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THE OFFICIAL ORANGE COUNTY AND GROWN IN CALIFORNIA

December 16, 2022 Strategic Financial Planning

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WELCOME

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Anil Kukreja, Team Lead
Ryan Van Otterloo, Team Lead

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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

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Strategic Plan Priorities

- 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

Adopted December 18, 2012 and Reaffirmed March 31, 2015

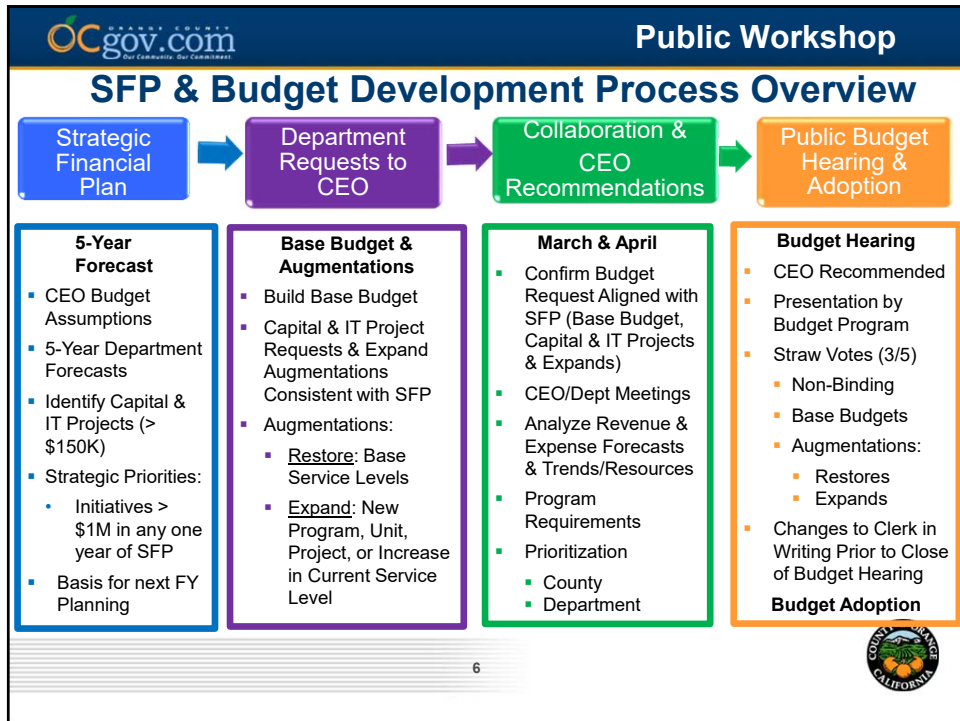
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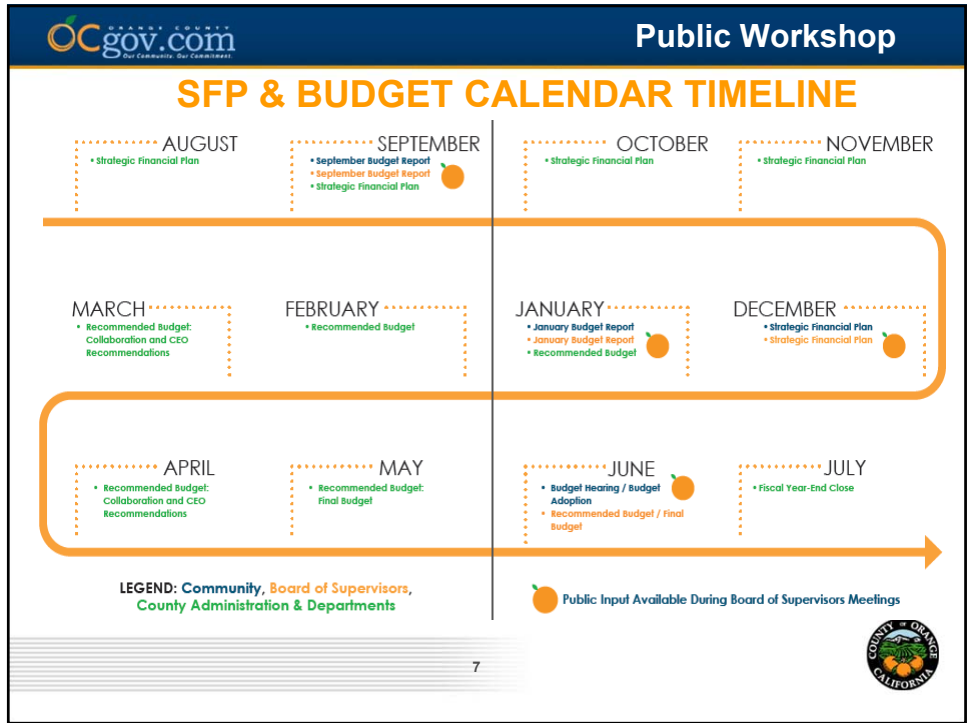
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SFP & Budget Overview

SFP Requirements:

- ▶ Planning tool that provides a 5-year forecast
- ▶ Test assumptions prior to issuing budget instructions

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 function and activity
- ▶ Clearly defined expense and revenue categories
- ▶ Consistency and comparability


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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."

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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
- Value of Committees
 - ▶ Public Financing Advisory Committee
 - ▶ Audit Oversight Committee
 - ▶ Treasury Oversight Committee

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)

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Competing Needs for General Funds


Salaries & Benefits

Capital Projects


IT Projects

Mandated Services


Non-Mandated Services



Strategic Priorities

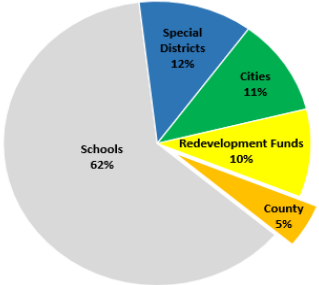


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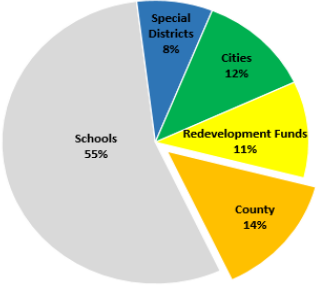

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General Purpose Revenues


Orange County



State Average




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

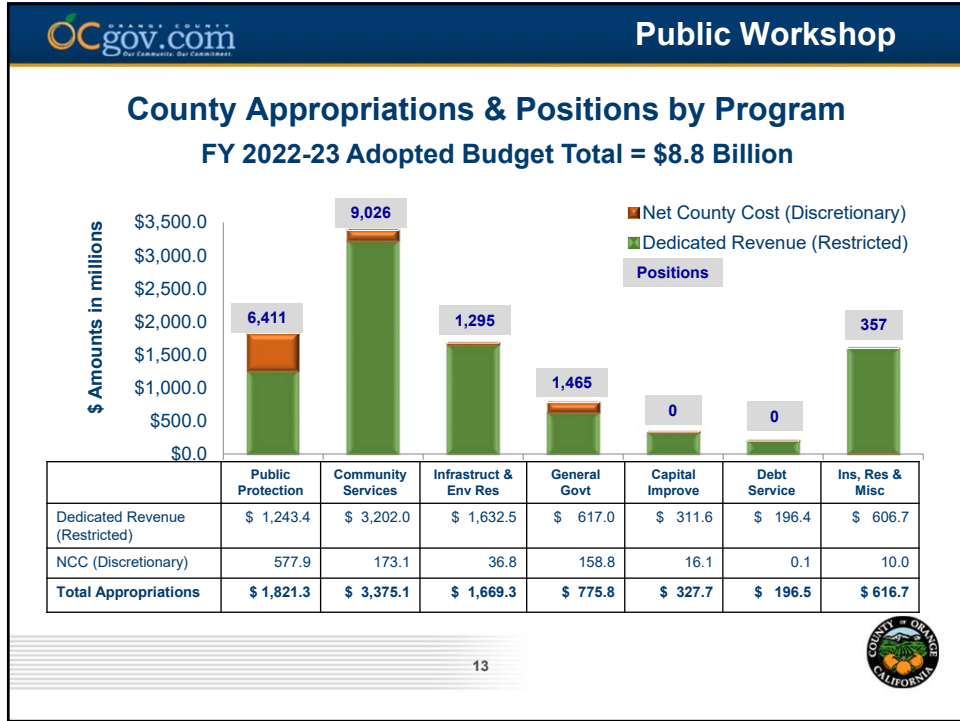


County	Property Tax Revenue Allocation
Orange County	\$0.05
LA County	\$0.20
San Bernardino County	\$0.09
Riverside County	\$0.10
San Diego County	\$0.12
State Average	\$0.14

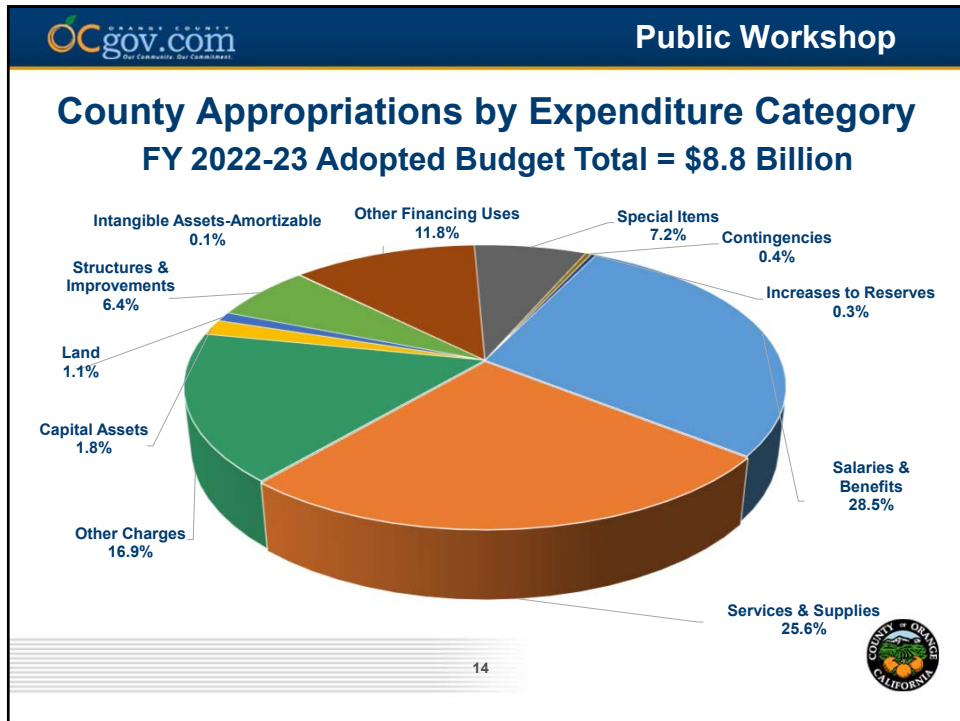
Assembly Bill 68 (1979) set the property tax allocation formula for each California County. Since that time the County's population has nearly doubled from 1.8 million to 3.2 million with no change to the County's property tax allocation proportion.



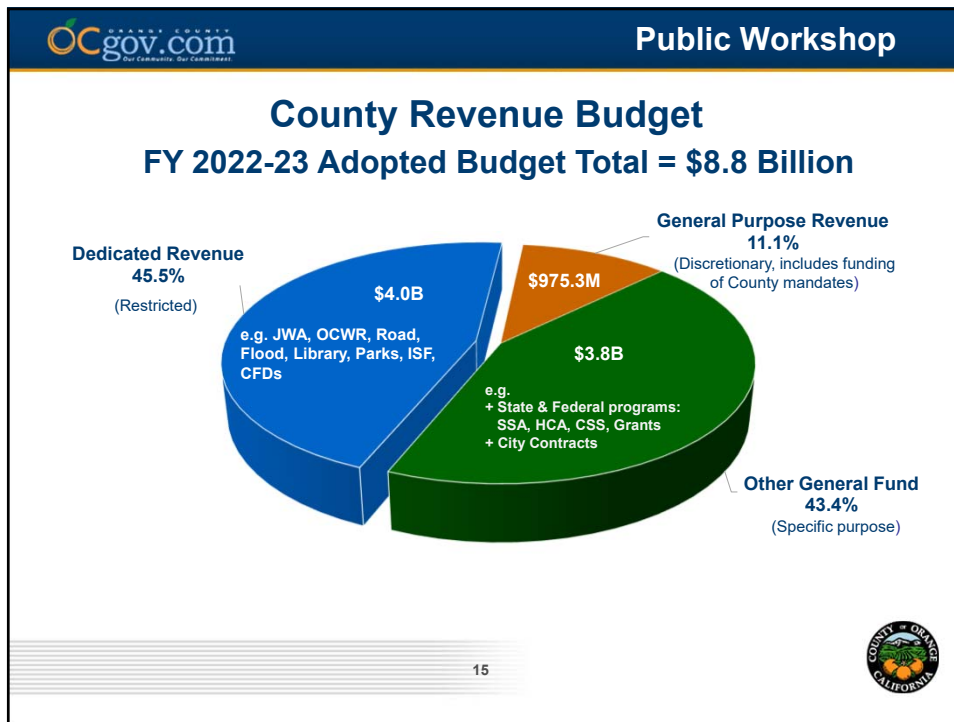
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- 2022 Strategic Financial Plan**
- ➔ Marks the beginning of the budget process and is a planning tool for departments and CEO
 - ➔ Maintain operations within the limited GPR growth forecast
 - ➔ Develop preliminary plans to fund County infrastructure, Strategic Priorities.
 - ➔ Subsequent factors impacting the next budget cycle:
 - Economic outlook
 - State’s news of their projected \$24B deficit for FY 2023-24
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General Fund Debt Service

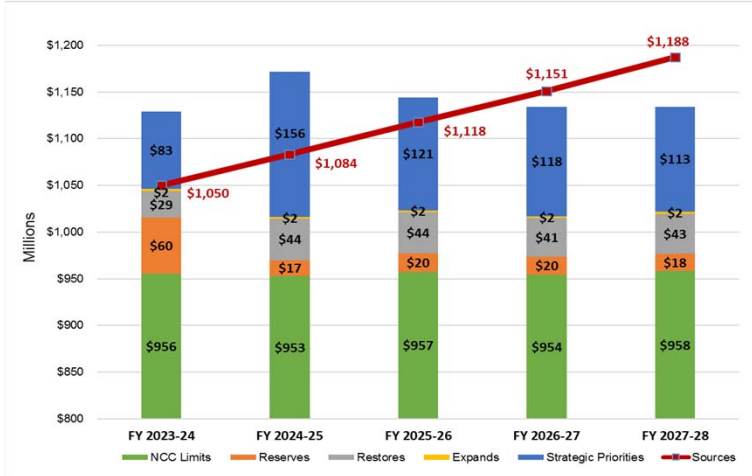
General Fund Debt	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	Maturity	Optimal Redemption at PAR
Central Utility Facility Lease Revenue Bonds	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5	4/2036	\$34.7 4/2026
Civic Center Infrastructure Improvement (Phase 1)	10.0	10.0	10.0	10.0	10.0	6/2047	\$129.6 6/2027
Civic Center Infrastructure Improvement (Phase 2)	12.9	12.9	12.9	12.9	12.9	6/2048	\$161.0 6/2028
Bell Building Lease Bonds	5.5	5.5	5.5	5.5	5.5	6/2052	\$68.6 6/2032
Total GF Debt Service	\$32.9	\$32.9	\$32.9	\$32.9	\$32.9		




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Forecasted Sources & Uses (in millions)



Fiscal Year	NCC Limits	Reserves	Restores	Expands	Strategic Priorities	Sources
FY 2023-24	\$956	\$60	\$29	\$2	\$83	\$1,050
FY 2024-25	\$953	\$17	\$44	\$2	\$156	\$1,084
FY 2025-26	\$957	\$20	\$44	\$2	\$121	\$1,118
FY 2026-27	\$954	\$20	\$41	\$2	\$118	\$1,151
FY 2027-28	\$958	\$18	\$43	\$2	\$113	\$1,188




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Strategic Priorities

- One of the primary functions of the Strategic Financial Plan (SFP) is identification of major programmatic and infrastructure-related initiatives and may include:
 - ▶ Existing Programs
 - ▶ New Programs
 - ▶ Program Expansion
 - ▶ Innovative Partnership with the Community
 - ▶ New Facilities
 - ▶ Major Technology Enhancements
- Strategic Priorities are characterized by the following basic criteria:
 - ▶ Significant in Cost Impact
 - ▶ Of Community Awareness
 - ▶ Measurable Outcomes
 - ▶ Personnel Impact
 - ▶ Efficient
 - ▶ Strategic

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OC CARES Initiative

Prevent and reduce the rate at which individuals become involved in the justice system and support success with appropriate treatment and services

- Significant Accomplishments and Financial Investments Made:
 - ▶ First Be Well Campus located in Orange (\$37M) and services (\$13M annually)
 - ▶ Specialized Housing and In-Custody Behavioral Health treatments
 - ▶ Increased access and services through OC Links, OC Navigator, and the Behavioral Health-based public safety program
- 2022 SFP includes:
 - ▶ The second of three Be Well Campus (\$40M)
 - ▶ New Juvenile Corrections Campus, including modernization of the Youth Transition Center (\$60M)
 - ▶ Housing for Transitional Aged Youth (\$25M)
 - ▶ Pre-trial Intervention Programs (\$8M)

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Homelessness Initiative

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

→ Examples of Resources/Shelters include:

- ▶ Bridges at Kraemer Place
- ▶ Yale Navigation Center
- ▶ Placentia Veterans' Village
- ▶ Behavioral Health Treatment

FY 2021-22 MODIFIED BUDGET			FY 2022-23 ADOPTED BUDGET		
Funding Allocated Specifically for Homeless	Funding Allocated for All County Residents Including Homeless	Total	Funding Allocated Specifically for Homeless	Funding Allocated for All County Residents Including Homeless	Total
170,561,547	1,037,554,840	1,208,116,387	188,517,413	1,067,992,974	1,256,510,387

▶ Additional information on available resources can be found on the County's website <https://ceo.ocgov.com/office-care-coordination>

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Affordable and Supportive Housing Initiative

→ 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 of which:


- 750 affordable and supportive housing units were completed/built
- 1,008 units are under construction or closing on their construction loan
- 520 units are in progress of funding

→ Overall, a total of 2,278 units are in the current pipeline, which does not include 124 units completed/built when the County's Housing Funding Strategy was received and filed by the Board.

→ The Plan is currently being updated to reflect information from the County's most recent Point-In-Time Count.


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Updates from Prior Year’s Highlighted Projects

- **New Orange County Emergency Medical Services Operating Facility**
 - ▶ Planning phase – construction anticipated mid-2023 and completed in late FY 2024-25
 - ▶ Address the need for co-location of services, flexible space for emergency activation, and increase storage for emergency supplies.
- **Be Well Irvine Campus**
 - ▶ Pre-construction – begin in early 2023
 - ▶ Developed in 3 phases and focus on children, adults, and the community.
- **Veteran Cemetery**
 - ▶ Per Assembly Bill 1595, the County’s contribution towards construction costs of the Southern California Veterans Cemetery at the Gypsum Canyon in Anaheim Hills




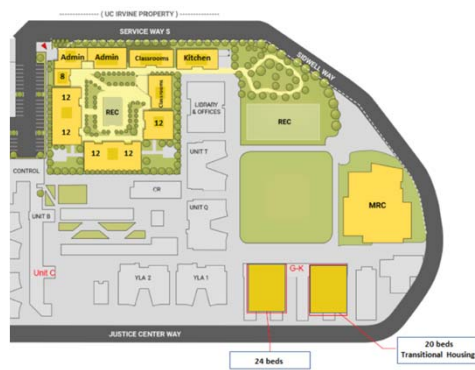
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Juvenile Corrections Campus

- Modernize the existing 1968 campus facilities to exceed minimum standards and incorporate evidenced-based and best practices.
- Provide camp programming, education services, health and mental health services and housing for juvenile offenders and transitional aged youth, including those realigned from the State Correction System





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Reentry Community Resource Center and Reentry Services

ADULT REENTRY CENTER



WORKFORCE REENTRY CENTER





REENTRY COMMUNITY RESOURCES CENTERS



MOBILE REENTRY SERVICES

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Master Plan on Aging


- New Strategic Priority
- Goals
 - ▶ Housing for all ages and stages
 - ▶ Health reimagined
 - ▶ Inclusion and equity, not isolation
 - ▶ Caregiving that works
 - ▶ Affordable aging
- Assessing needs of the population

<ul style="list-style-type: none"> ▶ Call Center ▶ Home visitation ▶ Health needs assessments 	<ul style="list-style-type: none"> ▶ Care plan development ▶ Care coordination ▶ Case Management
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Next Steps

- 2022 Strategic Financial Plan:
 - ▶ Receive and File – January 2023
 - ▶ Public Input Available during Board of Supervisors Meetings
- FY 2023-24 Budget:
 - ▶ Department Budget Submittal – March 1, 2023
 - ▶ Public Budget Hearings – June 13 & 14, 2023
 - ▶ Public Input Available during Board of Supervisors Meetings


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Questions?

Thank You

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