



County of Orange

2013 Strategic Financial Plan

December 10, 2013

Current Economy Recovering

- Orange County Drivers:

Indicator	%	2013 Trend
Unemployment Rate (Note 1)	6.2%	Positive
Employment (Note 1)	3.3%	Positive
Existing Home Sales (Note 2)	4.2%	Positive
Median Home Price (Note 2)	25.8%	Positive
Taxable Sales (Note 3)	6.3%	Positive

Note 1: Labor Force statistics are as of August 2013

Note 2: Housing statistics are as of August 2013

Note 3: % Change year-over-year as of 2nd Quarter of 2012 per State Board of Equalization

Comparative Employment Statistics

County	Total Labor Force	Number Employed	% Unemployment
Los Angeles County	4,996,600	4,486,400	10.2%
Orange County	1,633,900	1,532,900	6.2%
Riverside County	937,100	835,600	10.8%
San Bernardino County	849,100	764,100	10.0%
San Diego County	1,608,300	1,488,700	7.4%

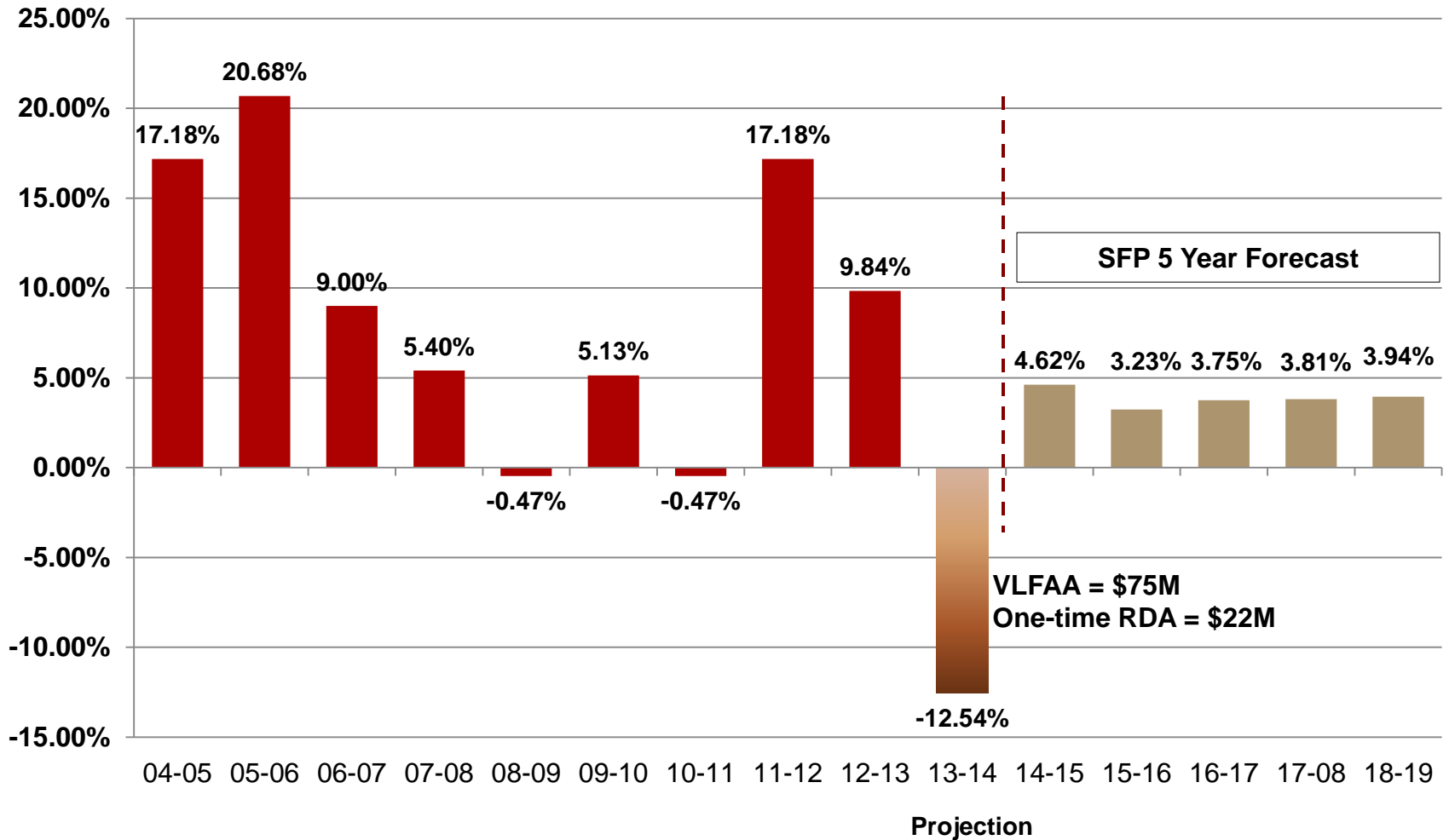
Source: State of California Employment Development Department, August 2013 Preliminary

Comparative Housing Analysis

County	Median Home Price			Unit Sales
	2012	2013	% Change	% Change
Los Angeles County	335,000	429,000	28.10%	1.50%
Orange County	445,000	560,000	25.80%	4.20%
Riverside County	210,000	265,000	26.20%	6.30%
San Bernardino County	168,000	210,250	25.10%	2.50%
San Diego County	345,250	415,000	20.20%	3.0%

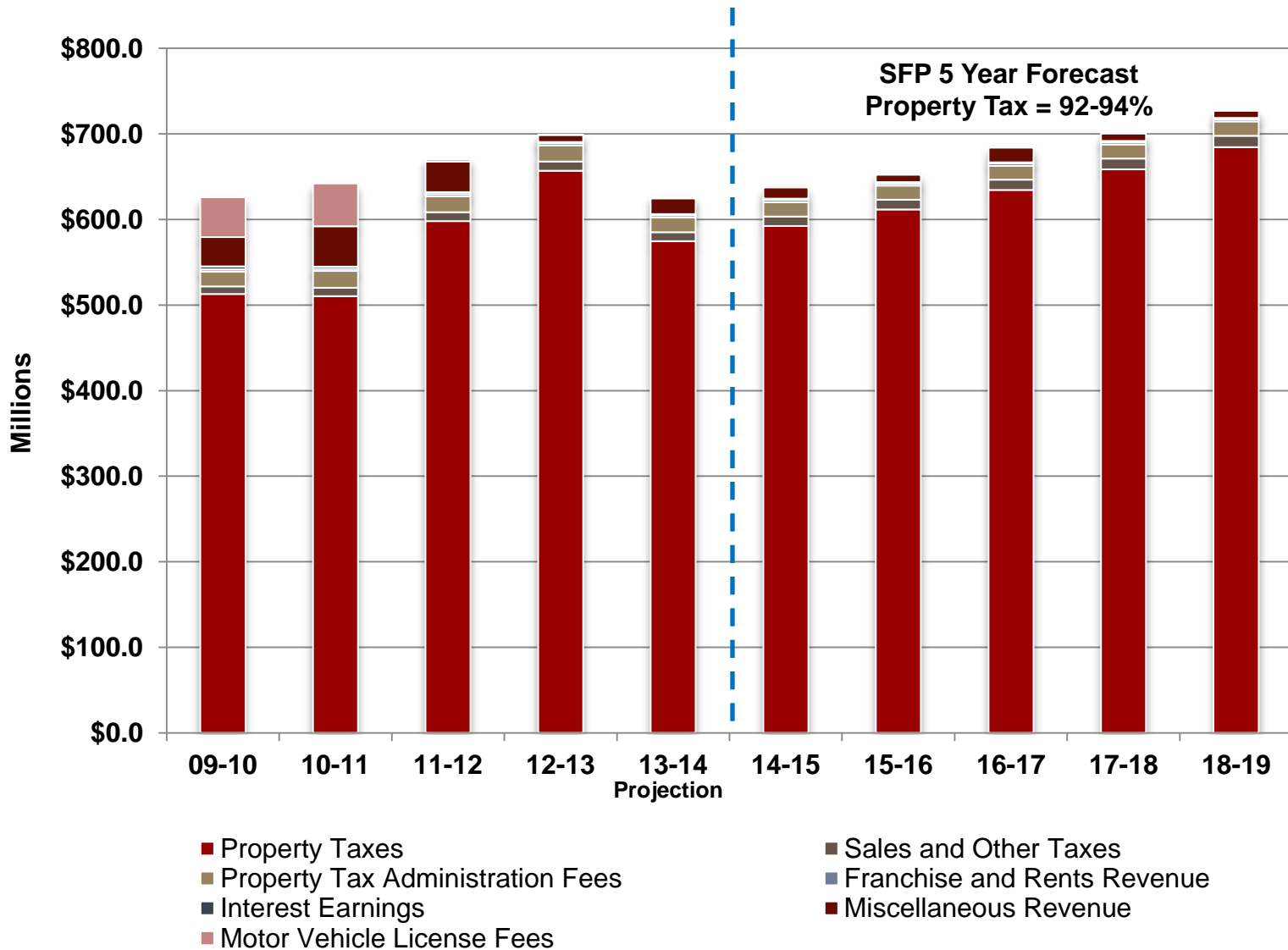
Data Sources: DataQuick (Housing)-Median Home Price as of August 31, 2013

Property Tax Revenue Growth



Projection

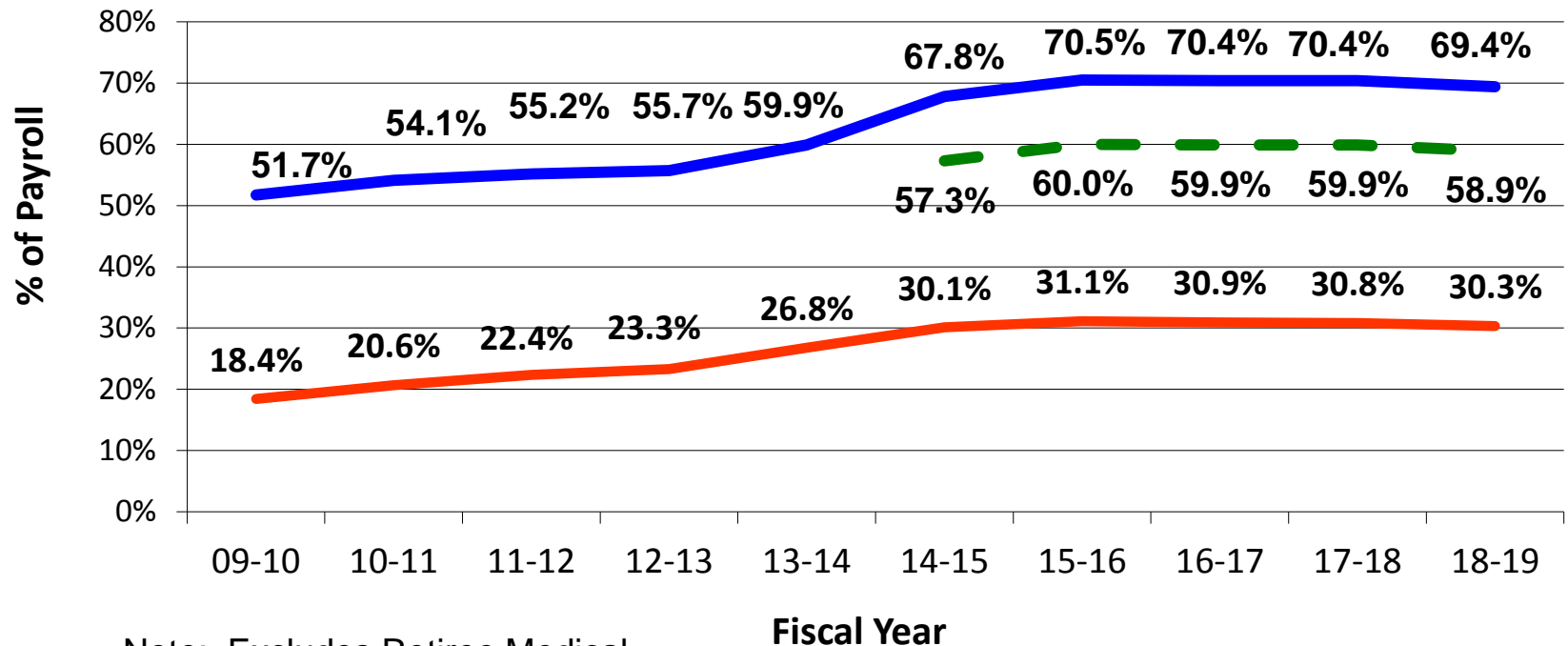
General Purpose Revenue



County Contribution Rates (Tier II)



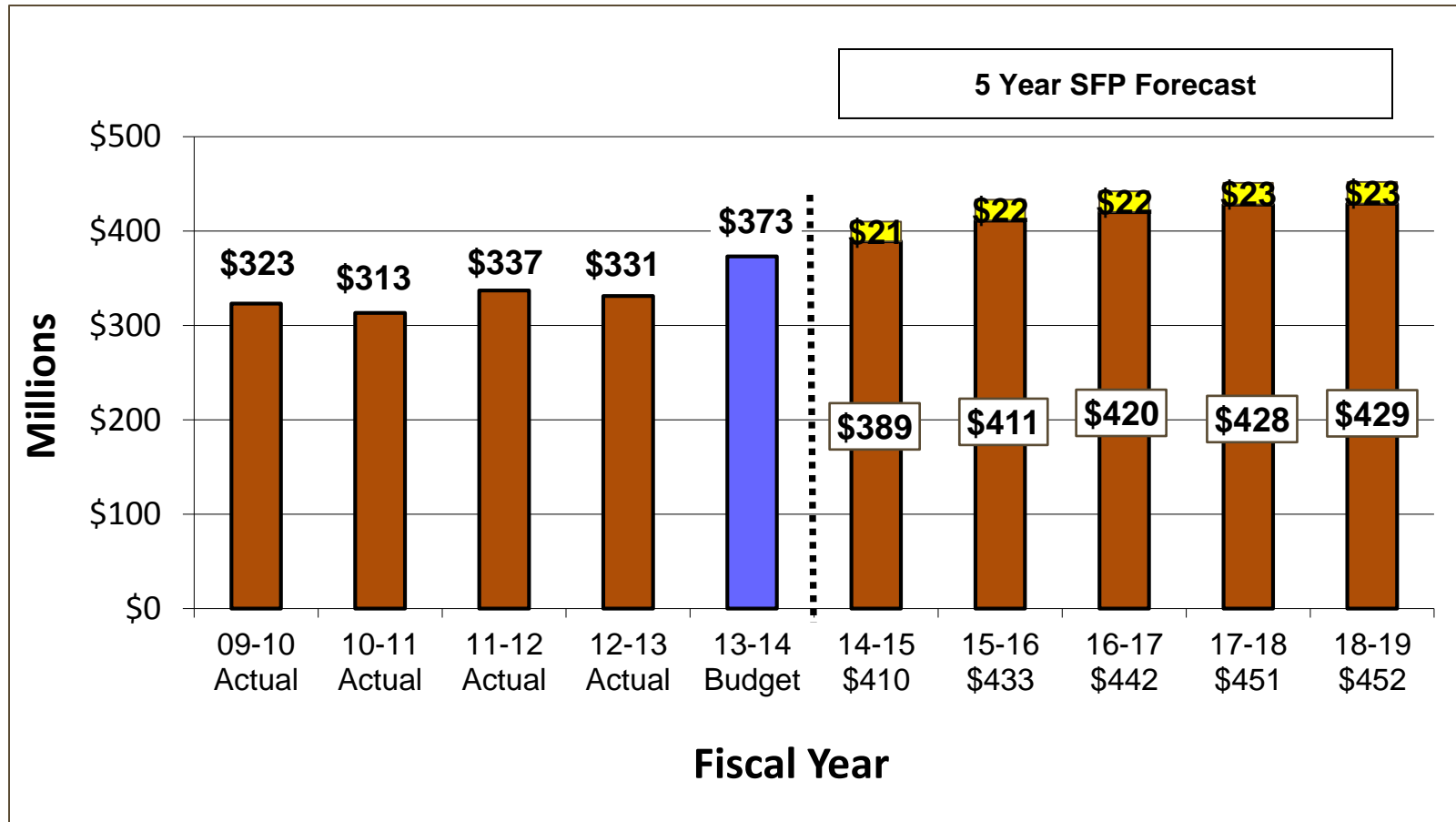
5 Year SFP



Note: Excludes Retiree Medical

**Employer contribution rates with increased employee contribution

Retirement Cost Projections



Note: All years exclude Pension Prepayment. FY 11-12 forward excludes Retiree Medical.

Fund Balance Comparison

(In Thousands)

Total GF Fund Balance as % of Revenue				Credit Rating Standard & Poor's)
Major Metro Counties	General Fund Revenue	General Fund Balance	GF Fund Balance as % of Revenue	
San Diego	\$3,282,205	\$1,487,847	45.3%	AAA
San Bernardino	\$2,151,662	\$549,854	25.6%	AA
Los Angeles	\$13,825,979	\$2,641,951	19.1%	AA
Riverside	\$2,214,419	\$336,598	15.2%	AA
San Francisco City & County	\$3,153,115	\$455,725	14.4%	AA+
Santa Clara	\$1,931,473	\$274,790	14.2%	AA+
Orange	\$2,482,662	\$353,234	14.2%	AA-
Contra Costa	\$1,137,723	\$152,360	13.4%	AA
Sacramento	\$1,923,923	\$205,205	10.7%	A
Orange (FY 2012-13 Period 13)	\$2,864,386	** \$222,524	** 7.8%	

Source: FY 2011-12 CAFR

** June 30, 2013 Fund Balance less \$150M State payback

2013-14 Budget Balancing

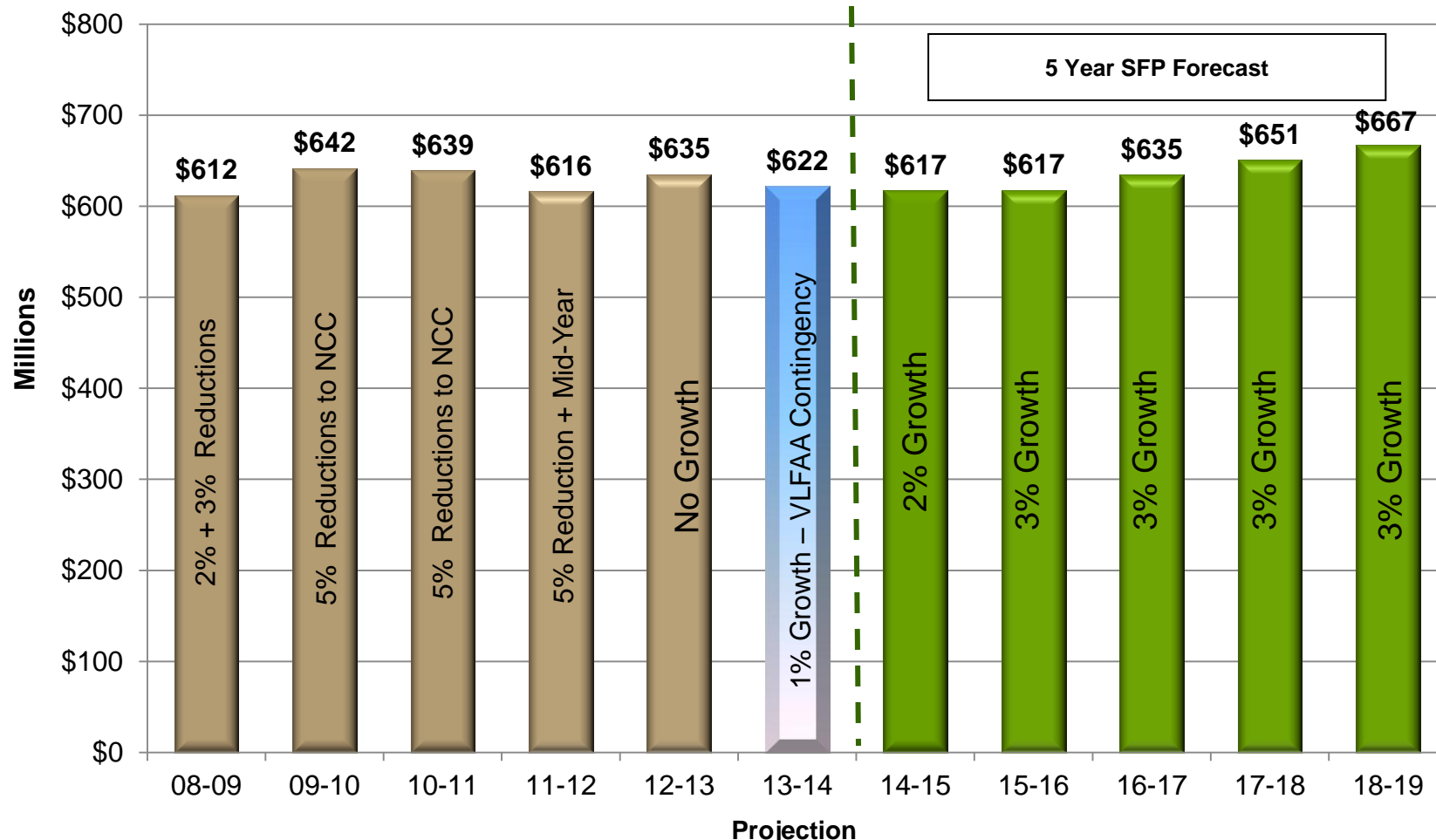
Sources/Adjustments	in Millions
Additional Revenue	
- General Purpose Revenue	\$ 4.3
- Countywide Cost Allocation Plan	1.7
One Time Sources	
- General Fund Reserve Draw	4.1
- Teeter Revenue Draw	14.5
- OCERS Investment Account	10.0
- Tobacco Settlement Revenue (Sheriff NCC Restoration)	1.9
Contingency NCC Reductions	27.0
IT and Capital Projects Cancellations	10.5
Labor Negotiation Savings	2.5
Total	\$ 76.5

Strategic Plan Priorities

December 18, 2012

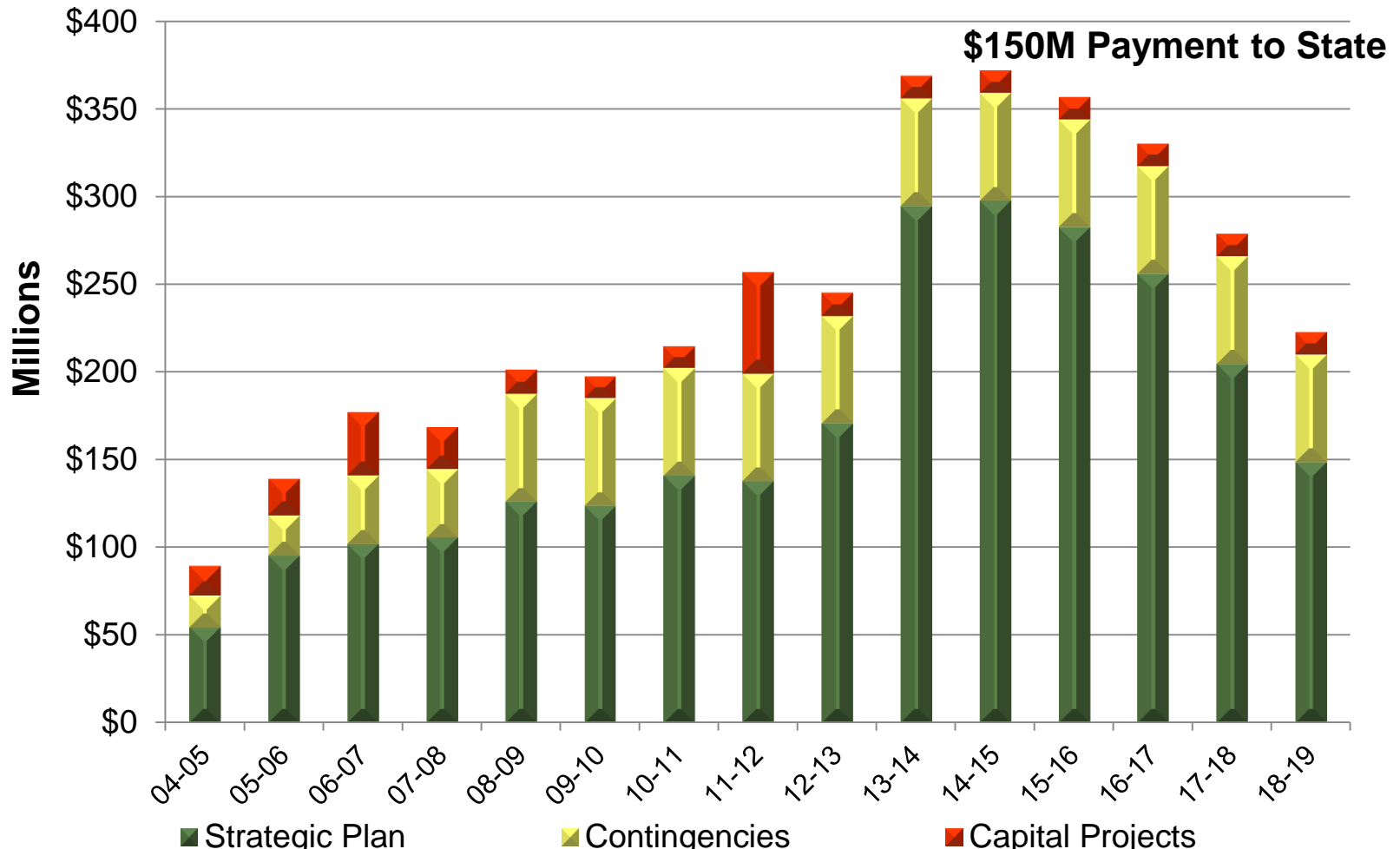
- **Stabilize budget and prepare for contingencies**
- Develop a competent and cost-effective technology model
- Succession plan and invest in workforce development
- Simplify/increase flexibility of administrative policies and procedures
- **Address and fund agency infrastructure**

Forecasted Net County Cost

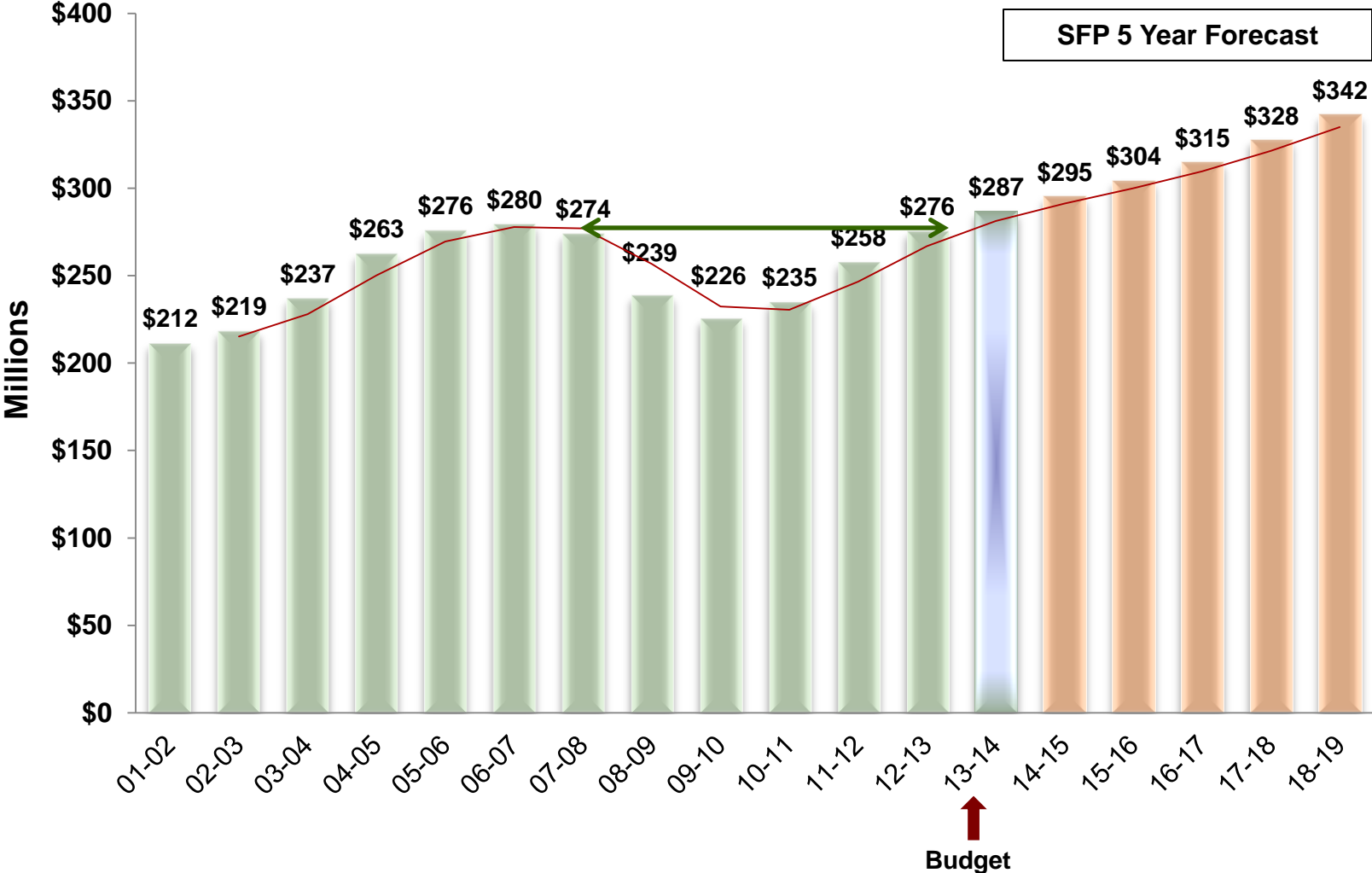


Reserves Available to General Fund

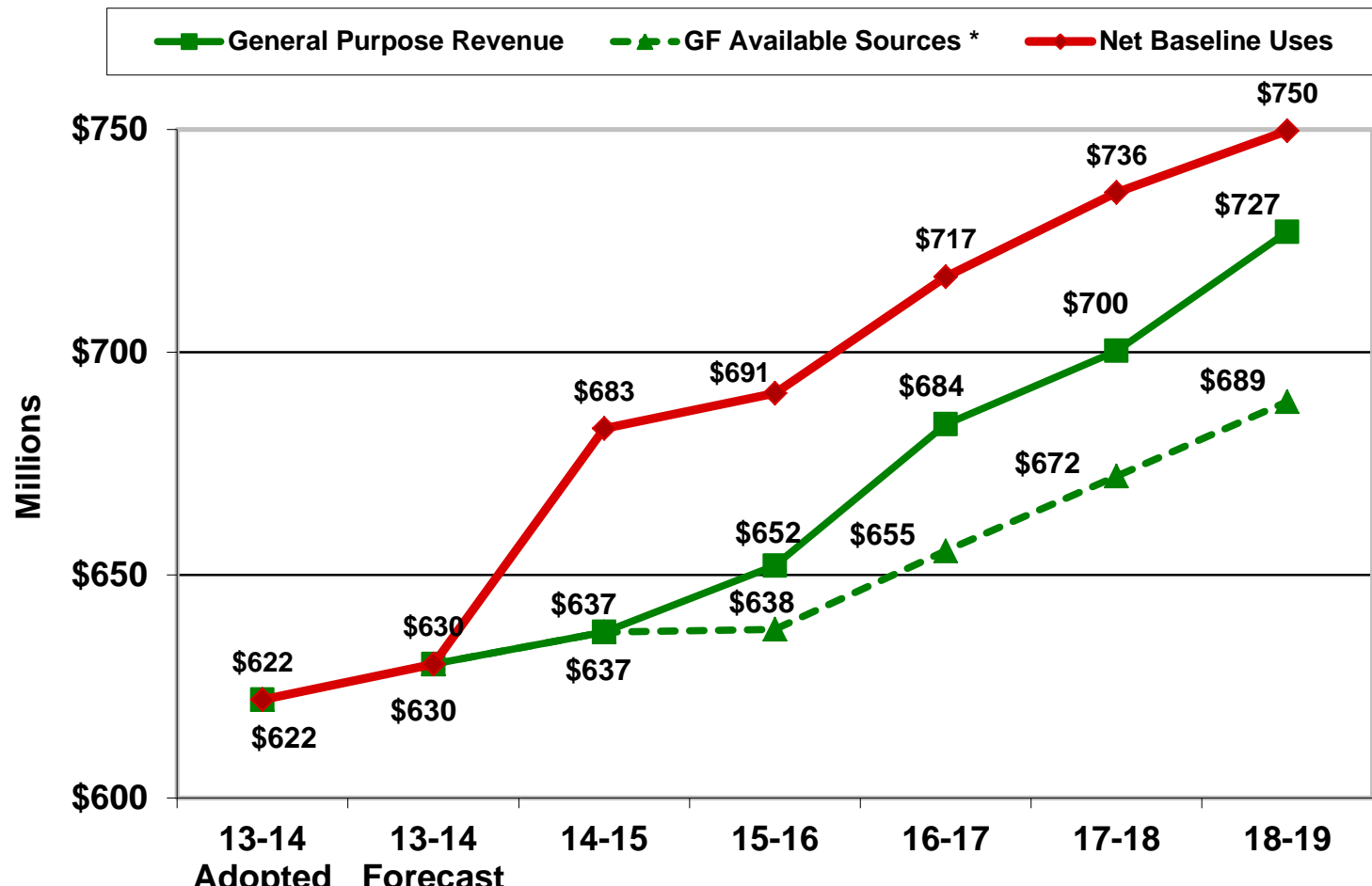
SFP 5 Year Forecast



Proposition 172 Revenues

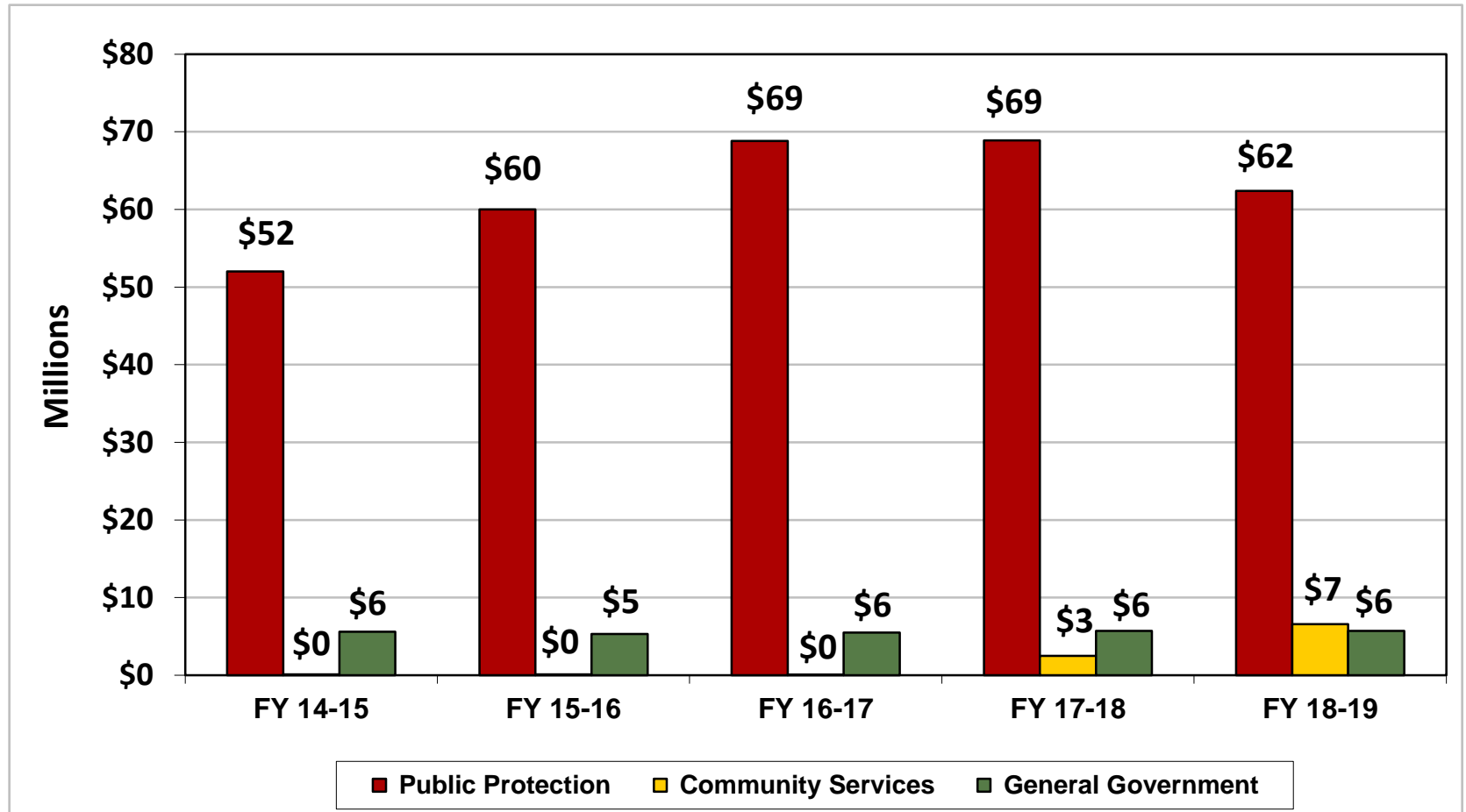


Five Year Forecast with Restore Augmentations



* GF Available Sources assumes partial reserve replenishment of State repayment draws

Restoration Requests By Program



Strategic Priorities

(In millions)	Total Requested Cost	Total Projected Revenue	Total Requested NCC
FY 14-15	\$ 99.5	\$ 42.6	\$ 56.9
FY 15-16	\$ 150.7	\$ 115.2	\$ 35.5
FY 16-17	\$ 121.6	\$ 91.0	\$ 30.6
FY 17-18	\$ 97.7	\$ 42.6	\$ 55.1
FY 18-19	\$ 76.4	\$ 6.1	\$ 70.3
5 Yr Total	\$ 545.9	\$297.5	\$248.4

Note: Ten-year Net County Cost request is \$490 million

Competing Needs for General Funds

- Strategic Priorities
- Capital Projects
- IT Projects
- Salaries & Benefits



Conclusion

- **Stabilize budget and prepare for contingencies**
- **Address and fund agency infrastructure**



Next Steps

- Develop Solutions for Implementation prior to FY 14-15 Budget
 - Disciplined Financial Management
 - Continue to Take Timely Action
 - Be Creative
 - Work Together
- FY 2014-15 Annual Budget
 - Department Submittal - March 3
 - Public Budget Hearings - June 10 & 11

