


State of the County

October 30th 2014
Concordia Center for Public Policy

Shawn Nelson
Chairman, Orange County Board of Supervisors

Committee Assignments:

- 
- Orange County Transportation Authority (OCTA), Chair
 - South Coast Air Quality Management District (AQMD)
 - Metrolink
 - Transportation Corridor Agency – Foothill/Eastern
 - Orange County Council of Governments (OCCOG)
 - Southern California Association of Governments
 - Commission to End Homelessness



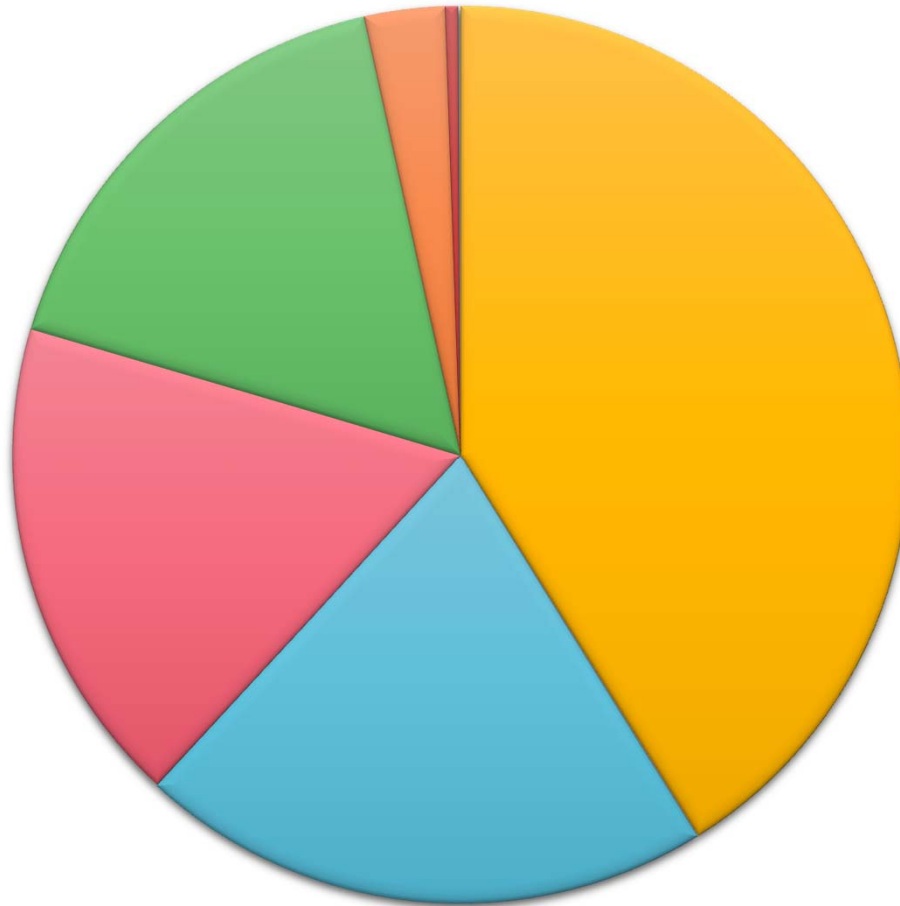
County Budget

- Budget: \$5.4 billion for FY 14-15
 - (\$5.94 billion for FY 07-08)
- 18,041 authorized County positions (16,332 are filled)
- Discretionary Revenue: \$692 million
- Major Budget Areas:
 - Social Services Agency \$885,542,994
 - Health Care Agency \$779,756,372
 - Sheriff-Coroner \$722,227,709
- General fund appropriations:
 - Community Services 53%
 - Public Protection 34%
 - General government services 4.6%





County Department Budgets



- Community Services
- Public Protection
- Infrastructure & Environmental
- Misc. Government Expenses
- General Government
- Capital Projects
- Other Departments



Budget Milestones

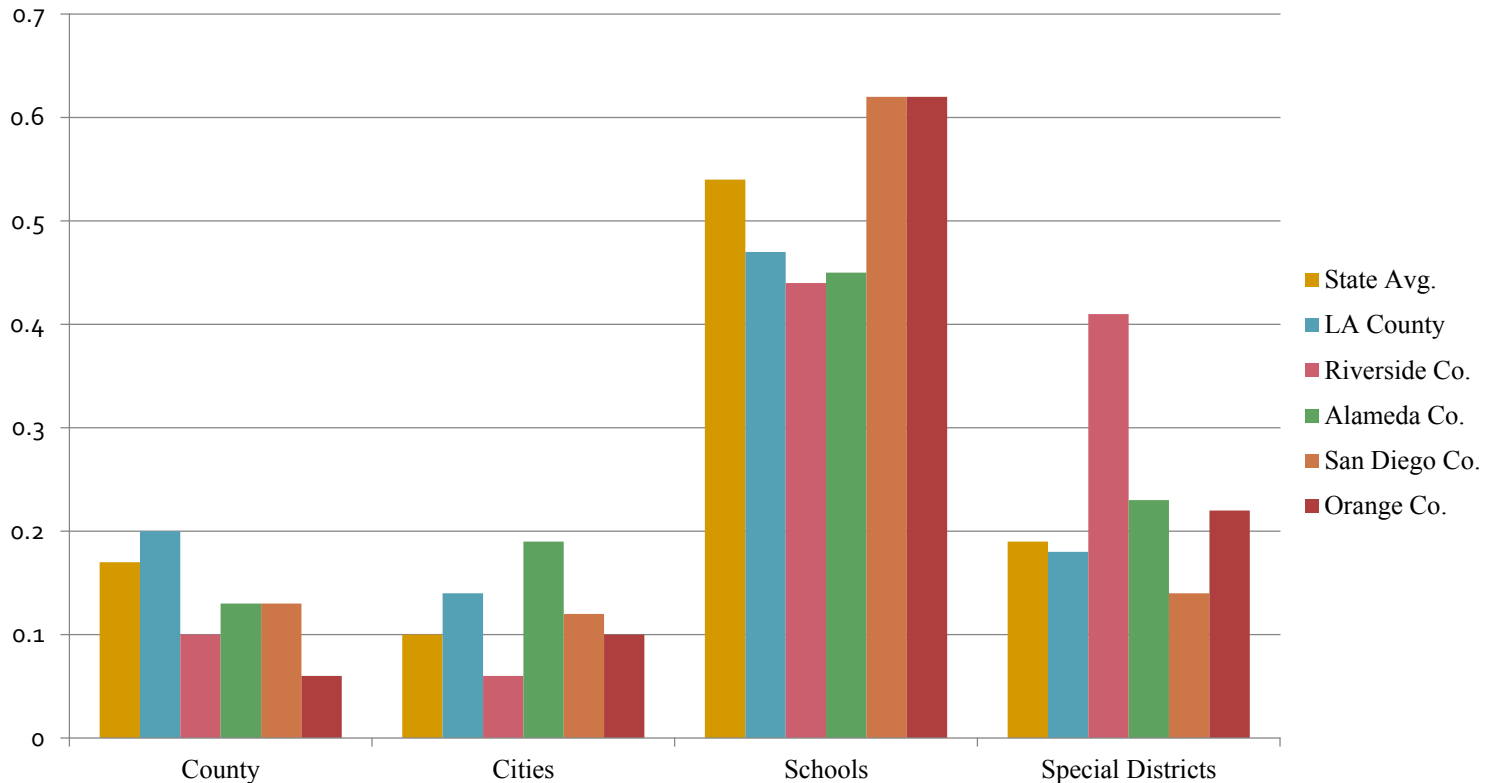
- **Managing County Debt**
 - County will retire the first of two outstanding bankruptcy bonds on June 1, 2015, which will reduce annual debt payments by \$18 million
 - County has a low debt profiles compared to peer counties, in fact, all General Fund debt will be repaid by 2019
 - County's issuer credit rating was raised to 'AA' by Standard & Poor's

- **Budget Stabilization**
 - County unemployment rate (5.1%) lower than the State (6.9%) and National (5.7%) rates
 - Renewed focus on utilizing real estate assets to generate revenue (Laguna Niguel RFP, Bristol lease)
 - \$150 million designated in General Fund reserve to fund VLFAA settlement



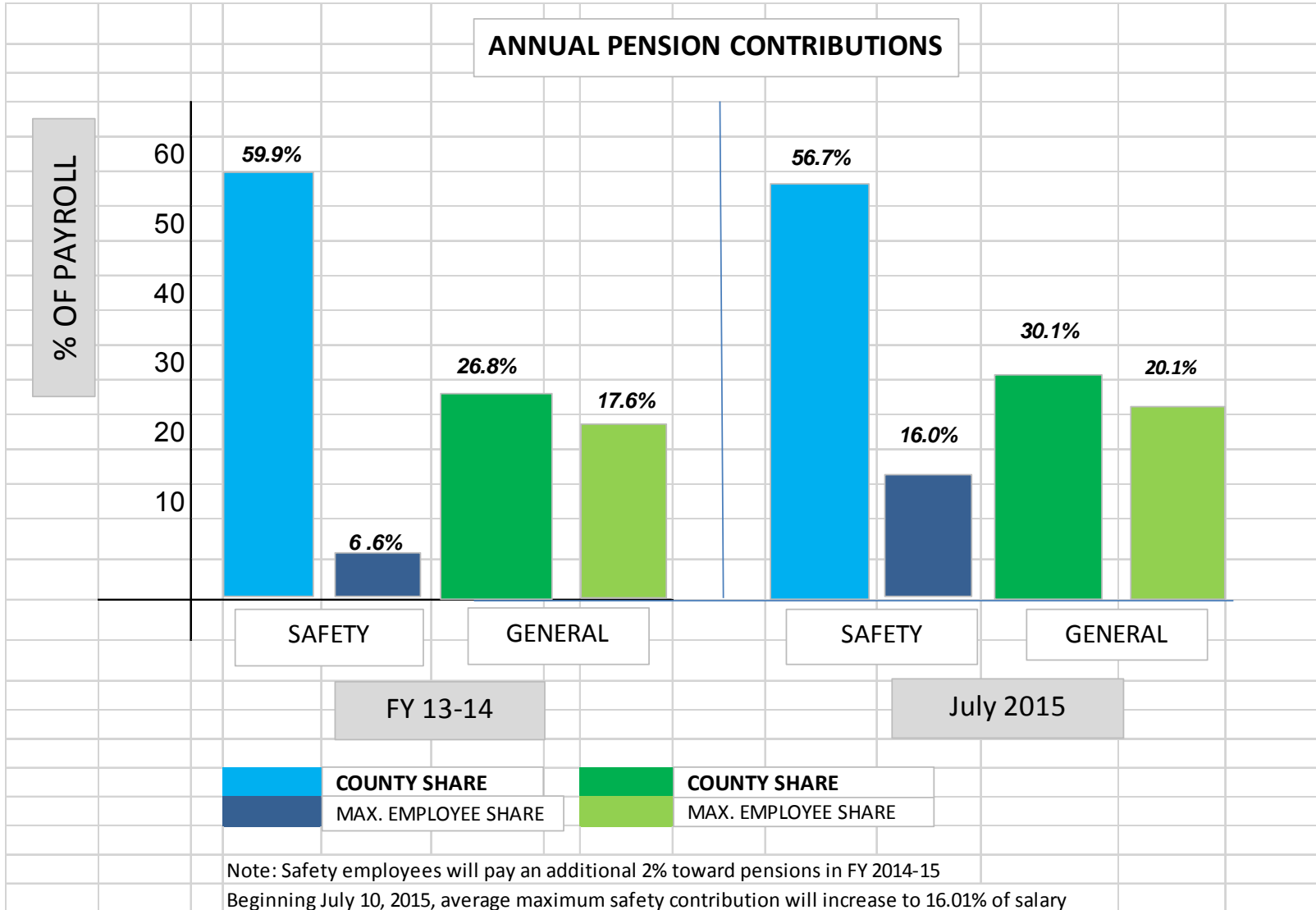
Property Tax Allocation

- **1% increase in General Fund property tax allocation would result in an additional \$34,900,000 per year.**
- Currently OC gets 6% or \$209.6 million from property tax. If we received the same as Riverside and San Bernardino Counties (10%), it would be \$349 million. The state average is 17% or \$593.3 million





Employee Costs





Pension Formulas

- Non-safety: For new hires the formula is **1.62% @ 65 (as of 1-1-13)**
 - (Formerly 2.7% @ 55 or 1.62% @ 65)
 - (State formula is higher 2% @ 62)
- Safety: For new hires the formula is **2.7% @ 57**
 - (Formerly 3.0% @ 50)
- Investment assumption rate lowered from 7.75 to 7.25
- Payoff period shortened from 30 to 25 years

Supervisors

- I do not receive a pension
- Voters approved amending the County Charter to require all County elected officials to pay their full employee retirement contribution in the lowest available pension formula for terms of office that begin on or after January 1, 2015



County Real Estate

- Long-term plan to improve County balance sheet and generate revenue from diverse County real-estate assets
- Currently developing approximately 1,900 acres of County owned land with private developers as partners
 - Example: 177 acres at former Marine Corps Air Station El Toro. Revenues from lease payments are estimated at approximately \$3.7 billion over the estimated 75-year term
- Developing strategic plan to use County facilities more efficiently and cost-effectively, including a civic center facilities master plan.
- Formulating innovative plan to use valuable and well-located County infrastructure assets for public messaging and revenue generating marketing initiative.
- New bid solicitation website: www.ocreprojects.com





Addressing Homelessness

- **Trends in County Funding Allocated to Address Homelessness:**

- In Fiscal Year 2012/2013, County agencies allocated \$60 million to address homelessness in OC
- In Fiscal Year 2011/2012, County agencies allocated \$66 million to address homelessness in OC
- In Fiscal Year 2010/2011, County agencies allocated \$67 million to address homelessness in OC

- **Goal to Improve the Emergency Shelter System in OC:**

To establish year-round emergency shelters and multi-service centers that will replace the existing seasonal Armory Emergency Shelters in Fullerton and Santa Ana.

- **Ongoing Challenge:**

Site acquisition delays due to NIMBY (Not In My Backyard)

- **Interim Strategy:**

Due to delays in the development of year-round emergency shelter, on October 28, 2014, the Board of Supervisors allocated \$500,000 in general funds to open the seasonal Armory Emergency Shelters early in November and to extend the operation of these facilities through mid-April of 2015.



The OC Loop Update

- Segment R, a two-mile segment, opened September 18. The entire Coyote Creek portion of the OC Loop is about 11.5 miles.
- Project cost approximately \$1.6 million. Funding sources \$1 million provided by OCTA and \$600,000 of County of Orange infrastructure funds.

