

September 30, 2021

Strategic Financial Planning

Welcome

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

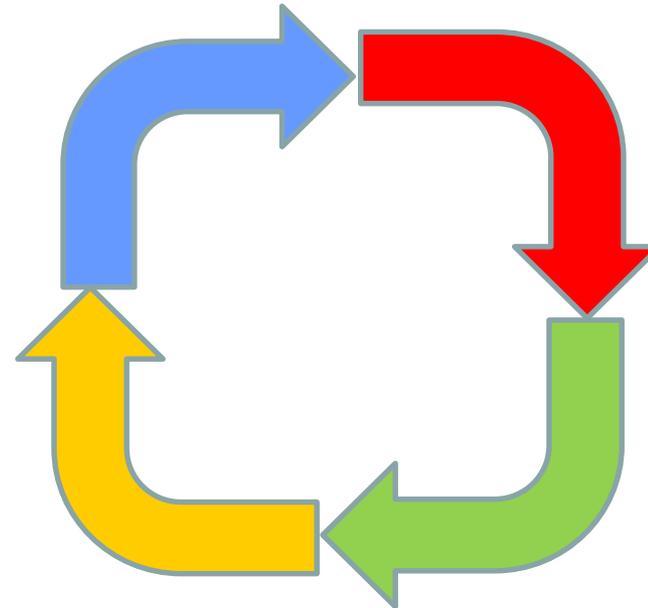
- **Stabilize the budget and prepare for contingencies**
- Develop a competent and cost-effective technology model
- Succession plan and invest in workforce
- Simplify/increase flexibility of administrative policies and procedures
- **Address and fund agency infrastructure**



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



LEGEND: Community, Board of Supervisors, County Administration & Departments

 Public Input Available During Board of Supervisors Meetings



SFP & 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 function and activity
- ▶ 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

Salaries & Benefits

Capital Projects

IT Projects

Mandated Services

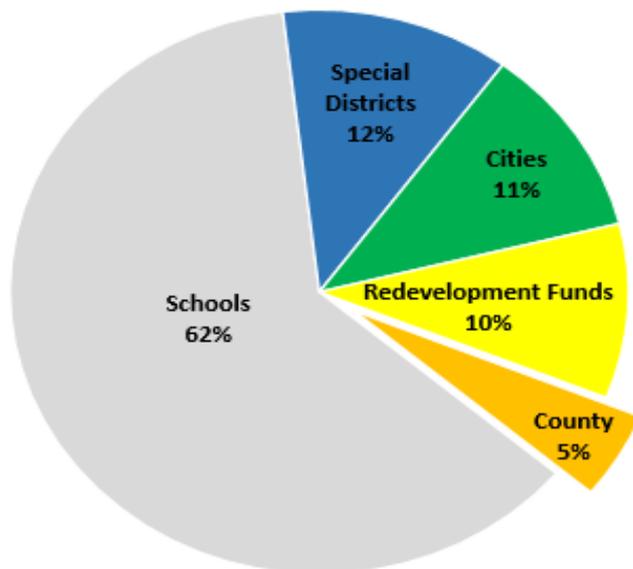


Strategic Priorities

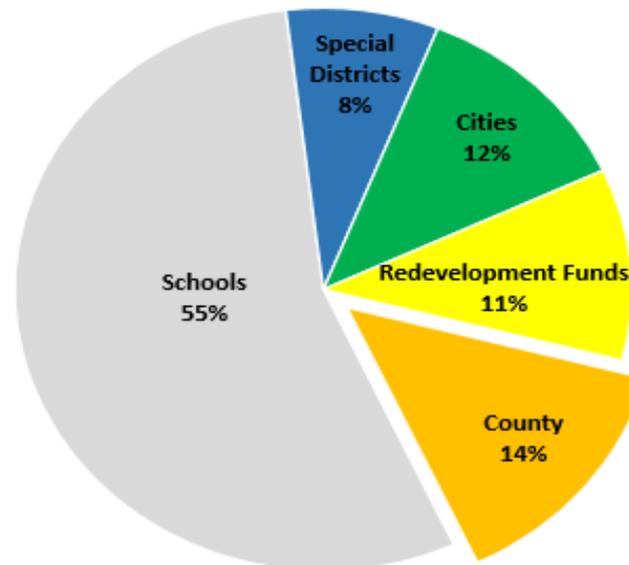
Non-Mandated Services

General Purpose Revenues

Orange County



State Average



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

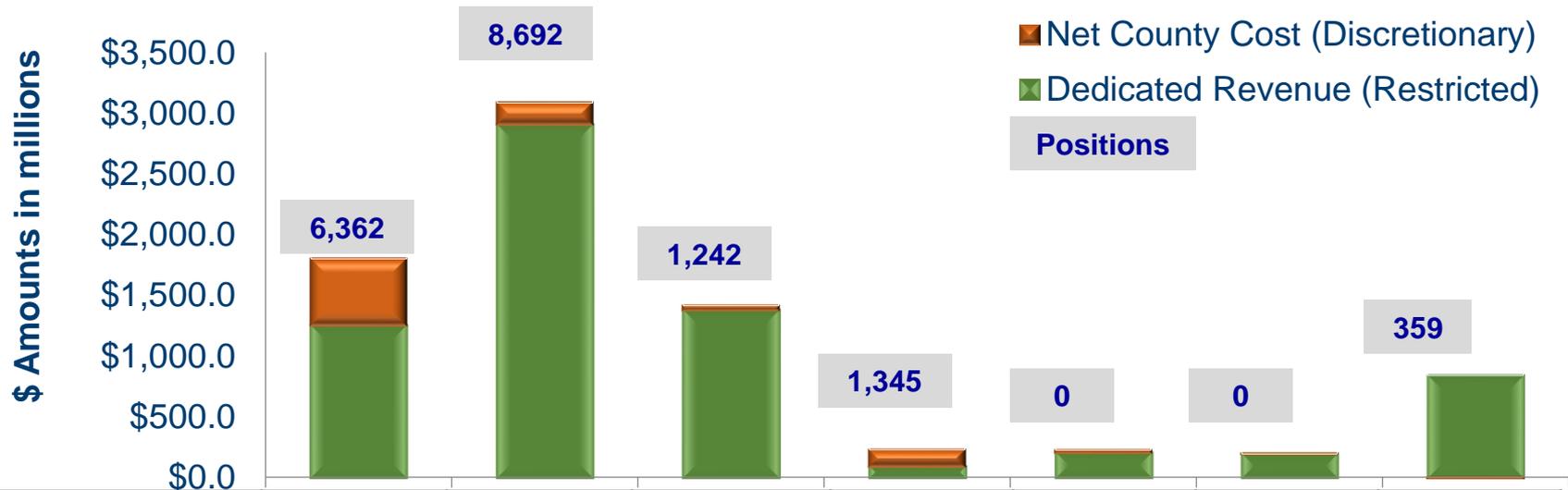


Assembly Bill 8 (1979) set the property tax allocation formula for each California County. Since that time the County's population has nearly doubled from 1.8 million to 3.2 million with no change to the County's property tax allocation proportion.



County Appropriations & Positions by Program

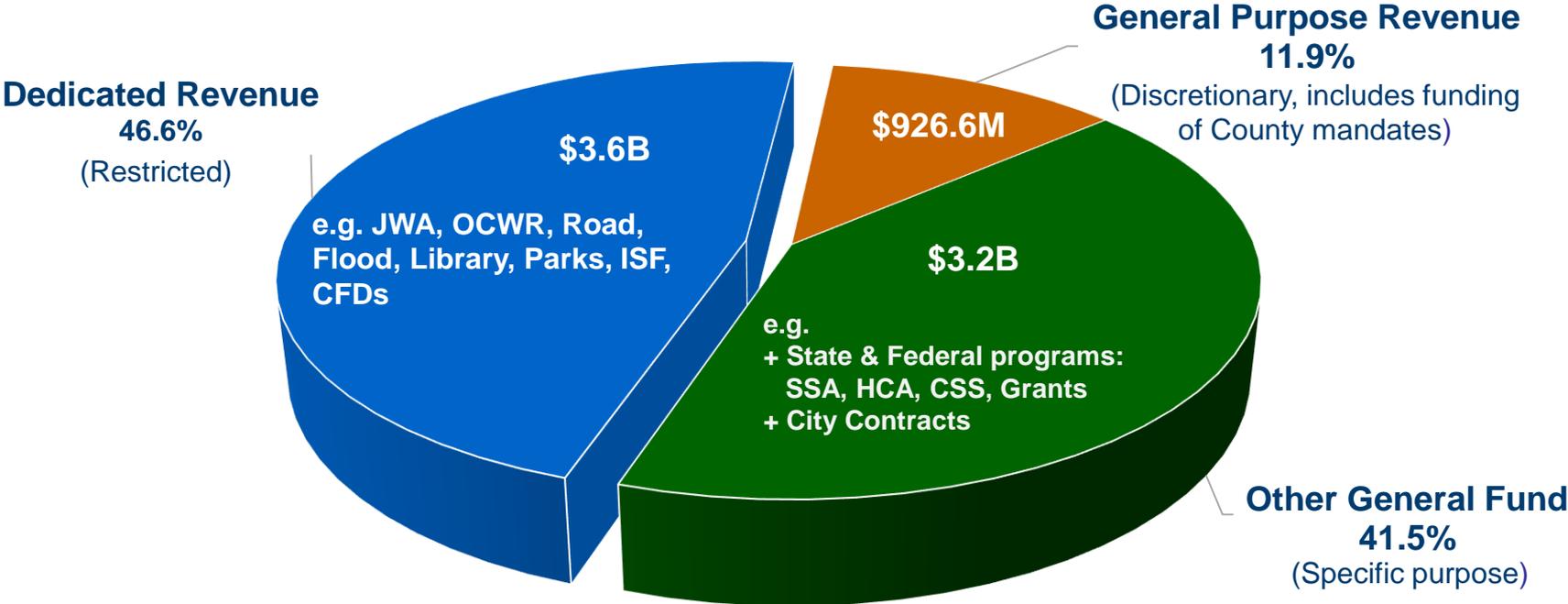
FY 2021-22 Adopted Budget Total = \$7.8 Billion



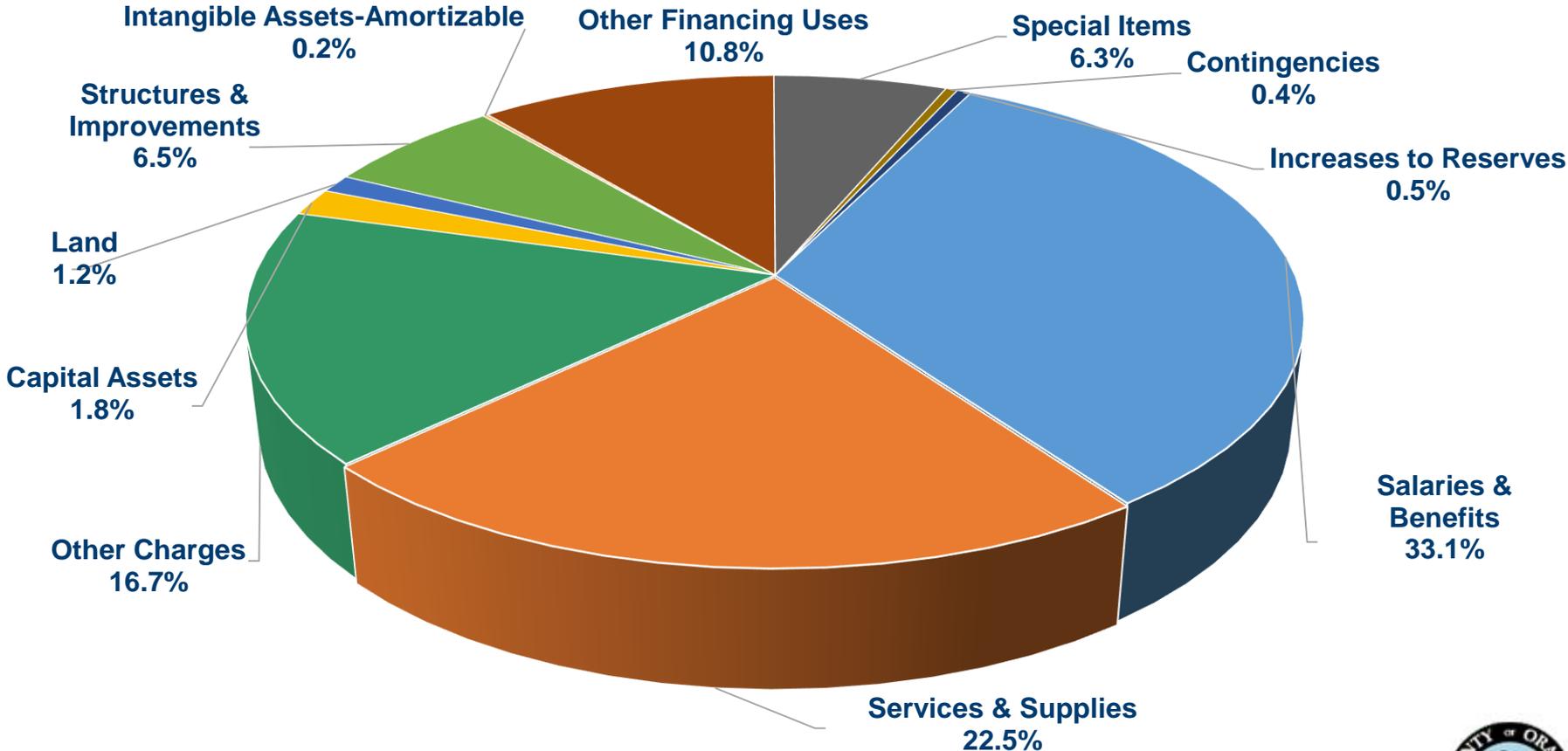
	Public Protection	Community Services	Infrastruct & Env Res	General Govt	Capital Improve	Debt Service	Ins, Res & Misc
Dedicated Revenue (Restricted)	\$ 1,249.4	\$ 2,900.2	\$ 1,376.5	\$ 89.7	\$ 201.9	\$ 193.3	\$ 837.0
NCC (Discretionary)	550.2	182.9	36.3	136.6	22.0	0.1	(3.9)
Total Appropriations	\$ 1,799.6	\$ 3,083.1	\$ 1,412.8	\$ 226.3	\$ 223.9	\$ 193.4	\$ 833.1

County Revenue Budget

FY 2021-22 Adopted Budget Total = \$7.8 Billion



County Appropriations by Expenditure Category FY 2021-22 Adopted Budget Total = \$7.8 Billion



Strategic Priorities

- One of the primary functions of the Strategic Financial Plan 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



OC CARES

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:

- ▶ Established the Be Well Campus (\$37M) and services (\$13M annually)
- ▶ Enhancing In-Custody Behavioral Health treatments by modifying the triage area at intake (\$700K)
- ▶ Modifying jail facilities to provide hospital level care and step-down care for males and females (70% completed – \$3.3M) and increasing the Correctional Health staff to meet identified needs (\$43M annually)

→ FY 2021-22 Budget includes:

- ▶ Intake Release Center Facility Modifications (\$10M)
- ▶ Reentry Center (\$8M)
- ▶ System Of Care Data Integration System (\$8M)
- ▶ Final 37 of the 170 positions identified for Correctional Health Services (\$4.6M, \$43M annually)



Homelessness

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

➔ Example of Resources/Shelters include:

- ▶ Bridges at Kraemer Place
- ▶ Cold Weather Emergency Shelter – Santa Ana
- ▶ Yale Navigation Center
- ▶ Placentia Veterans’ Village
- ▶ Behavioral Health Treatment

FY 2020 - 2021 MODIFIED BUDGET ¹			FY 2021-22 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
224,522,731	1,048,956,898	1,273,479,629	115,827,256	985,917,609	1,101,744,865

- ▶ Additional information on available resources can be found on the County’s website <https://www.ochealthinfo.com/about-hca/directors-office/office-care-coordination>



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 495 affordable and supportive housing units were completed/built
- As of June 2021, 620 units are under construction or closing on their construction loan and 1,118 units are in progress of funding
- A total of 2,109 units are in the current pipeline



COVID-19 Overview

- Federal Emergency Management Agency (FEMA) funding for certain COVID-19-related expenses, including most vaccination-related costs
- 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)



OVERVIEW

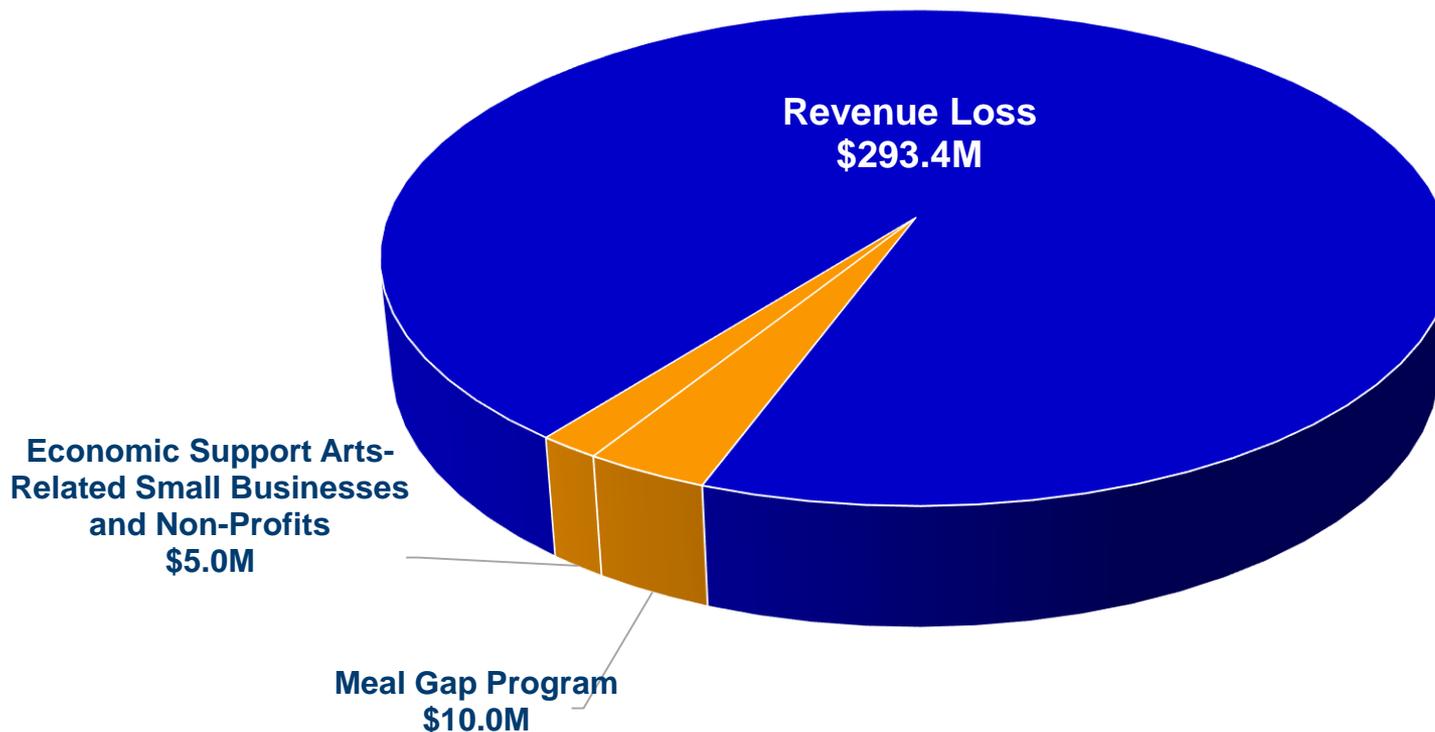
- American Rescue Plan Act signed into law on March 11, 2021
- County of Orange scheduled to receive \$616.8M in two tranches:
 - First Tranche: \$308.4M received May 21st
 - Second Tranche: \$308.4M not earlier than 12 months after First Tranche
- Funding eligibility period: March 3, 2021 through December 31, 2024
 - Obligated by December 31, 2024
 - Spent by December 31, 2026
- Expenditure Categories:
 - Public Health
 - Negative Economic Impacts
 - Services to Disproportionately Impacted Communities
 - Premium Pay
 - Infrastructure
 - Revenue Replacement
 - Administrative and Other
- Additional ARPA information is available on the County's website <https://cfo.ocgov.com/resources/arpacares-act-reports>

American Rescue Plan Act (ARPA)

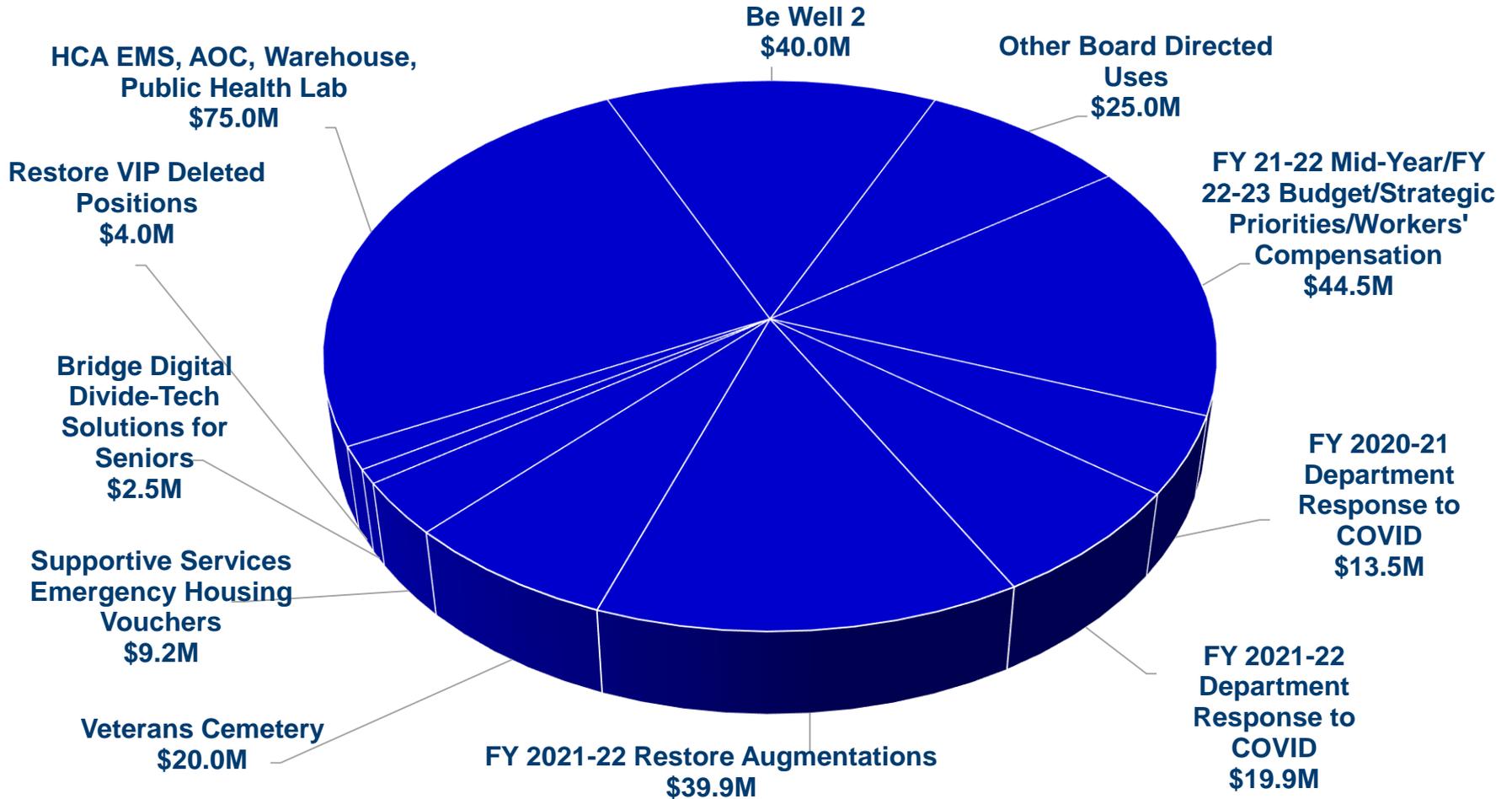
1st Tranche = \$308,420,471

Year 1 Calculated Revenue Loss = \$314,565,675

Use of 1st Tranche Funds



Use of \$293.4M Revenue Loss Funds



New Orange County Emergency Medical Services Operating Facility



New Orange County Emergency Medical Services Operating Facility

- The new facility is essential to prepare the County for future health emergencies and meets the following requirements:
 - ▶ Public Health Lab
 - ▶ Emergency Medical Services
 - ▶ Administration
 - ▶ Increased Warehouse Space

Be Well 2



Be Well 2

- The second wellness campus will be on a 22-acre portion of the County's property located near the former Marine Corps Air Station El Toro in South Orange County
- Expand the County's ability to provide mental health and substance use services to treat both adults and youth
- Assist individuals in their personal growth and development, and in minimizing the stigma associated with their mental health conditions
- Activities are designed to encourage and empower individuals and offer a pathway for full integration back into the community

Veterans Cemetery



Next Steps

- American Rescue Plan Act:
 - ▶ Public Input Available on the County's ARPA/CARES Act Reports website by October 22, 2021

- 2021 Strategic Financial Plan:
 - ▶ Receive and File – December 14, 2021
 - ▶ Public Input Available during Board of Supervisors Meetings

- FY 2022-23 Budget:
 - ▶ Department Budget Submittal – March 1, 2022
 - ▶ Public Budget Hearings – June 14 & 15, 2022
 - ▶ Public Input Available during Board of Supervisors Meetings



Questions?

Thank You

