds may be used for local roads.

Although the Department of Finance can point to various personal income and capital gains taxes as their source for the unanticipated revenues, they should not overlook the fact that \$3.7 billion in local property taxes continue to be shifted to the State each year from counties and cities who would otherwise have these funds available to address local needs. Would an "Infrastructure Bank" even be necessary if the State were to return the local property taxes? Why should local government have to struggle to finance our local street and road repairs when the State is advocating a pay-as-you go financing structure for its own public infrastructure?

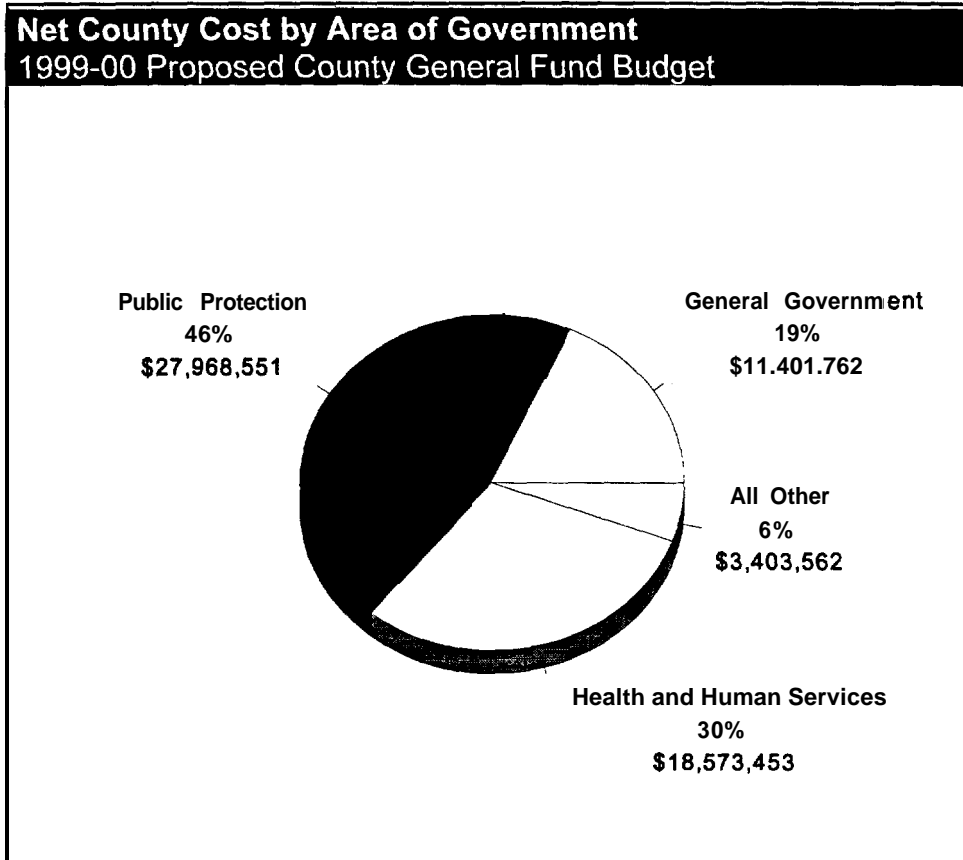
These questions will continue to be asked as the Legislature finalizes the formation of the State spending plan for 1999-00, which is anticipated by the statutory deadline of June 15. In support of local governments, a letter was recently sent to the Governor by 70 Legislators advocating for some mitigation. of the ERAF shift, suggesting, as the Governor indicated in his 1999-00 Budget Summary,

“. . . that local government are entitled to share with the state government the resources stemming from California's economic growth”,

We will continue to advocate this position in the upcoming weeks.

1999-00 PROPOSED BUDGET AND THE ALLOCATION OF NET COUNTY COST

The allocation of the 1999-00 Net County Cost by area of Government in the Proposed Budget is as follows:



The change in the Net County Cost of County Operations, as presented in the Proposed Budget, are as follows:

Change in Net County Cost of County Operations	
Item	Recommended Change
■ Public Protection (Excluding the Contribution to State Courts)	\$ 3,633,160
■ County Contribution to State Courts	(4,553,494)
■ Health and Human Services	673,630
■ All Other County Operations	971,709
Total Change in Net County Cost of Operations	\$ 725,005

SUMMARY OF THE 1999-00 BUDGET RECOMMENDATIONS

The following is a summary of some of the issues and recommendations contained in the 1999-00 County Budget.

Criminal Justice and Courts

- During last year's Legislative session, the State committed to paying a greater share of the costs for the statewide trial court system by providing counties with important and necessary fiscal relief beginning in fiscal year 1999-00. The recommended budget assumes elimination of a portion of the Maintenance of Effort payment to the State, consistent with current law, for a savings of \$4.4 million. In addition, Court delinquent account collection activities will be performed by the Treasurer-Tax Collector's Office beginning in the budget year which should generate additional revenue from court fines and fees.
- Issues in the Juvenile Justice area continue to be a focus of the Probation Department and the community. The Department has initiated several partnerships with the schools, local law enforcement agencies, County mental health and community based organizations to provide early intervention and restorative justice programs. In addition, the Budget establishes a north and south county day treatment center for youth in the criminal justice system. This program offers youth under Probation supervision a variety of programs including school services, mental health, drug and alcohol treatment, and vocational and recreational activities.

During the current year, in response to overcrowding at the Juvenile Hall and concerns regarding disproportionate minority representation at the Juvenile Hall, two task forces were formed to make recommendations on these issues. The work of the task forces is currently underway and recommendations will be included in the Supplemental Budget. To provide for facility improvements at the Juvenile Hall, the Proposed Budget includes funds to remodel and upgrade the facility once a plan is finalized.

- The Proposed Budget reflects continued initiatives directing services toward community focused, problem oriented policing. The Budget demonstrates a strong commitment to the law enforcement efforts of the Sheriff-Coroner including four new patrol officers, and the addition of a deputy sheriff to work as a Sexual Assault Unit detective investigating child and adult sexual and physical abuse cases, the continuation of the successful School Resource Officer program, and improvements in automation.

The Proposed Budget also provides for the full year operation of the medium security facility, the expansion of the Work Release program as an alternative to incarceration, and several building maintenance projects designed to address the physical infrastructure needs of the County's detention facilities. Additionally, two major construction projects funded primarily through State Board of Corrections grants will be underway in the Main Jail during 1999-00. These projects will upgrade the security

systems in the Main Jail, and will provide for improved public visiting facilities in the Main Jail.

- In the District Attorney's office, the Proposed Budget strengthens the Consumer Affairs/ environmental protection programs through the addition of staff resources. The Proposed Budget also advances the District Attorney's efforts to improve the department's technological systems. The budget also provides for the continuation of various vertical prosecution efforts funded by State grants and incorporates appropriate overhead charges.

The Family Support Division is continuing its efforts to carry out its federal and State mandated responsibilities including the conversion to a new automated case management system. Several initiatives are underway by the Legislature to restructure the administration of Family Support at both the State and local levels. The repayment of penalties by the State to the federal government also looms over the Family Support program. The impact of deliberations now underway could dramatically affect the operation and funding of Family Support in the upcoming year.

Health and Human Services

- The Health Services Agency budget proposes an array of program expansions that are largely supported by State funding which improve services to the community. However, the budget suggests that funding for health services is facing some unprecedented challenges -- reductions in Federally Qualified Health Care funds, risks associated with Managed Care in Mental Health, decreases in Realignment and Proposition 99 Tobacco Tax funds, and other factors which present substantial challenges in the continued provision of health care in the County.
- The Human Resources Agency is planning to continue to carry out the CalWorks program that includes time limited public assistance with an emphasis on welfare to work activities. To facilitate welfare to work, HRA has worked collaboratively with other public agencies and the private sector to establish one-stop career centers in Santa Cruz and Watsonville. The proposed budget provides for an additional center to serve the mid-County area, along with satellite facilities throughout the County. These facilities are at the hub of HRA's effort to transition welfare recipients to the workplace.
- The Health and Human Services Agencies in conjunction with the Probation Department are proposing to undertake collaborative efforts to develop and implement a wide variety of strategies to address the needs of at risk youth.

These strategies involve numerous prevention and early intervention programs, including careful case monitoring efforts of at risk children and families, developing transitional placement options for youth aging out of the foster care system, establishing a new South County Family Resource Center and stabilizing Youth Services Drug treatment classrooms .

A greater emphasis on residential treatment options is also included in the 1999-00 Budget. Programs contained in the Proposed Budget include continuing support for twelve special residential drug treatment beds, establishing a new ten bed residential drug treatment program for youth not in the juvenile justice system, providing three new beds at the culturally competent Si Se Puede Residential Treatment program in the South County area, and providing services for youth with serious drug and/or alcohol problems enrolled in the new Above the Line Residential Treatment Program.

Land Use and Parks

- The Planning Department budget reflects growing revenues associated with increasing construction activities throughout the unincorporated County. The Budget provides for the expanded operation of the **Felton** Permit Center and the establishment of a new South County Permit Center. The Department intends to continue working on Countywide efforts to address issues concerning water quality and water quantity issues that effect the region.
- The Public Works budget again reflects a rigorous program of design and construction work for storm, transportation, roadside improvement, sanitation and drainage projects. Additional resources are proposed to allow projects that are approved to be designed and implemented more efficiently.
- The recommended budget for POSCS provides for the full year of operation of the Simpkins Family Swim Center, expansion of recreational programs, ADA improvements at various park playgrounds and construction and operation of several new park facilities, including Harper Street, Jose Avenue, Anna Jean Cummings and Valencia Hall. The Proposed Budget also provides additional support for the Museum of Art and History to operate programs for county residents and includes funds for the celebration of the County's sesquicentennial.

General Government

- The Year 2000 Compliance Project managed by the Information Services Department is nearing completion. As the Information Services Department moves away from the dominant focus of these conversion projects, it will reorganize to provide additional support for the new technology projects currently being proposed by County departments. In addition, funds have been allocated to increase the County's use of the Internet to communicate with the public.
- The recommended budget includes funds to support the City of Watsonville's special election in August 1999, the Special Districts elections in November 1999, and the Presidential Primary Election in March 2000. Included in the March 2000 election are contests for U.S. Congress, State Senate and State Assembly, and on the local level for District Attorney, County Supervisor (Districts 1, 2 and 5), and Superior Court Judge.

- Efforts are also underway to increase public access through automation improvements in the Personnel Department and to strengthen cultural competence training for County employees.
- The Assessor is the lead department in implementing the AB 818 property tax administration loan program, and the Proposed Budget reflects several projects designed to enhance the performance of the property tax administration departments. These projects include the implementation of a pilot electronic document management system which integrates image and text information into a single database to be shared among the Auditor, Treasurer Tax Collector, Recorder and Assessor functions. Other projects include the completion of a new collection system in the Treasurer Tax Collector's office.
- The Proposed Budget also continues support for the automation of building maintenance, fleet services, and radio shop work orders and reporting systems. The Budget provides for the continued efforts of the General Services Department to relieve parking congestion at the Government Center through the lease of spaces at the Holiday Inn and other initiatives including continued support of the TRIP alternative transportation program.
- The Proposed Budget provides resources for Emergency Services to provide much needed Administrative support to the County's disaster recovery efforts. This will allow the County to proactively pursue Hazard Mitigation Grant Program (HMGP) project requests, and will help to maximize the amount of federal and state assistance made available to the County.

APPROVAL OF THE BUDGET RECOMMENDATIONS

The recommendations set forth below do not represent adoption of the County Budget, but the approval of the budget estimates as a basis for full consideration at the time of final Budget Hearings scheduled to begin on June 16, 1999.

It is therefore recommended that your Board approve the figures in this document as those that constitute the Proposed County Budget for 1999-00 and order publication of the required notices, and set June 16, 1999 as the date the Public Hearings on the 1999-00 Proposed County Budget will begin.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

cc: Each Department Head
Superior Court Judges