



June 1, 2022

FY 2022-23 Budget



**Michelle Aguirre, Chief Financial Officer
&
Kim Engelby, Budget & Finance Director**

County Mission and Vision Statements

Mission

“Making Orange County a safe, healthy, and fulfilling place to live, work, and play, today and for generations to come, by providing outstanding, cost-effective regional public services.”

Vision Statement for Business Values

We strive to be a high-quality model governmental agency that delivers services to the community in ways that demonstrate:

Excellence

Provide responsive and timely services

Leadership

Leverage available resources as we partner with regional businesses and other governmental agencies

Stewardship

Seek cost-effective and efficient methods

Innovation

Use leading-edge, innovative technology

Vision Statement for Cultural Values

We commit to creating a positive, service-oriented culture which:

Attracts and retains the best and the brightest

Fosters a spirit of collaboration and partnership internally and externally

Supports creativity, innovation, and responsiveness

Demonstrates a “can-do” attitude in accomplishing timely results

Creates a fun, fulfilling and rewarding working environment

Models the following core values in everything we do:
Respect - Integrity - Caring - Trust - Excellence



Strategic Plan Priorities

Adopted December 18, 2012 and Reaffirmed March 31, 2015

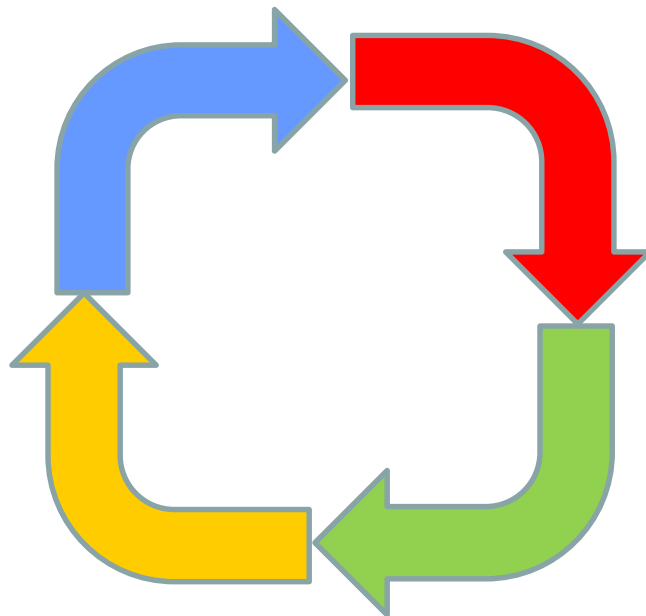
- **Stabilize the budget and prepare for contingencies**
- Develop a competent and cost-effective technology model
- Succession plan and invest in workforce
- Simplify/increase flexibility of administrative policies and procedures
- **Address and fund agency infrastructure**



Strategic Financial Plan (SFP) & Budget Development Process Overview

**Strategic Financial Plan
(August – December)**

**Budget Reports
(January & September)**



**Expense & Revenue
Year-End Forecasting
(February & May)**

**Budget
(January – June)**



SFP & Budget Development Process Overview

Strategic
Financial
Plan

Department
Requests to
CEO

Collaboration &
CEO
Recommendations

Public Budget
Hearing &
Adoption

5-Year Forecast

- CEO Budget Assumptions
- 5-Year Department Forecasts
- Identify Capital & IT Projects (> \$150K)
- Strategic Priorities:
 - Initiatives > \$1M in any one year of SFP
- Basis for next FY Planning

Base Budget & Augmentations

- Build Base Budget
- Capital & IT Project Requests & Expand Augmentations Consistent with SFP
- Augmentations:
 - Restore: Base Service Levels
 - Expand: New Program, Unit, Project, or Increase in Current Service Level

March & April

- Confirm Budget Request Aligned with SFP (Base Budget, Capital & IT Projects & Expands)
- CEO/Dept Meetings
- Analyze Revenue & Expense Forecasts & Trends/Resources
- Program Requirements
- Prioritization
 - County
 - Department

Budget Hearing

- CEO Recommended
 - Presentation by Budget Program
 - Straw Votes (3/5)
 - Non-Binding
 - Base Budgets
 - Augmentations:
 - Restores
 - Expands
 - Changes to Clerk in Writing Prior to Close of Budget Hearing
- Budget Adoption**



SFP & BUDGET CALENDAR TIMELINE



Budget Development Process Overview



Budget Requirements:

- ▶ Counties are required to adopt a balanced budget
- ▶ The budget fiscal year begins on July 1 and ends June 30
- ▶ Government Code Sections 29002 and 30200 require the State Controller to prescribe uniform procedures
- ▶ Budget is presented by program and department
- ▶ Clearly defined expense and revenue categories
- ▶ Consistency and comparability

Overlapping Values

→ Value of Financial Management

- ▶ Disciplined Approach to Fiscal Management
- ▶ Continue to Take Timely Action

→ Value of Planning

- ▶ Long Term Forecast
- ▶ Capital Improvement & Information Technology Plans
- ▶ Strategic Priorities

→ Value of Reserves

- ▶ Key Indicators of Financial Health and Resilience
- ▶ Provides Resources for Emergencies and/or Catastrophic Events
- ▶ Credit Rating Agencies Monitor the County's Reserve balances
 - Fitch: "Maintaining an operating reserve or rainy day fund is perhaps the most effective practice an issuer can use to enhance its credit rating."

Overlapping Values (continued)

→ Value of Policies

- ▶ Multi-Year Strategic Financial Plan
 - Five-Year Capital Improvement Plan
 - Five-Year Information Technology Plan
 - Ten-Year Strategic Priorities
- ▶ Budget Development Policies
- ▶ Reserve Policies
- ▶ Investment Policies
- ▶ IT Governance Policy
- ▶ Pension Funding Policy
- ▶ Credit and Debt Management Policy
- ▶ Position Policy

**Policies can be found on the
County's website**

[https://cfo.ocgov.com/budget/
strategic-financial-plan](https://cfo.ocgov.com/budget/strategic-financial-plan)

→ Value of Committees

- ▶ Public Financing Advisory Committee
- ▶ Audit Oversight Committee
- ▶ Treasury Oversight Committee



Competing Needs for General Funds

Mandated Services

Non-Mandated Services

Strategic Priorities

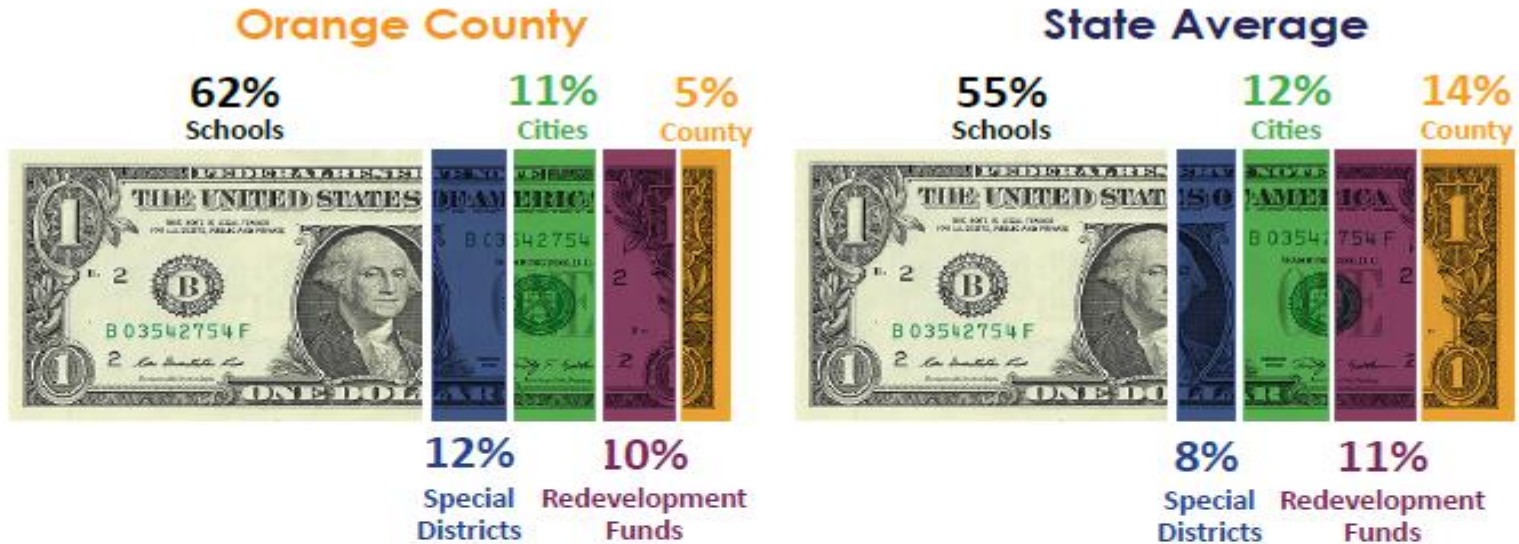


Salaries & Benefits

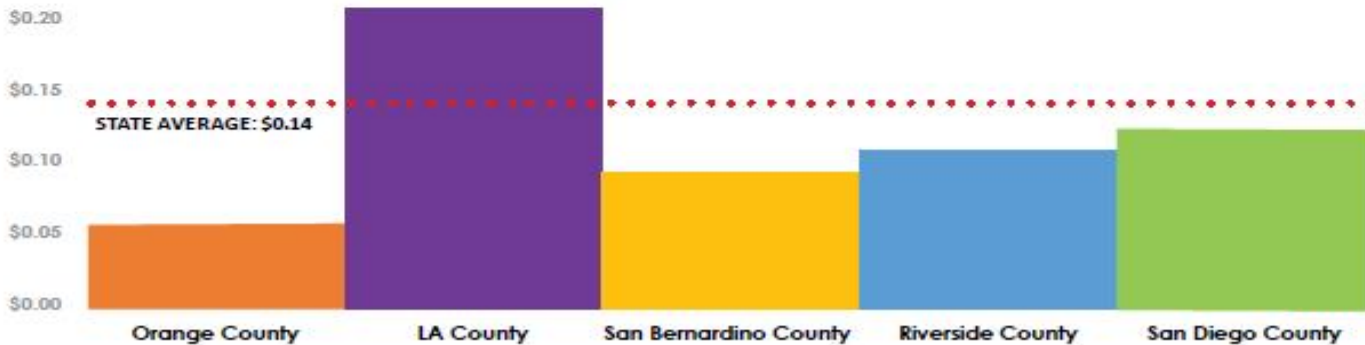
Capital Projects

IT Projects

General Purpose Revenues



ORANGE COUNTY RECEIVES THE LOWEST PROPERTY TAX REVENUE ALLOCATION OF ALL 58 COUNTIES

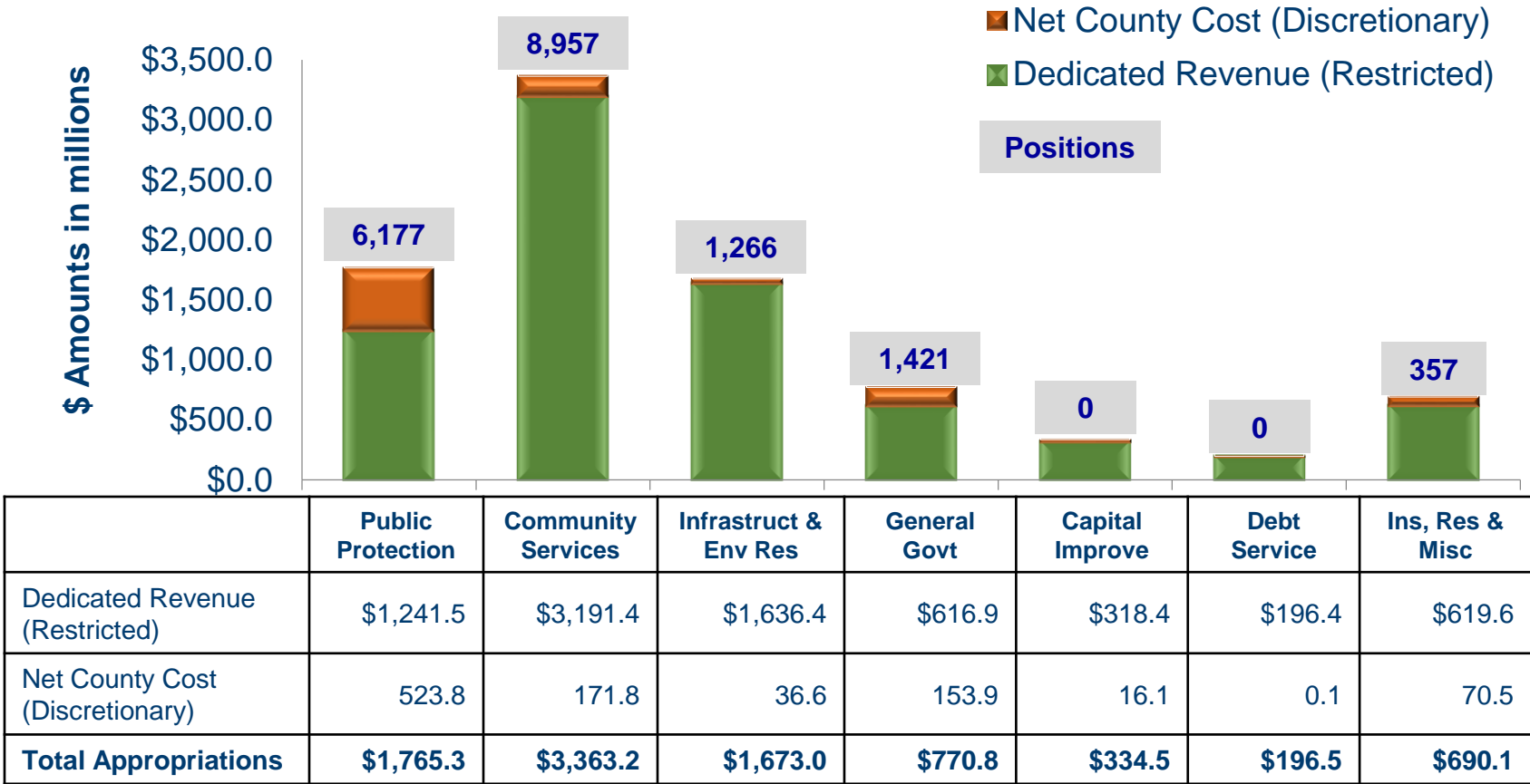


Assembly Bill 8 (1979) set the property tax allocation formula for each California County. Since that time the County's population has nearly doubled from 1.8 million to 3.2 million with no change to the County's property tax allocation proportion.



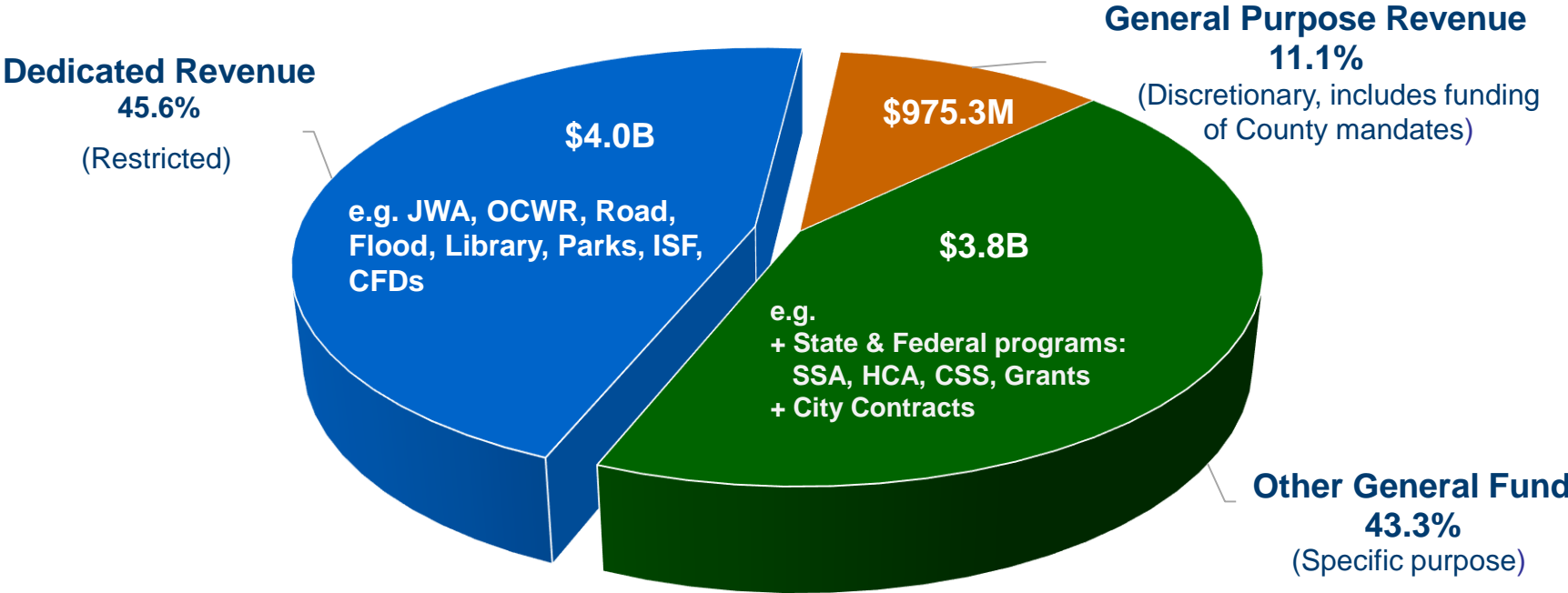
County Appropriations & Positions by Program

FY 2022-23 Recommended Budget Total = \$8.8 Billion



County Revenue Budget

FY 2022-23 Recommended Budget Total = \$8.8 Billion



Major Revenue Sources

- **Property Tax – \$922M**

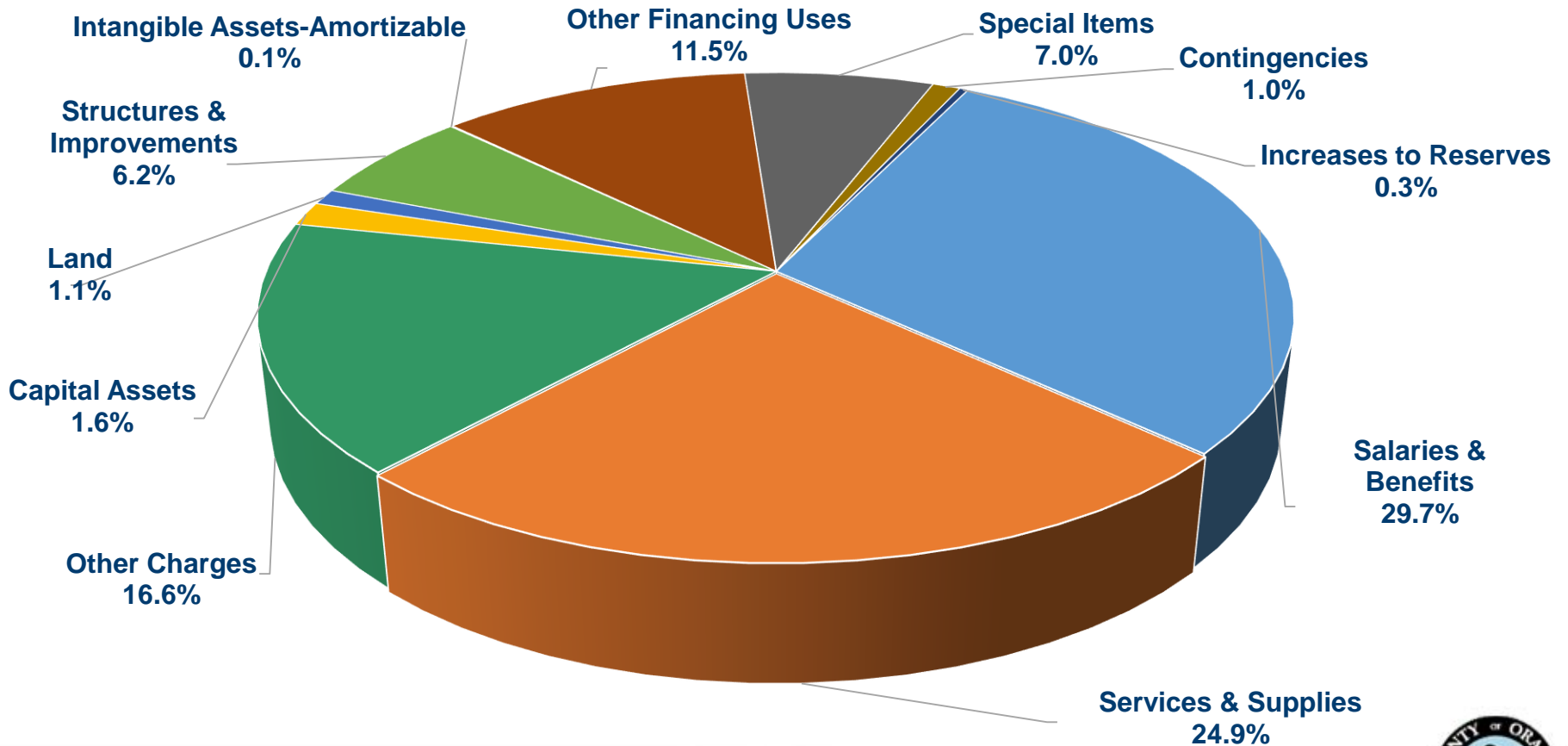
- **Realignment – \$764M**
 - ▶ 1991 Realignment – \$207M
 - ▶ 2011 Realignment – \$550M
 - ▶ Juvenile Justice Realignment – \$7M

- **Public Safety Sales Tax (Prop. 172) – \$417M**

- **Mental Health Services Act (MHSA) – \$269M**



County Appropriations by Expenditure Category FY 2022-23 Recommended Budget Total = \$8.8 Billion



Augmentations

→ NCC Limits

- ▶ Established at the beginning of the SFP and budget process and set for ongoing baseline operations (current levels of service)

→ Restore Level of Service

- ▶ Requests for resources when the assigned NCC Limit is insufficient to maintain current service levels. The NCC Limits plus restore level of service requests is the projected funding required to keep current operations and staffing.

→ Expand Level of Service

- ▶ Requests for resources above and beyond current funding and staffing levels which may involve new mandates related to existing services, increasing workloads in existing programs or proposals for new services



Restore Augmentations

Department	Pos	Department	CEO Recommendation		
		Requested Net County Cost	Ongoing Net County Cost	One-Time [1] Net County Cost	Total
District Attorney-Public Administrator	2	\$ 139,004	\$ 139,004	\$ 0	\$ 139,004
Sheriff-Coroner	130	39,868,466	23,868,466	16,000,000	39,868,466
Public Defender	58	9,820,533	6,020,533	3,800,000	9,820,533
OC Public Works	0	223,588	223,588	0	223,588
Assessor	19	1,996,906	1,996,906	0	1,996,906
County Counsel	3	776,920	776,920	0	776,920
Treasurer-Tax Collector	6	1,121,551	1,121,551	0	1,121,551
Internal Audit	1	115,714	115,714	0	115,714
Total – Restore	219	\$ 54,062,682	\$ 34,262,682	\$19,800,000	\$54,062,682

[1] One-Time funds include OCERS Reserve (\$10M), Teeter (\$6M) and SB 90 Revenue (\$3.8M).



Expand Augmentations

Department	Pos	Department	CEO Recommendation		
		Requested Net County Cost	Ongoing Net County Cost	One-Time [1] Net County Cost	Total
District Attorney-Public Administrator	15	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff-Coroner	14	1,722,687	1,053,675	144,000	1,197,675
Public Defender	15	2,992,120	2,992,120	0	2,992,120
OC Community Resources	12	1,283,405	608,405	675,000	1,283,405
Health Care Agency	47	0	0	0	0
Social Services Agency	10	0	0	0	0
OC Public Works	23	0	0	0	0
John Wayne Airport	3	0	0	0	0
OC Waste & Recycling	3	0	0	0	0
Auditor-Controller	7	0	0	0	0
County Executive Office	2	0	0	0	0
County Counsel	2	703,062	0	703,062	703,062
Clerk-Recorder	2	0	0	0	0
Internal Audit	2	252,828	252,828	0	252,828
Total – Expand	157	\$6,954,102	\$4,907,028	\$1,522,062	\$6,429,090



COVID-19 Overview

- Federal Emergency Management Agency (FEMA) funding for certain COVID-19-related expenses, including most vaccination-related costs; County claimed \$183M in eligible costs FEMA:
 - ▶ Received to date: \$88M
 - ▶ Still outstanding: \$95M
- Coronavirus Aid, Relief, and Economic Security (CARES) Act funded a myriad of services to the community
- Epidemiology and Laboratory Capacity (ELC) funding from California Department of Public Health to support COVID-19 activities
- American Rescue Plan Act (ARPA)
- Additional ARPA/CARES Act information is available on the County's website <https://cfo.ocgov.com/resources/arpacares-act-reports>



American Rescue Plan Act (ARPA) Overview

- American Rescue Plan Act signed into law on March 11, 2021
- County of Orange scheduled to receive \$616.8M in two tranches:
 - First Tranche: \$308.4M received May 21, 2021
 - Second Tranche: \$308.4M not earlier than 12 months after First Tranche
- Funding eligibility period: March 3, 2021 through December 31, 2024
 - Obligated by December 31, 2024
 - Spent by December 31, 2026
- Additional ARPA information is available on the County's website <https://cfo.ocgov.com/resources/arpacares-act-reports>



American Rescue Plan Act (ARPA) – Continued

- Departmental COVID-19 Response
- Community COVID-19 Services:
 - ▶ Meal Gap Program
 - ▶ Economic Support to Arts-Related Small Businesses and Non-Profits
 - ▶ Supportive Services/Landlord Incentives – Emergency Housing Vouchers
 - ▶ Bridge Digital Divide
 - ▶ OC Hunger Alliance
 - ▶ OC Human Relations Council
 - ▶ Temporary Isolation Shelter Services
- Veterans Cemetery
- HCA Emergency Management Services and Public Health Lab



OC CARES (ARPA Funded)

- Be Well 2 Campus
- Juvenile Campus
- Coordinated Case Management/Homelessness
- Housing

Additional ARPA information is available on the County's website
<https://cfo.ocgov.com/resources/arpacares-act-reports>



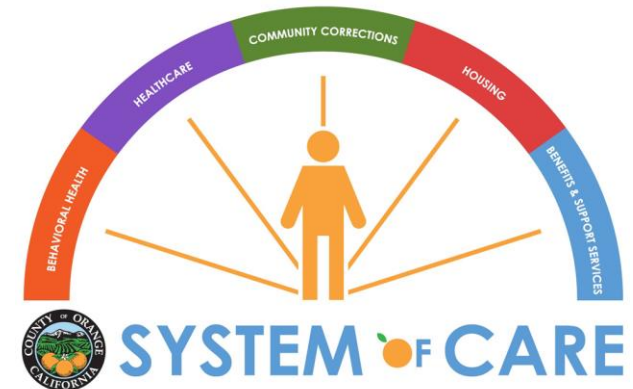
OC CARES

→ Base Budget includes:

- ▶ Office of Care Coordination move to CEO
- ▶ Capital Projects & Initiatives funded by ARPA
- ▶ Coordinated Reentry Center (\$18M)
- ▶ System of Care Data Integration System (\$2M)

→ Augmentations:

- ▶ Recommendation to add 3 positions to expand Behavioral Health Public Safety Response Team (\$1M)



Homelessness

The County is working together with cities, non-profits, faith-based organizations and other community members to address the complex issue of homelessness

→ Point-in-Time Homeless Population

Homeless Population			
	Sheltered	Unsheltered	Total
2022	2,661	3,057	5,718
2019	2,899	3,961	6,860
2017	2,208	2,584	4,792

→ FY 2022-23 Recommended Budget includes:

- ▶ Be Well 2, South Campus (\$40M ARPA & \$20M MHSA*)
- ▶ Coordinated Case Management/Homelessness (\$27M ARPA*)
- ▶ Permanent Supportive Housing and Outreach & Engagement (\$40M MHSA*)
- ▶ Operating Dedicated Shelters and Temporary Housing (\$42M Various Funding)
- ▶ Implement Street Medicine Program (\$7M Cal Optima & \$2.7M State)

Additional information on available resources can be found on the County’s website

<https://www.ochealthinfo.com/about-hca/directors-office/office-care-coordination>



*Mental Health Services Act

Affordable and Supportive Housing

- On June 12, 2018, the Board of Supervisors approved a Permanent Supportive Housing Plan with the goal of developing 2,700 supportive housing units over a six-year period
- Since June 2018, a total of 680 affordable and supportive housing units were completed/built
- As of May 2022, 816 units are under construction or closing on their construction loan and 772 units are in progress of funding
- A total of 2,268 units are in the current pipeline



Affordable and Supportive Housing (Continued)

- Since 2018, the County invested a total of \$147M in various ongoing housing efforts
- Landlord incentives for 500 units and match commitments for developing 200 units (\$27M ARPA)
- Develop Permanent Supportive Housing for individuals with emotional disturbance or mental illness and experiencing homelessness (\$42M MHSA*)

Note: Included in the MHSA* plan scheduled to be heard by the Board of Supervisors on 6/7/2022

*Mental Health Services Act



State and Federal Earmarks

- FY 2022-23 Requests Submitted by the County:
 - ▶ Behavioral Health Children's and Families Campus (\$15M)
 - ▶ Early Intervention for Custody Reduction Program (\$8M)
 - ▶ Vocational and Mental Health Services Transition Center for At-Risk Youth (\$7.5M)
 - ▶ Transitional Youth Housing Facility (\$5M)
 - ▶ Orange County Intelligence Assessment Fusion Center (\$3.2M)

- FY 2021-22 Requests Received by the County:
 - ▶ Coordinated Reentry Center (\$5M)
 - ▶ Be Well 2 Campus (\$2M County + \$5M to Mind OC)
 - ▶ System of Care Data Integration System (\$2M)

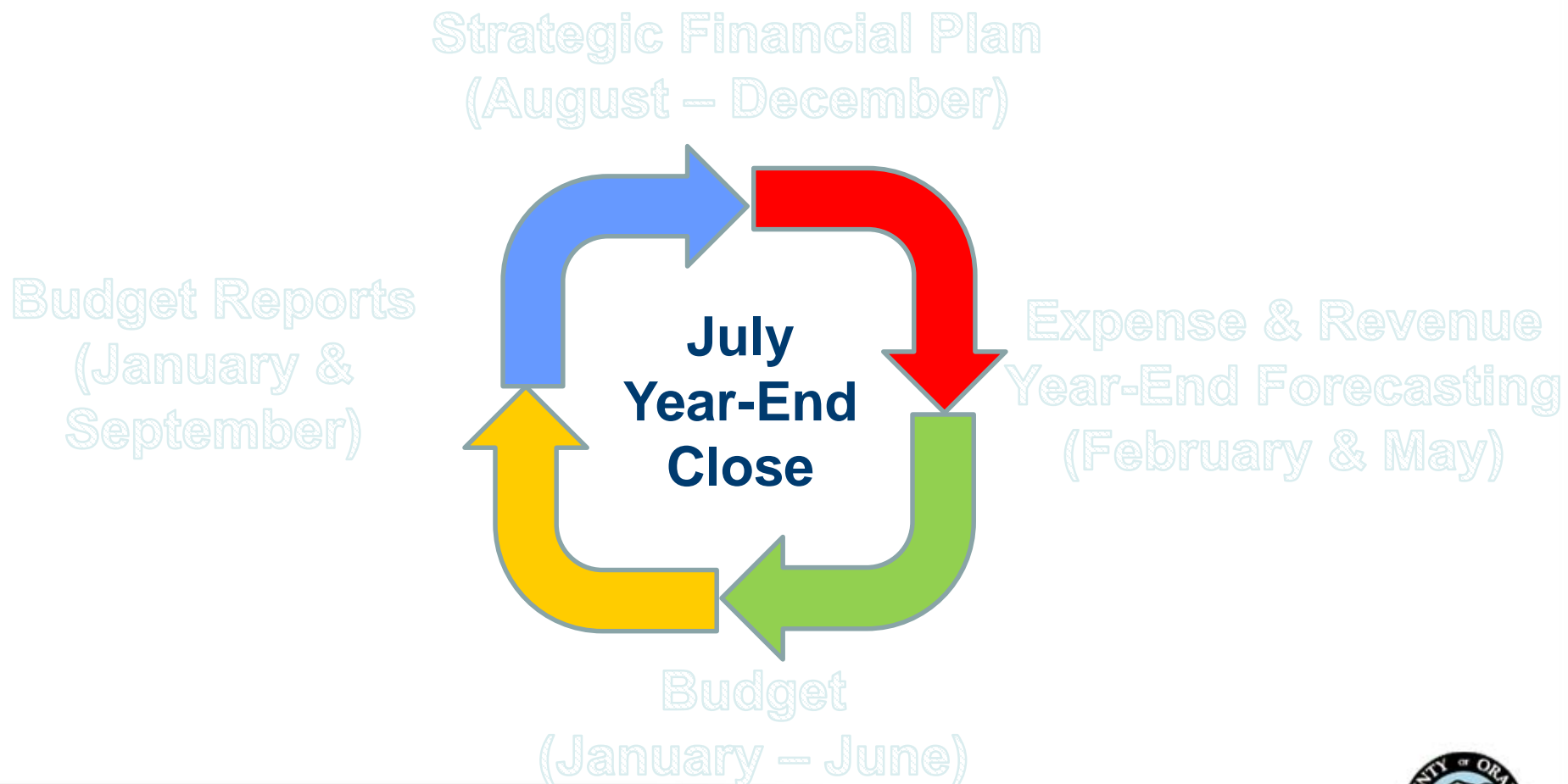


Public Budget Hearing & Budget Adoption

- FY 2022-23 Public Budget Hearing:
 - ▶ CEO presents the Recommended Budget by Program
 - ▶ Board of Supervisors cast non-binding straw votes to provide direction on base budgets and Restore and Expand augmentations
 - ▶ Changes to Clerk in Writing Prior to Close of Budget Hearing

- FY 2022-23 Budget Adoption:
 - ▶ Board of Supervisors adopt the budget on a simple majority vote
 - ▶ Adopted budget reflects the Board of Supervisors approved Restore and Expand augmentations
 - ▶ Adopted budget becomes the spending plan and spending limit for County departments

SFP & Budget Development Process Overview



Next Steps

→ FY 2022-23 Budget:

- ▶ Public Budget Hearings – June 14 & 15, 2022
- ▶ Final Budget Adoption – June 28, 2022
- ▶ Public Input Available during Board of Supervisors Meetings

→ 2022 Strategic Financial Plan:

- ▶ Kick-Off – August 2022
- ▶ Board Receive & File – December 20, 2022
- ▶ Public Input Available during Board of Supervisors Meetings

Questions?

Thank You

