

Memorandum



Date: 4/17/20

To: Chair Hart and Board of Supervisors

From: Mona Miyasato, County Executive Officer *M*

Subject: Item D-1 Update on COVID 19

Chair and Supervisors:

Attached for your consideration is a draft letter to Governor Gavin Newsom expressing issues of concern to the County regarding certain impacts of COVID-19.

DAS WILLIAMS

First District

GREGG HART

Second District, Chair

JOAN HARTMANN

Third District,

PETER ADAM

Fourth District, Vice Chair

STEVE LAVAGNINO

Fifth District



BOARD OF SUPERVISORS

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COUNTY OF SANTA BARBARA

April 24, 2020

Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

Re: Santa Barbara County Needs and Impacts Related to COVID-19 Pandemic

Dear Governor Newsom,

On behalf of the Santa Barbara County Board of Supervisors, I want to thank you for your leadership during this unprecedented global pandemic and express our appreciation for the State’s increased investment in critical programs needed to address this crisis. The statewide “Stay at Home” order has saved lives of many Californians and is “flattening the curve” throughout the state and in our county.

Your administration’s assistance continues to enable us to meet the dual challenge of reducing the spread of COVID-19 infections while increasing our local emergency medical capabilities to meet a potential surge of Covid-19 patients. At the present time, we are effectively meeting this challenge and have only had three Covid-19 deaths in Santa Barbara County to date.

This statewide effort to protect the health of all Californians does not come without economic and social cost, as you are well aware. We all want California and Santa Barbara County to get back to business, and the challenge is to do this safely. With this letter, we hope to provide some insight to the specific challenges we face in Santa Barbara County, and also to request help so that we can align our public health and regulatory systems to successfully implement your six-point framework for transitioning and opening up our economy.

Economic and Financial Impacts

As you know, we and other counties are at the front line of this public health response, as well as the primary provider of the critical safety net services most in need now. Funding is essential for us to continue our public health and safety response, and ensure our residents are protected and served.

Because our County population is less than 500,000, we are not currently eligible to receive a direct allocation of CARES Act funding. Yet, we are in the top 15 counties with the greatest number of cases and top 10 counties with the greatest number of ICU patients (as of April 15), but are the only county on this list that won't be receiving a direct federal allocation. Many of our cases are attributed to a federal prison in our jurisdiction which is impacting our local hospitals and public health resources. A future package is being negotiated in Congress now, with the continued support of our federal representatives, but may not assist to the levels needed. This leaves us vulnerable to reduced revenues and increased costs, which will impair our ability to continue responding and recovering from this crisis.

We have not yet determined what the full financial impact will be on County government, but we do know economically driven revenues – such as transient occupancy taxes, sales taxes (including Prop 172 public safety revenue and Realignment revenues), and gas tax will be especially susceptible to losses resulting from decreased tourism and decreased retail activity. As you know, these fund critical public health, mental health, human services and public safety programs. We currently estimate the loss for our County, combined with increased activity to respond to the crisis, to be almost \$40 million and will likely increase depending on the length of the situation. We request backfill of locally generated revenues, and any lost state revenues, the details of which are attached.

The State had also earlier attempted to reduce needed revenue to our Public Health Department from the 340B program, but later restored the funding in the January proposed budget by the Department of Finance. If removed, this would be a loss of \$4.4million needed for our basic Public Health services that we can't afford to lose in this health crisis. We are asking that these funds continue to be provided as they were in the January proposed budget.

Impact on Our Most Vulnerable

In addition, this crisis will have disproportionate immediate and longer term impacts on our most vulnerable residents, if not mitigated.

Santa Barbara County has higher than average poverty levels. The Public Policy Institute of California has determined that Santa Barbara County has the second highest rate of poverty in the state (after Los Angeles County) when you factor in the California Poverty Measure, which accounts for cost of living and a range of family needs and resources. Applications for assistance (CalFresh, MediCal and CalWORKS) are up 22% in the past month compared to this time last year.

Staying at home is not a safe place for everyone, and we are experiencing more domestic violence incidents. During the first week of the “Stay at Home” order, law enforcement saw a 21% increase in domestic violence reports.

Our County adopted a moratorium on evictions early in the crisis, which was (and continues to be) the right thing to do. There will be at time when unpaid rent becomes due, and given that our County has the highest rental market costs outside of the Bay Area, an increase in homelessness and greater dependence on our County safety net may be the long term impact when the crisis is over if not addressed early.

When considering relief and recovery efforts, we request you consider our situation and help us address these damaging impacts.

Opening Back Up our Economies

I am sure you are hearing differing views from many people and organizations throughout the state on how and when you should lift the Stay at Home Order. We support the six-point framework you have outlined for transitioning California and are working hard to meet the challenge. The County of Santa Barbara, however, cannot effectively execute the expanded responsibilities required to assume these additional tasks without significant new financial, technical and staff resources from the State of California and federal government.

Our county will need additional new resources to:

- Broadly test, investigate, contract trace, isolate, and support those newly infected patients by our Public Health Department and partner healthcare agencies;
- Prevent infection in people who are at risk for more severe COVID-19, *including continued funding for homeless shelters and active State support for acquiring sites;*
- Adequately equip our local hospitals, public health and healthcare system to properly treat Covid-19 patients and handle surges; *and with sufficient resources to implement alternate care sites;*
- Obtain therapeutics as they are developed to meet demand, *which will be challenging for smaller counties like Santa Barbara County that must compete with larger counties;*
- Assist *local governments*, as well as schools, businesses, child care, to support physical distancing; and
- *Develop data systems and enhanced technology* in order to assess and determine when to reinstitute measures, if necessary.

In closing, we appreciate the thought you have put into developing the essential indicators for modifying the “Stay at Home” order that will allow residents to return to work as soon as possible, while continuing to protect the collective public health of our

State and our health care system. Our county's ability to successfully work in alignment with your framework, and to alleviate the severe economic and social consequences that will worsen as each month goes by, are dependent on new resources from the State and federal government.

We appreciate your consideration of our request, and your continued leadership during this unprecedented time. As you have said many times over the past month, we will meet this challenge together.

Sincerely,

Gregg Hart
Chair, Santa Barbara County Board of Supervisors

DRAFT

**COVID-19 PRELIMINARY BUDGET IMPACTS
TO THE COUNTY OF SANTA BARBARA**

The County of Santa Barbara is continuing to monitor and anticipate budgetary impacts related to both the cost of responding to this unprecedented public health crisis as well as significant reductions in local sales taxes, transient occupancy tax, realignment, and Proposition 172 Local Public Safety sales tax. Any loss of realignment and Prop 172 revenues, which flow through the State, have far reaching affects as they are dedicated primarily to critical social services and front-line public safety. As Santa Barbara County’s population falls slightly under the 500,000 level that was identified within the CARES Act for direct funding of COVID costs, we are currently unclear to what extent, if any, funding provided under the CARES Act will flow to the County to address the potentially \$7 million to \$10 million in response costs. Cash flow concerns as a result of these steep response costs and devastating revenue losses are still being evaluated, but as a short-term mitigation measure, the use of General Fund reserves will be required. If the negative impacts on these economically sensitive revenues persist, reductions in vital health and human service safety-net programs and public safety services will become unavoidable.

The following revenue declines are projected over the remainder of the current fiscal year and into the beginning of next:

• Local Sales and Transient Occupancy taxes	\$3.7 million
• Proposition 172 Local Public Safety Sales Tax	\$4.8 million
• 1991 & 2011 Realignment	
○ General Fund – Public Safety	\$7.9 million
○ Health and Social Services	<u>\$13.3 million</u>
Preliminary Projected Revenue Loss	\$29.7 million
Estimated COVID Response Costs	\$7-10 million
Total Estimated Budgetary Impact million	\$36.7 – 39.7

As the federal and State governments consider new funding packages to assist with the costs and eventual recovery of our communities, we would also strongly encourage funding towards local government “shovel ready” projects be considered in order to promote job opportunities and support critical infrastructure needs.