

# County of Orange



## 2008 Strategic Financial Plan



# County of Orange

## Opening Remarks

Thomas Mauk



# Agenda – December 16, 2008

- Financial Overview
- Sources & Uses – The Bottom Line
- Augmentations & Strategic Priorities Overview
- Budget Reduction Measures
- Next Steps



# Budget Headlines

**Riverside County's CEO calls for deep cuts of 25 percent over 4 years**

**Contra Costa County cuts deeper into budget**

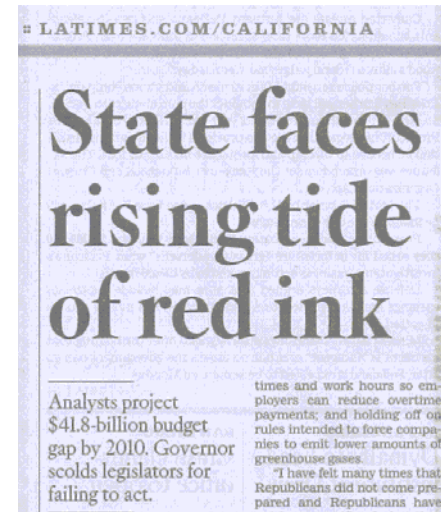
**Fresno County OKs nursing cutbacks**

Santa Clara County supervisors vote  
to slice \$17.1 million off 2009 budget

**Shasta County looks into further cuts for budget**

**L.A. County faces fiscal tightening**

**Kern supervisors tighten budget,  
extend hiring freeze**



# Current Economic Realities

- Unemployment dramatically increases
- Housing slump intensifies
- Retail Sales declines
- US Auto industry in trouble
- Financial Markets in turmoil
- State Budget “truly awful”
- Worldwide recession
- Etc.



# Budget Realities – Orange County

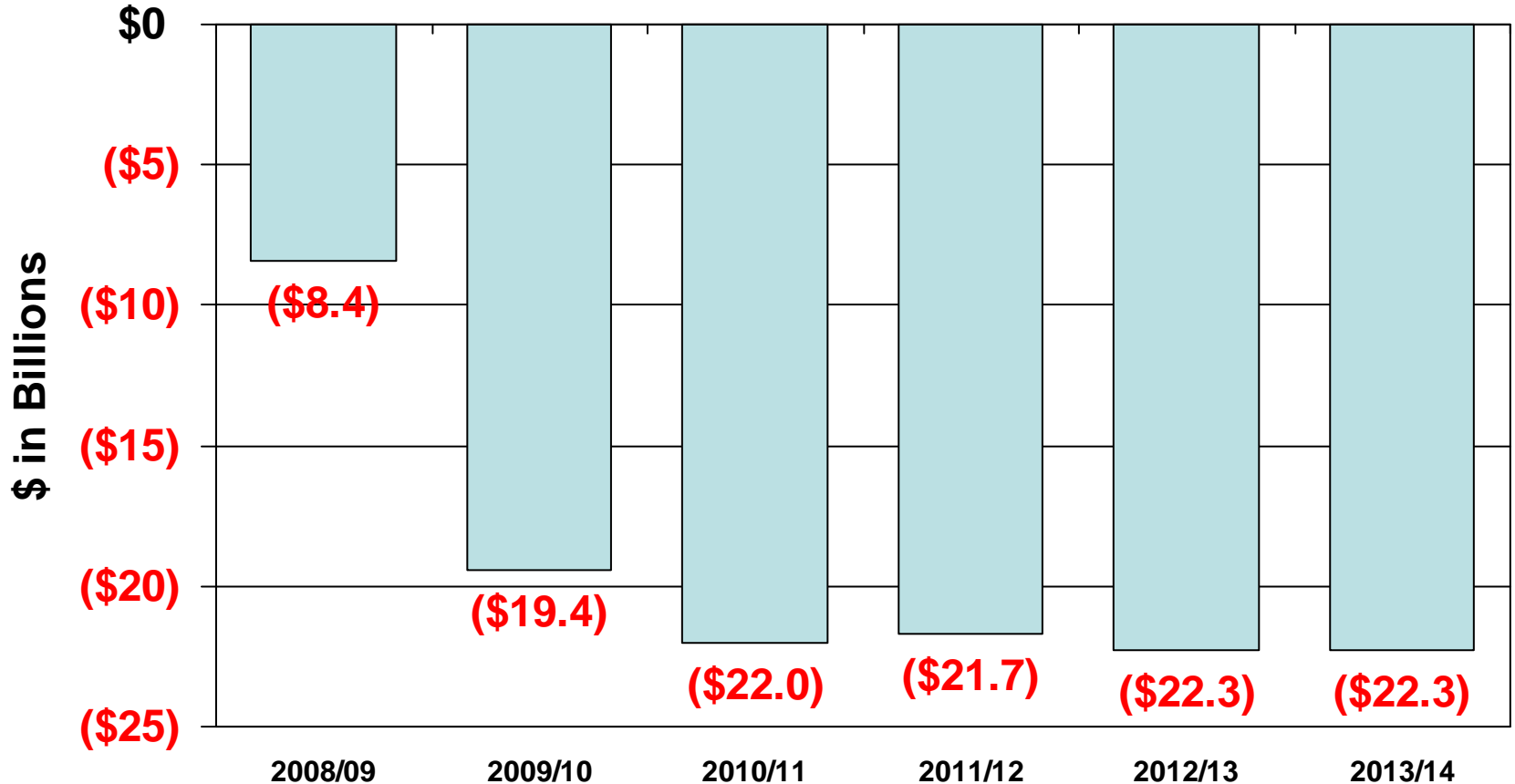
(“Risks” related to the SFP)

- Economic Recession – The negative impact may be greater than projected
- State Programs run by the County – Reductions from the State are expected but the magnitude is unknown
- Budget Savings (FBA) – May be less than the \$50 million projected this year
- General Fund Reserves - Expected to decrease over 11% in FY 2008/09



# Projected State Budget Shortfalls

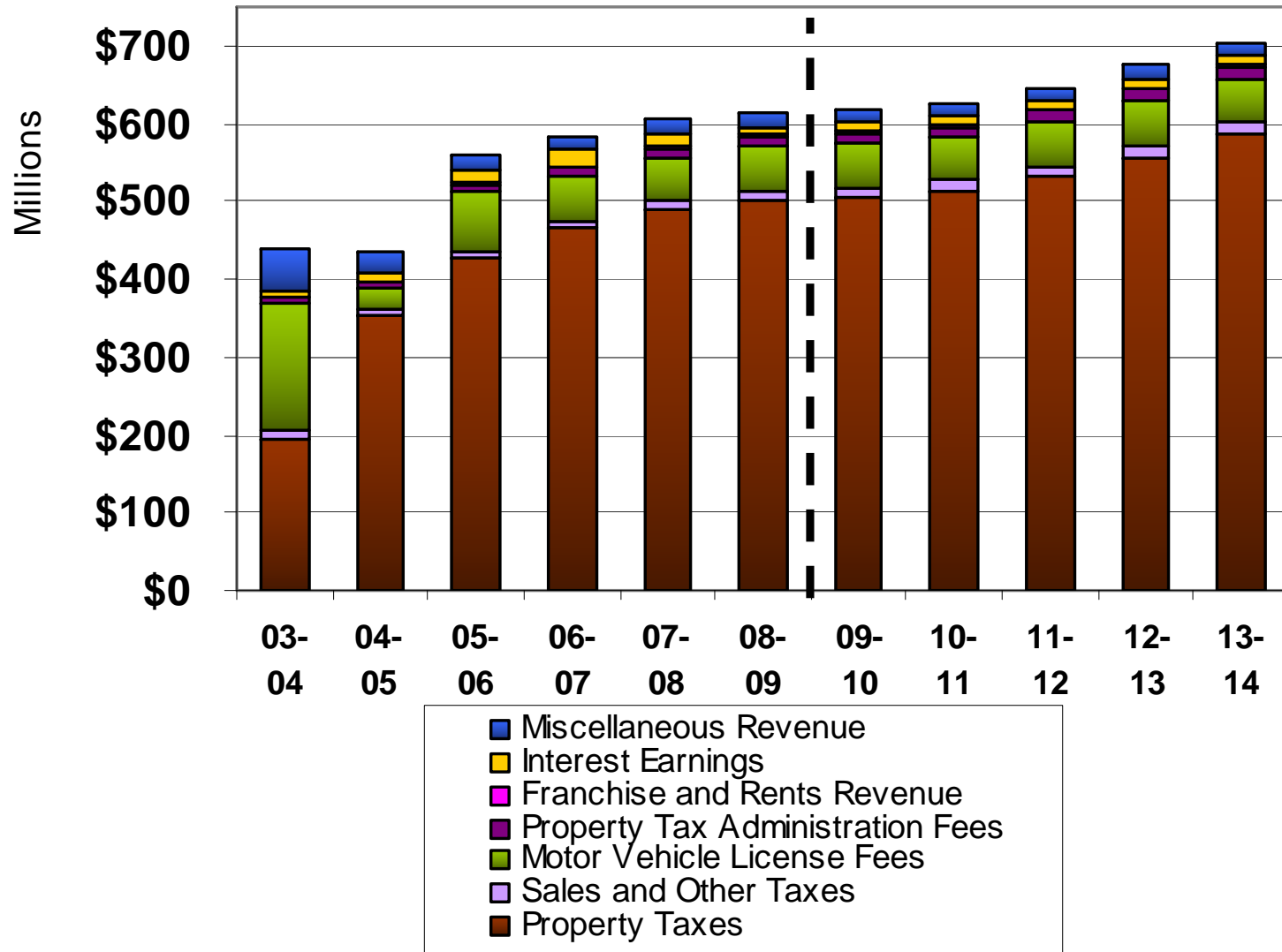
Source: Legislative Analyst's Office, 12/8/08\*



\* Governor now projects \$41.8B deficit through FY 2009/10

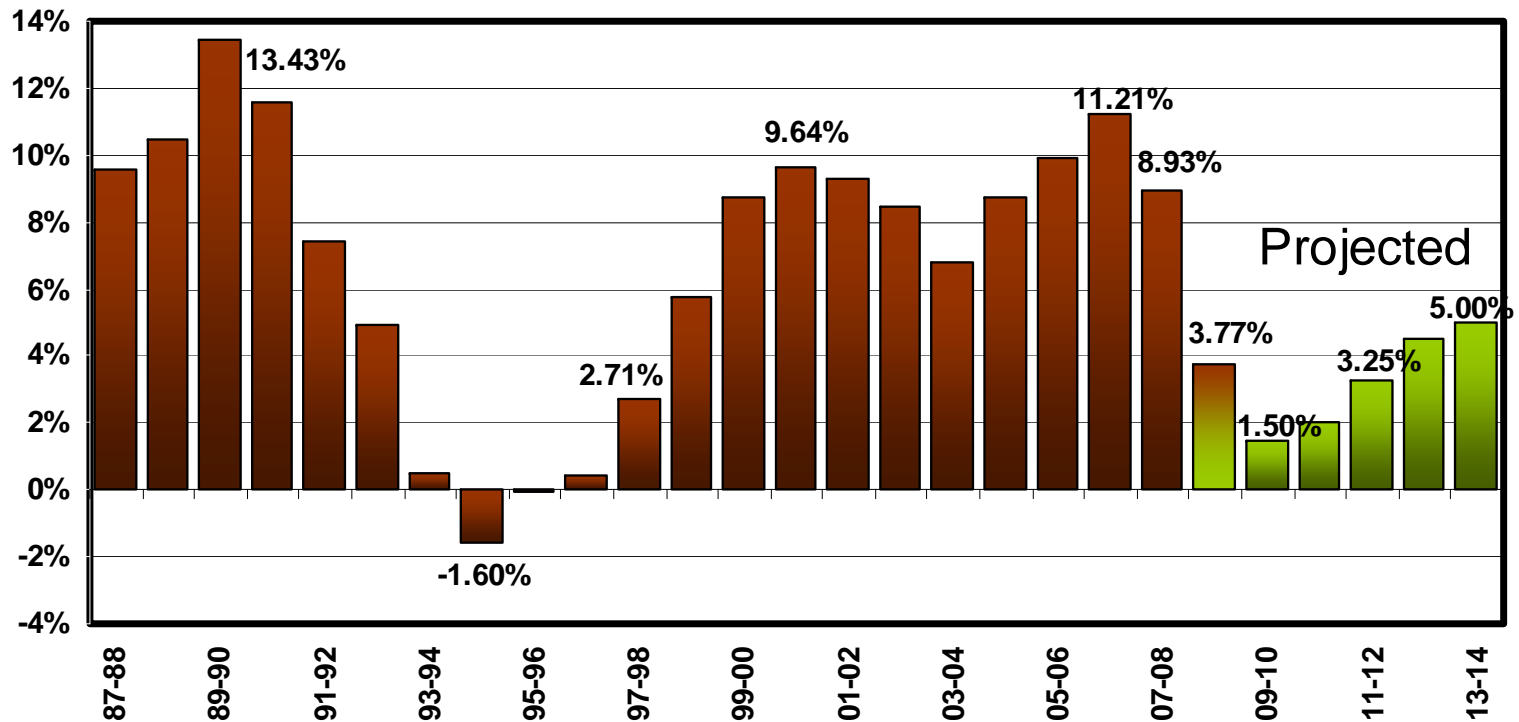


# General Purpose Revenue

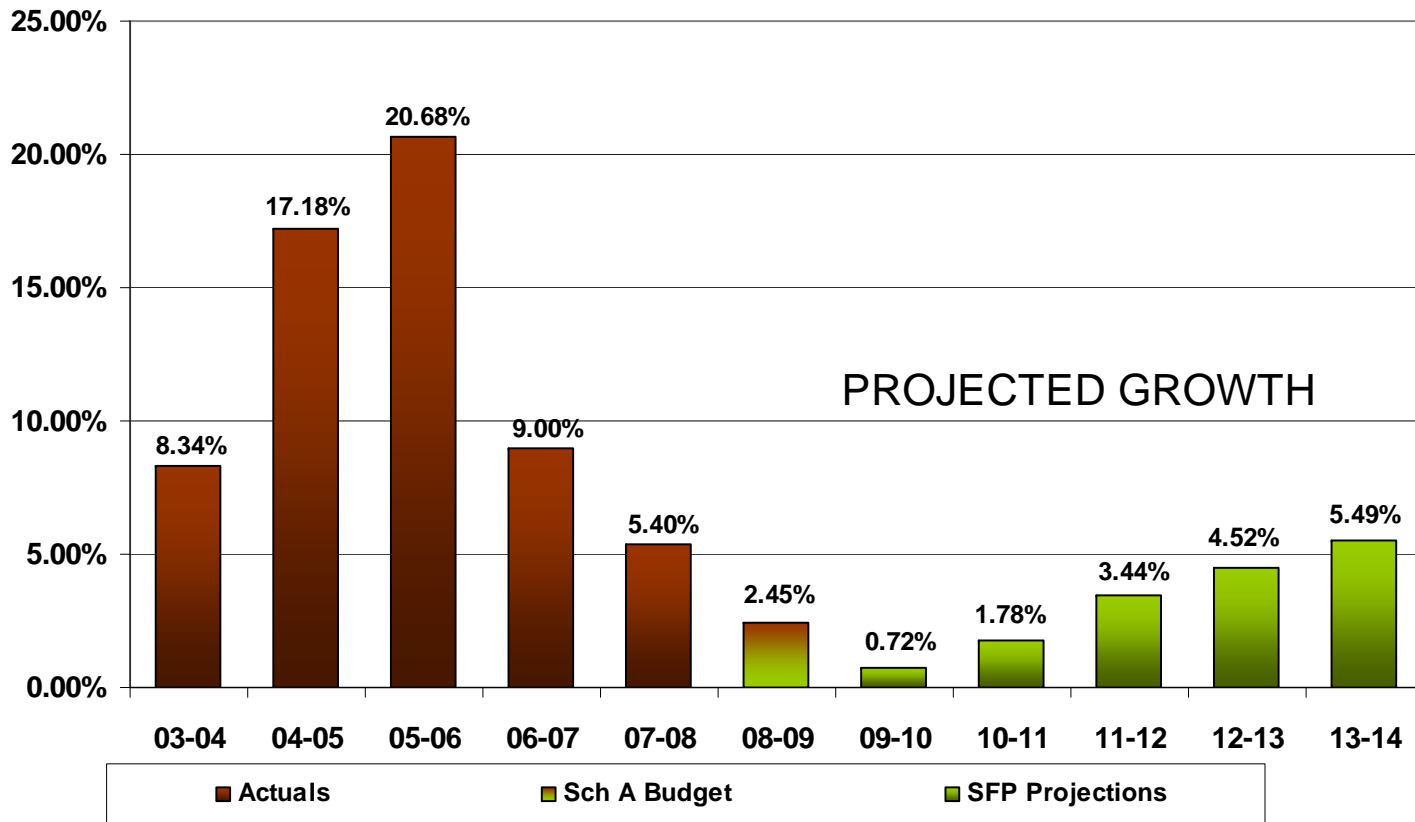




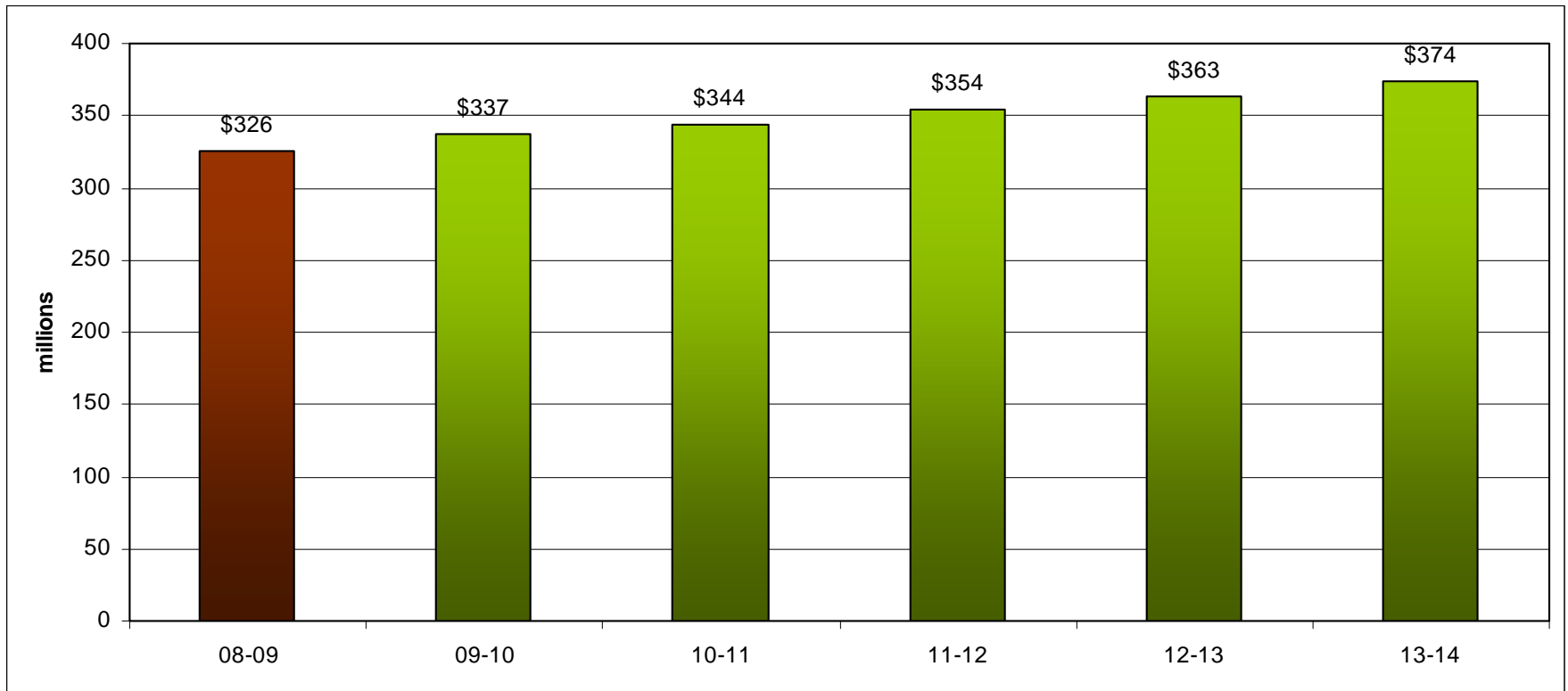
# % Change OC Secured Assessment Roll



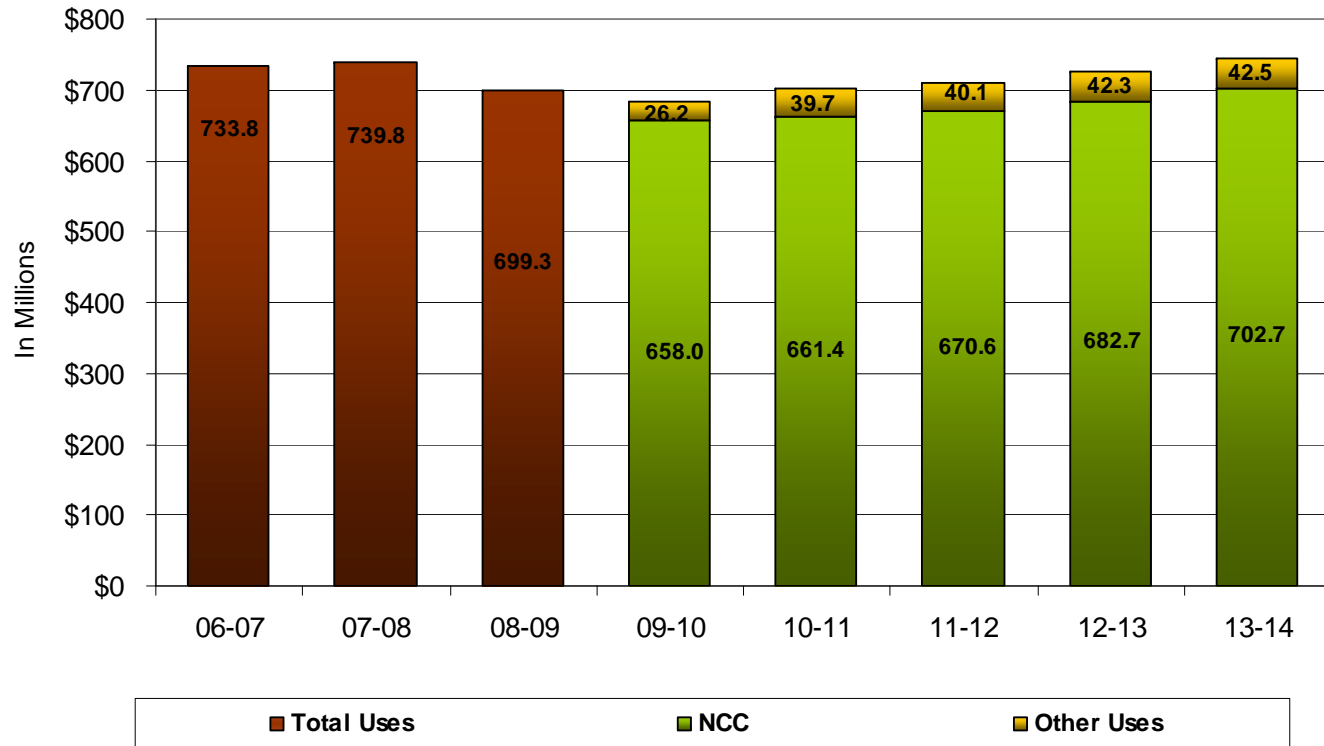
# Property Tax Revenue Growth



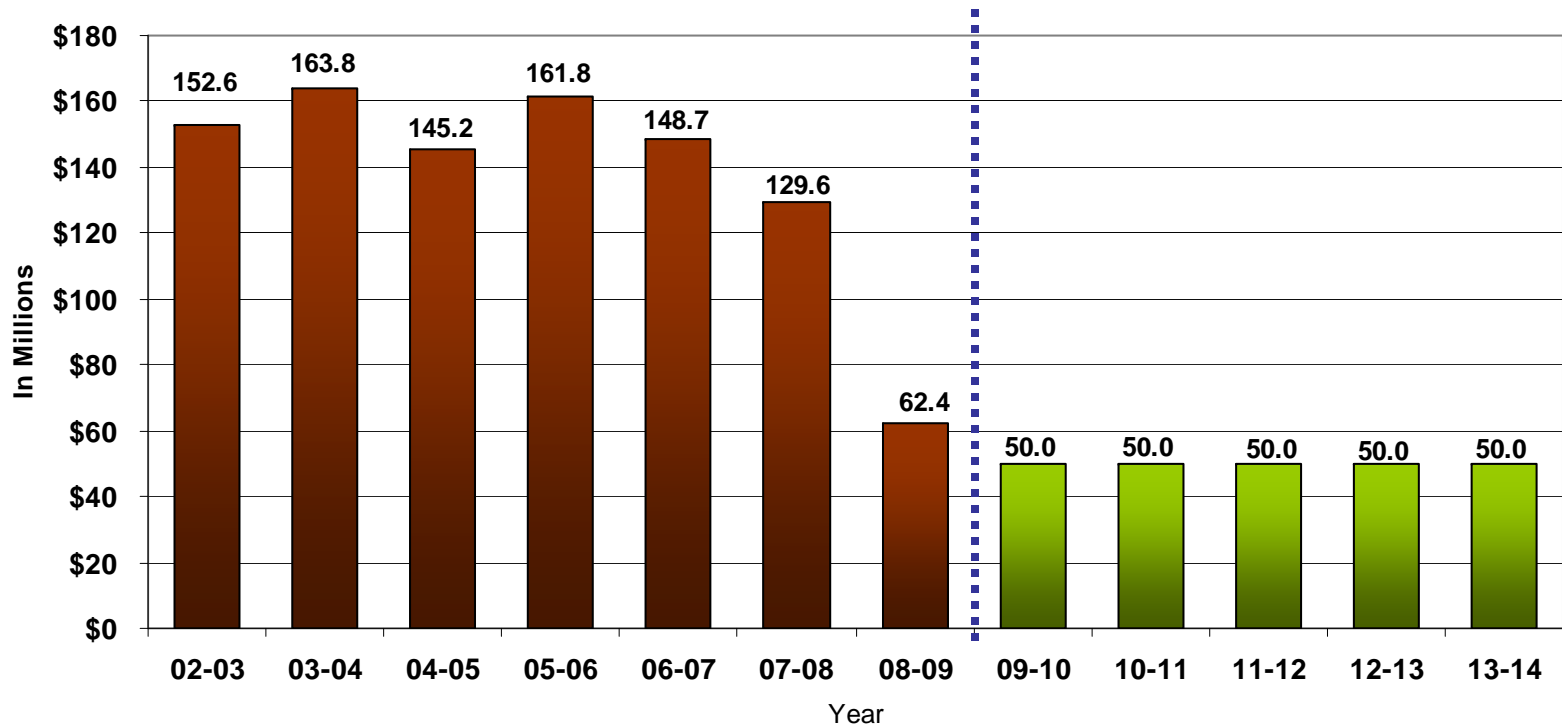
# Retirement Cost Projections



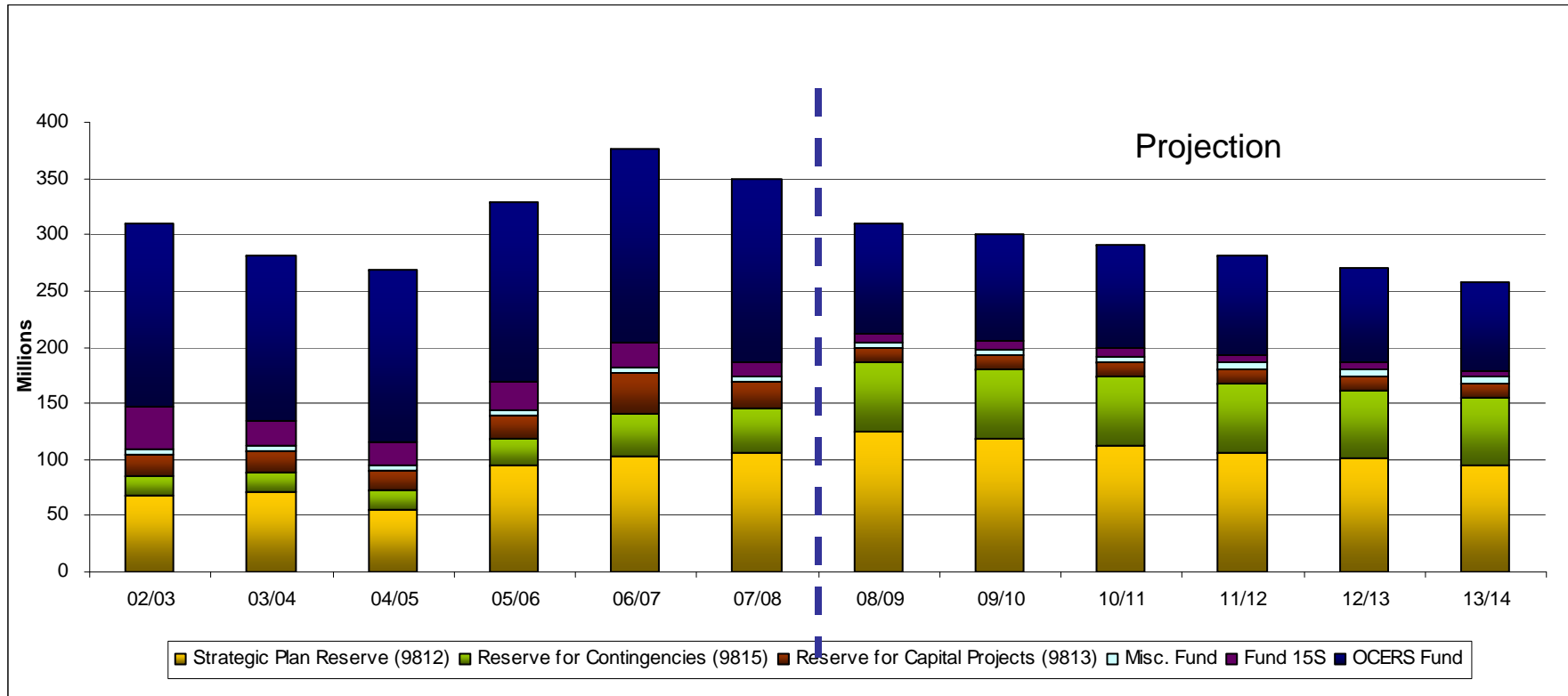
# Forecasted General Fund Spending



# Fund Balance Available (Prior Year Budget Savings)



# Reserves Available to General Fund



# County of Orange

SOURCES & USES

FRANK KIM



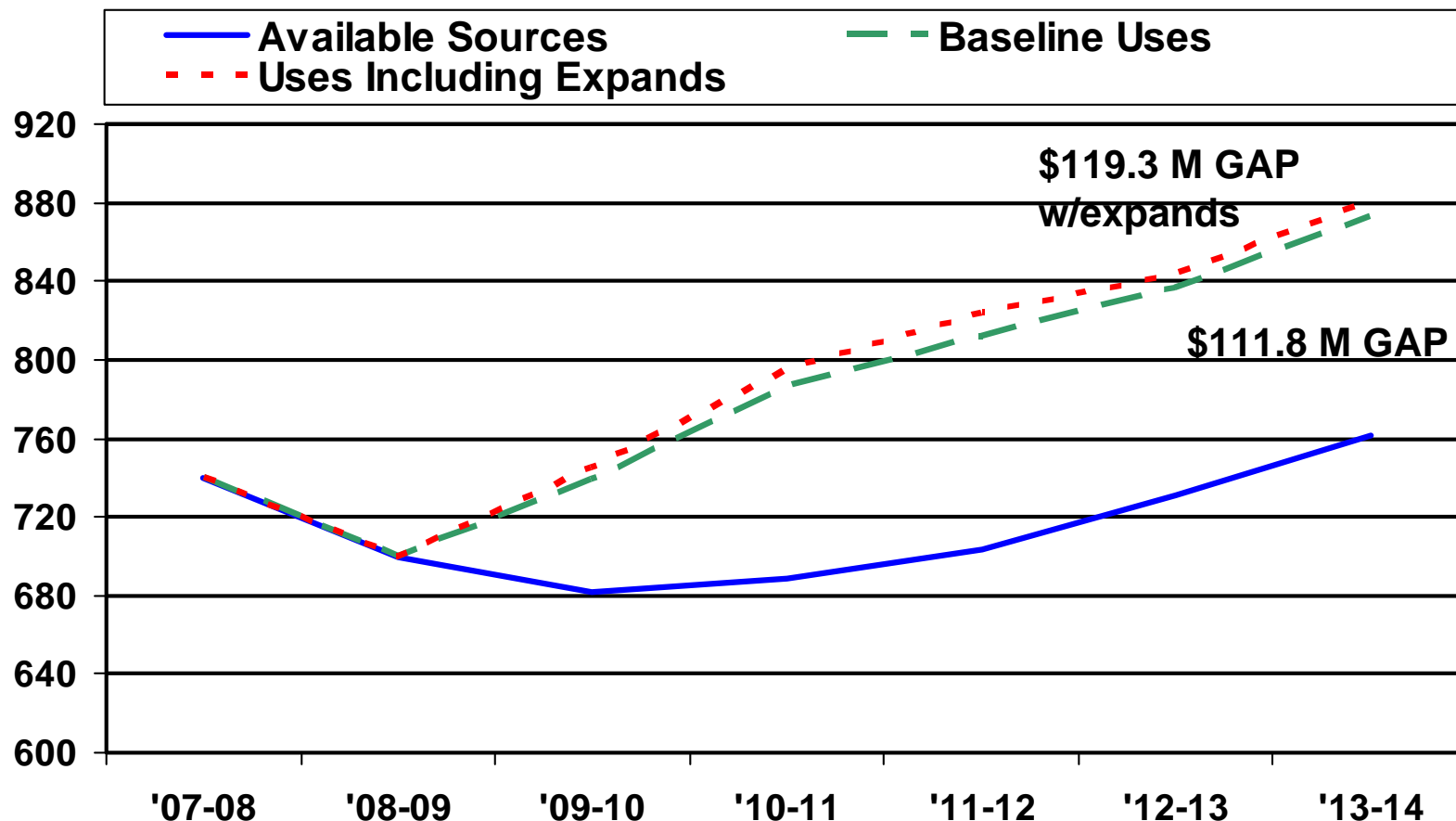
# Sources and Uses

- Net County Cost (NCC) Limits
- Restoration augmentations
- Strategic Priorities
- Approval of 1<sup>st</sup> QBR Items





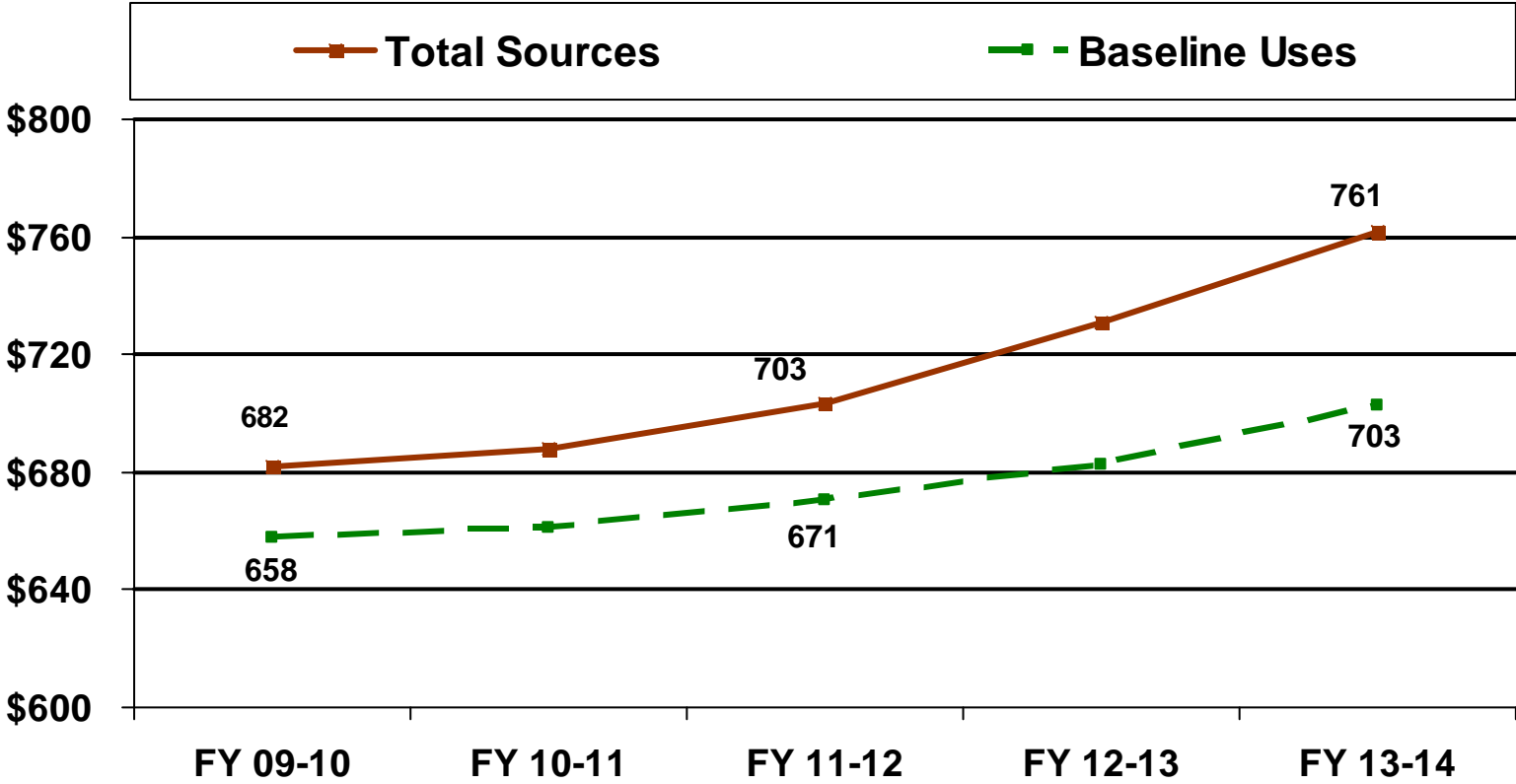
# Five Year Forecast



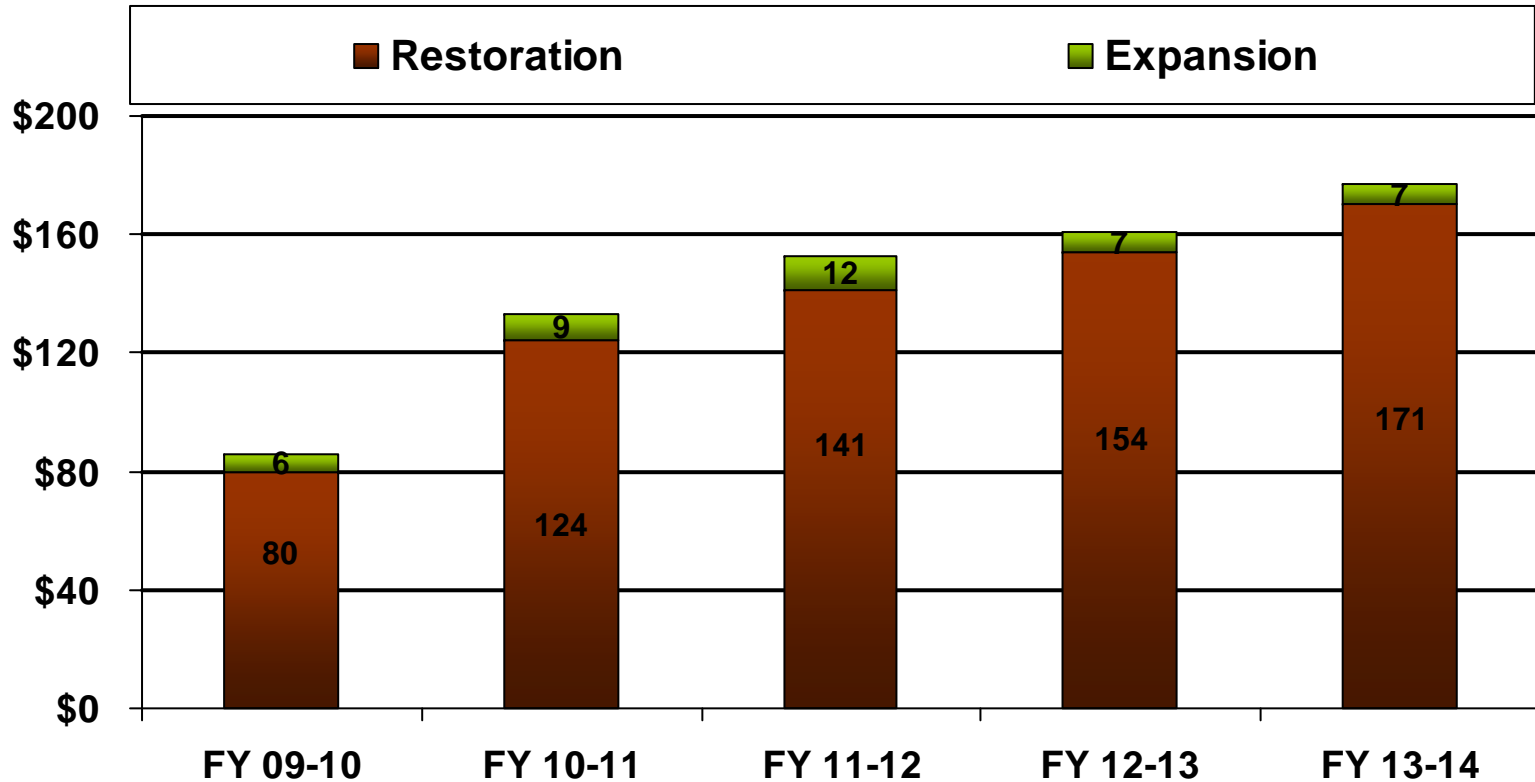
**Cumulative 5-Year Gap \$479.2 M (w/o expands)**



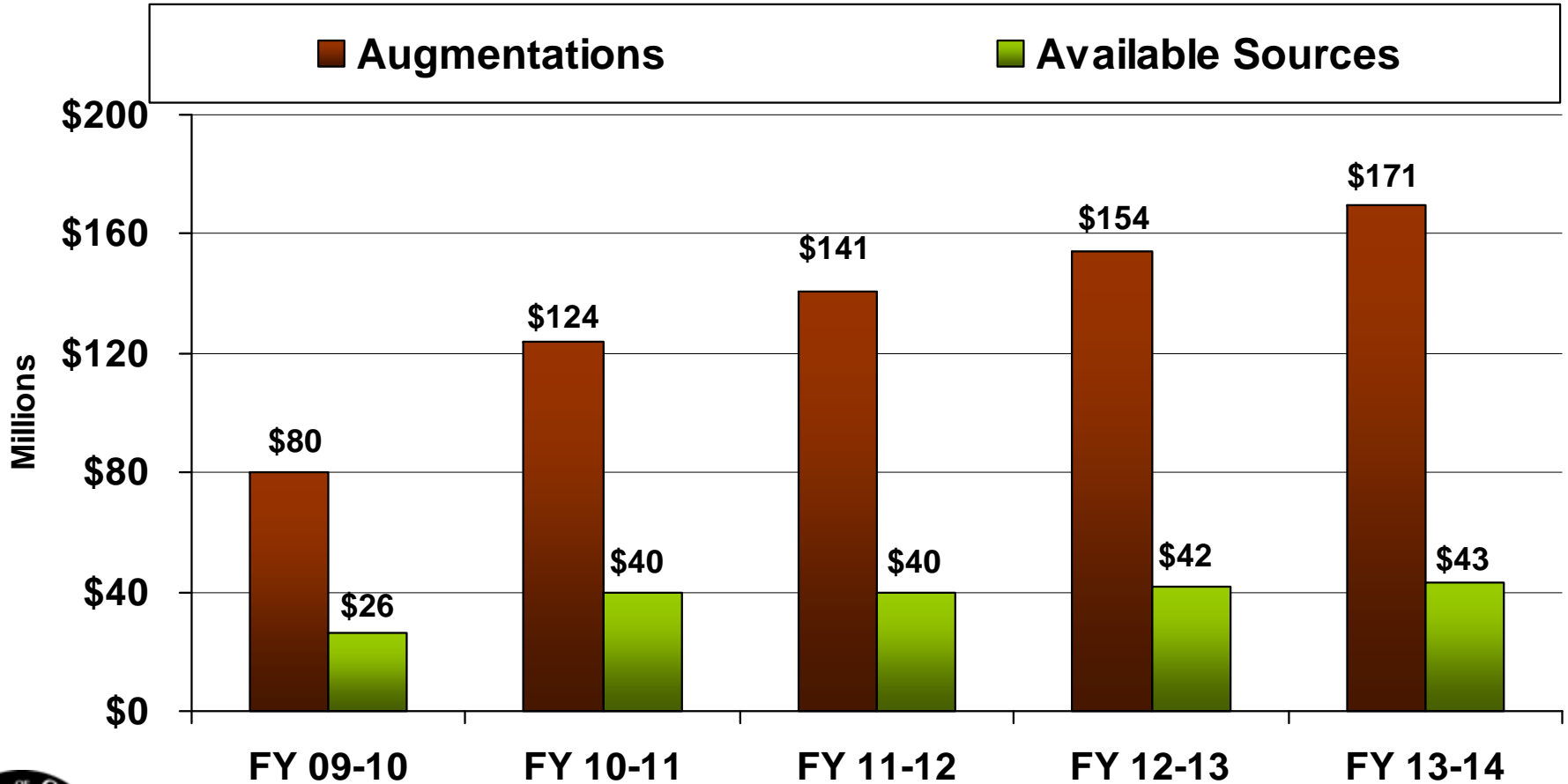
# Baseline Sources and Uses



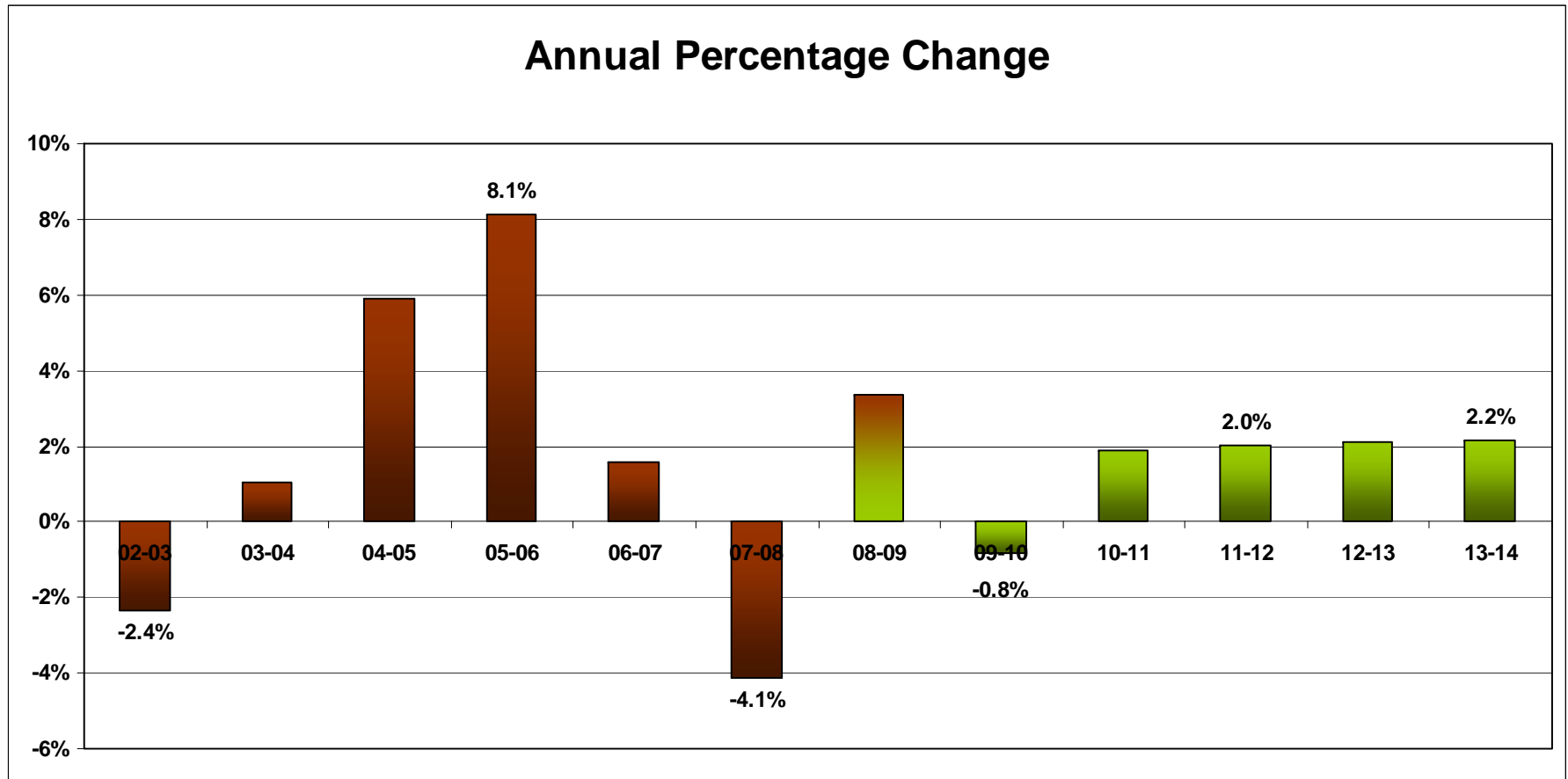
# Augmentation Requests



# Available Sources of Funding



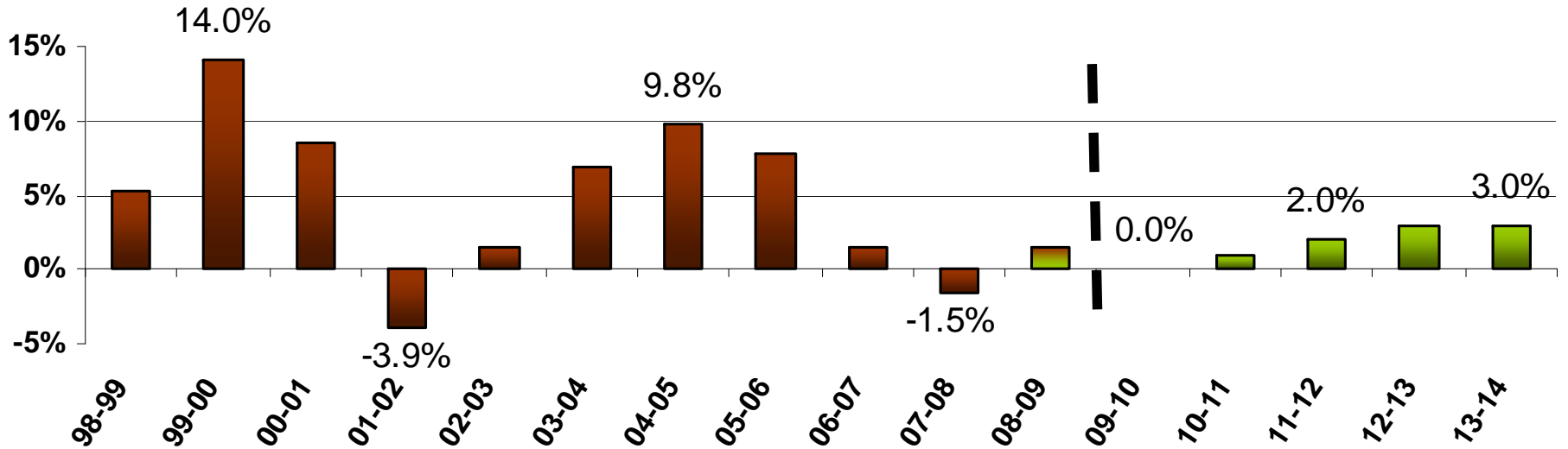
# Realignment Revenue



# Public Safety Sales Tax

## Proposition 172 Revenue

Annual Percentage Change



# County of Orange

## Augmentations



# Augmentations

- Criteria
  - Mandated vs. Non-Mandated
  - Core vs. Non-Core
  - Match vs. Over-Match
- Top Priority
  - Public Safety
  - Health
  - Cost Avoidance





# Significant Restoration Requests

- Sheriff-Coroner – \$236.7M & 367 positions
- District Attorney - \$189.1M & 230 positions
- Probation - \$64.6M & 181 positions
- Public Defender - \$48.3M & 100 positions
- Child Support Services - \$21.0M & 120 positions
- In-Home Supportive Services - \$45.0M
- Aid to Families with Dependent Children - \$30.9M
- Assessor - \$17.4M
- County Counsel - \$4.9M & 4 positions
- OC Public Works - \$3.6M & 7 positions



(Amounts are cumulative over five years)

# County of Orange

## Strategic Priority Overview



# Strategic Priorities

- What is a Strategic Priority?
- Types of Priorities
- Why Consider Strategic Priorities?
- Deferral of Strategic Priorities



# Requested Strategic Priorities

Agency	Strategic Priority Title
047	Civil System, Sheriff's Data System *
055	800 MHz CCCS Upgrade
057	Day Reporting Center
057	Probation: Juvenile Hall - New Facility
060	James A. Musick Facility Expansion
060	Sheriff Facility Maintenance/Repair Plan
060	Loma Ridge Facility Expansion
060	New Substation & Staffing for South Operations
060	Theo Lacy Support Facilities
060	Establish Sheriff HazSWAT Team
060	Computer-Aided Dispatch/Records Mgmt & Mobile System Upgrade
060	Data Storage Expansion

\* Cost offset by external funding



# Requested Strategic Priorities

Agency	Strategic Priority Title
060	Department-wide Document Imaging
060	Emergency Vehicle Operation Course & Training
060	Add 18 positions for John Wayne Airport New Terminal Building *
042	In-Custody Health Services Accreditation
063	Child Welfare Services
063	Service Center for Medi-Cal & Non Assistance
15G	Affordable Housing
059	Archive Remodel *
038	311 Customer Service Center
038	ATS/PTMS Upgrade (Additional Funding)
038	Decision Support System

\* Cost offset by external funding



# Requested Strategic Priorities

(In millions)	Total Requested Cost	Total Requested Revenue	Total Requested NCC	Total Requested Positions (FTE)
FY 09-10	\$95.6	\$38.3	\$57.3	55
FY 10-11	\$49.7	\$31.0	\$18.6	22
FY 11-12	\$264.1	\$18.4	\$245.8	272
FY 12-13	\$40.7	\$18.4	\$22.3	0
FY 13-14	\$64.9	\$19.0	\$45.9	272
<b>10 Yr Total</b>	<b>\$515.0</b>	<b>\$125.1</b>	<b>\$389.9</b>	<b>621</b>

•All fiscal year numbers reflect annual amounts (not cumulative).

•Numbers do not include the cost of the Loma Ridge Facility Expansion, Theo Lacy Support Facilities or Child Welfare Services. Costs for these three priorities are still to be determined.



# Budget Reduction Measures

- *Bridging the Gap*
- *Focusing Resources to Core Functions*
- *Investing in Programs That Work*
- *Forward Looking*



# Budget Reduction Measures

## Current Year Budget

- Zero Net County Cost growth for FY 2008/09 Budget
- Deleted Vacant Positions
- Known State Impacts Adopted into Budget
- Hiring Freeze
- Deferral of Equipment/Fixed Assets Purchases
- Deferral of Capital Project and Information Technology projects





# Budget Reduction Measures

## 1<sup>st</sup> Quarter Budget Report (Nov. 2008)

- 4.5% Reduction approved
- Increase to Reserves approved

## Next Steps

- Planning for Additional 5% Reduction
- Match Expenditures to Revenues
  - State Impacts
  - Potential layoffs
- Begin 2009/10 Budget Review Process



# County of Orange

## Next Steps



# Next Steps

- 2<sup>nd</sup> Quarter to BOS – February 2009
- 3<sup>rd</sup> Quarter to BOS – May 2009
- FY 2009-10 Budget to BOS – June 2009



# County of Orange

Concluding Remarks

Bob Franz

