



# COUNTY OF ORANGE

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## County Releases FY 2022-23 Recommended Budget

**Santa Ana, Calif. (May 25, 2022)** – Today the County of Orange released its Fiscal Year (FY) 2022-23 Recommended Budget, making it available for review by the Board of Supervisors and the public at: <https://cfo.ocgov.com/budget>.

The total County base budget is \$8.8 billion, of which \$4.8 billion is the General Fund budget with \$975M in discretionary funding. The Recommended Budget is consistent with the County's long-term strategic priorities identified through the County's five-year Strategic Financial Plan process.

A Citizens' Guide to the FY 2022-23 Budget was developed, and is also available [online](#), to provide members of the public with an overview of the FY 2022-23 Budget including General Fund revenue sources and uses, timeline, department requests, and key initiatives the County is prioritizing and funding including OC CARES strategic priorities focusing on serving individuals in the County's various systems of care.

The County's OC CARES initiative links the various systems of care in the County to provide full care coordination and services for individuals to address immediate and underlying issues with the goal of attaining self-sufficiency. Significant achievements have been made in implementing the OC CARES 2025 Vision, including various initiatives in the FY 2022-23 Recommended Budget. Additional information on the OC CARES 2025 Vision can be found at: <https://ceo.ocgov.com/government-community-relations/orange-county-criminal-justice-coordinating-council>.

Over the last two fiscal years, the County leveraged the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in its public health response and to support small businesses, restaurants, hospitals, cities, community clinics, skilled nursing facilities, childcare facilities and food banks. The County is now leveraging American Rescue Plan Act (ARPA) funding for the continued response to COVID-19 and programs and projects that serve the community and facilitate the County's recovery to pre-pandemic conditions. The County took into consideration the feedback provided by the public during the public comment period (February 1 through March 11, 2022) in its recommended use of the ARPA funds. The County remains committed to moving forward on many initiatives benefiting the community throughout all stages of the COVID-19 pandemic. The County received the first tranche of \$308.4 million in ARPA funding in FY 2020-21 and anticipates the second tranche of the same amount before the end of the current fiscal year. Additional ARPA information can be found at: <https://cfo.ocgov.com/resources/arpacares-act-reports>.

The County Executive Office looks forward to presenting the FY 2022-23 Recommended Budget to the Board of Supervisors during the Public Budget Hearings scheduled for June 14, 2022.



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The Board of Supervisors is scheduled to adopt the FY 2022-23 Annual Budget at their June 28, 2022 meeting.

The County of Orange will offer a Public Budget Workshop on Wednesday, June 1, 2022 from 3:00 to 4:00 p.m. in the Board of Supervisors Hearing Room. Staff will provide a high-level overview of the County's FY 2022-23 Recommended Budget for those in attendance and online. The workshop will be livestreamed via the County's [Facebook](#) and [YouTube](#) channels along with [Network Television Time \(NTT\) broadcasting](#).

The FY 2022- 23 Recommended Budget, Budget Augmentation Requests, Transmittal Letter, Key Budget Message, Department Contact List and Citizens' Guide can be found online at <https://cfo.ocgov.com/budget>

The County also invites members of the public to explore additional budgetary and financial information online through the OpenOC data tool, the Strategic Financial Plan and budget reports. These helpful resources can be found at the links above and: <http://ocgov.com/about/openoc/>.

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# County of Orange

County Executive Office

May 25, 2022

To: Chairman Doug Chaffee, Supervisor, Fourth District  
Members, Board of Supervisors

From: Frank Kim, County Executive Officer

Subject: Fiscal Year 2022-23 Recommended Budget



On behalf of the County of Orange Executive Office, I am pleased to present the Fiscal Year (FY) 2022-23 Recommended Budget, a balanced budget that reflects a responsible allocation of resources and an ongoing commitment to long-term fiscal strength.

For more than two years now, significant County time and resources have been dedicated to the COVID-19 response after the World Health Organization declared it a pandemic in March 2020. The County used federal CARES (Coronavirus Aid, Relief, and Economic Security) Act funding in its public health response and to support small businesses, restaurants, hospitals, cities, community clinics, skilled nursing facilities, childcare facilities and food banks. The County is now leveraging American Rescue Plan Act (ARPA) funding for programs and projects that serve the community and facilitate the County's recovery to pre-pandemic conditions. As the COVID-19 pandemic subsides, the County remains committed to moving forward on many initiatives benefiting the community it serves.

### American Rescue Plan Act of 2021

The County received the first tranche of \$308.4 million in ARPA funding in FY 2020-21 and anticipates the second tranche of the same amount before the end of the current fiscal year. ARPA funding was used to continue the County's response to the pandemic and strategically planned to place the County in a better position with regard to future public health emergencies. The following highlights several of these projects.

- **Meal Gap Program**

A meal gap program was developed to support seniors, persons with disabilities and other individuals experiencing food insecurity resulting from the pandemic to protect the health and well-being of these vulnerable populations.

- **Economic Support to Arts-Related Small Business and Non-profits**

A grant program was created to support arts-related small business and non-profits in their recovery plans, mitigate the financial hardship due to the pandemic and stimulate economic growth across the County.

- **Emergency Medical Services Operating Facility**

The County is establishing a new Orange County Emergency Medical Services Operating Facility on County-owned land in the city of Irvine that will co-locate emergency medical services with disaster management services and the public health laboratory. This model will support continued response efforts, and, most importantly, pandemic preparedness to effectively manage future public health emergencies.



- **Be Well South Campus**

Currently in the planning phase, this new facility is a second behavioral health campus on County-owned land in the city of Irvine and will provide a myriad of mental health services for the County's adults, children and families. The campus will also serve as an integrated support center by providing linkages with related community and social support services.

- **Housing**

In addition to the larger and ongoing housing efforts detailed in the following section, the County is assisting with housing stability by providing landlord incentives for 500 units and match commitments for developing 200 units.

- **Juvenile Corrections Campus**

To improve existing space and relocate the Youth Guidance Center, the County will construct a new Youth Transition Center on the Juvenile Corrections Campus for programming, education services, health and mental health services and housing for juvenile offenders and transitional aged youth.

### **Continuing Projects**

The following list describes several ongoing essential initiatives and projects included in the FY 2022-23 Budget, including projects for the County's Systems of Care and infrastructure.

- **OC CARES**

OC CARES links five systems of care in the County of Orange (Behavioral Health, Healthcare, Community Corrections, Housing and Benefits and Support Services) to provide full care coordination and services for individuals to address immediate and underlying issues and work towards self-sufficiency.

- **Behavioral Health**

In January 2021, the County opened the doors to the first Be Well behavioral health campus at Anita Drive in Orange. As mentioned above, a second South County campus is in the planning stages. In addition, the Probation and Sheriff-Coroner Departments have initiatives to provide enhanced mental health and substance use services to juveniles and transitional age youth moving through the community corrections system.

- **Healthcare**

Multi-disciplinary teams consisting of stakeholder departments will manage the care coordination of high-utilizers of the County's assistance and homeless services as well as the community corrections system of care. Building on this model are initiatives that include expanding the coordination of services to perform outreach to high-utilizers, ensuring clients follow discharge plans, providing referrals to encourage self-sufficiency and offering overall support to the individual. An additional project seeks to utilize the County's System of Care Data Integration System to streamline various assessments completed in the determination of clients' needs.

- **Community Corrections**

The County continues to assess plans addressing inmate programming services and a comprehensive reentry system for individuals released from County jails or state prison. New proposals include expanding the Sheriff-Coroner's Mental Health Response Team by working with the Health Care Agency to add more mental health clinicians to assist with calls for service with a mental health nexus, and providing new service programs for individuals pending arraignment that would benefit from mental health or substance use treatments.

- **Housing**

In June 2018, the Board of Supervisors accepted the Housing Funding Strategy with the goal of developing 2,700 units of permanent supportive housing in all areas of the County. To date, 680 affordable and supportive units are built, 816 units are under construction or closing on their construction loan and 772 units are in progress of funding. A total of 2,144 units are in the current pipeline, not including the 124 units already built when the Strategy was filed. Under consideration during update of the housing strategy, are addressing the housing needs for individuals reentering the community upon release from custody; combining affordable housing assistance

with voluntary support services to address the needs of chronically homeless individuals; and establishing transitional and permanent supportive housing as well as placement services for youths experiencing challenges on the path to a successful adulthood.

- **Benefits and Support Services**

The County continues working to remove barriers and enabling access to assistance programs such as Cal Fresh or Medi-Cal for individuals upon release from custody. Enhancements are planned for the Data Sharing Platform for Care Coordination to include data relevant to OC CARES to ensure the most efficient, effective and appropriate care and case management from all involved in an individual's care plan.

- **Master Plan for Aging**

The Governor's January 2021 Master Plan for Aging includes five distinct goals for counties to achieve as California prepares for a projected increase in the number of California residents age 60 years and older. An intradepartmental team consisting of OC Community Resources, Social Services Agency, Health Care Agency, and the County Executive Office are engaging in a joint effort to improve the quality of service delivery to this population.

- **Capital and Infrastructure Improvements**

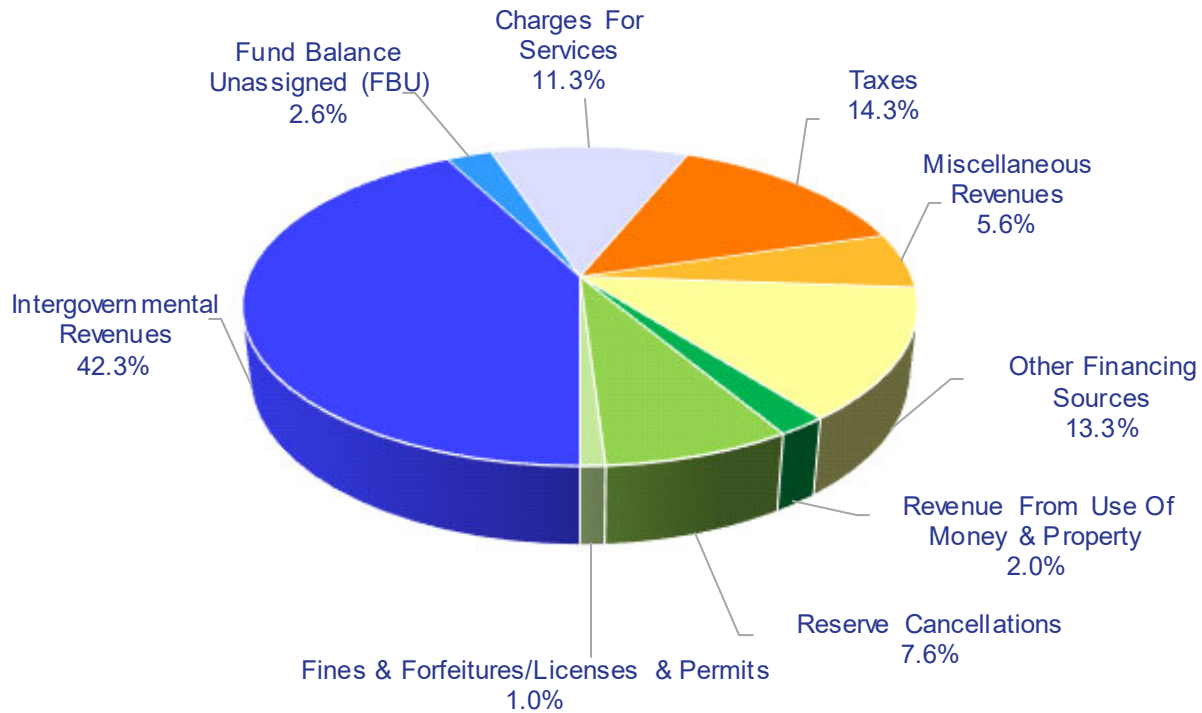
Construction of the County Administration North building is scheduled to be completed in summer 2022. This project is a major step in addressing the Civic Center Facilities Strategic Plan, an initiative with goals to better manage long-term occupancy and maintenance costs; improve service delivery to the community, space usage and departmental adjacencies; and address the aging portfolio of County facilities. The County is also actively exploring options for development projects that will use County assets to generate ongoing revenue streams.

The combined efforts of the Board of Supervisors and County employees toward conscientious and sensible fiscal management will enable the County to overcome new challenges as they arise, while continuing to fulfill the County's mission to make Orange County “a safe, healthy, and fulfilling place to live, work, and play”

# FY 2022-23 RECOMMENDED BUDGET AT A GLANCE

## Total County Revenues by Source

FY 2022-23 Total = \$8.8 Billion



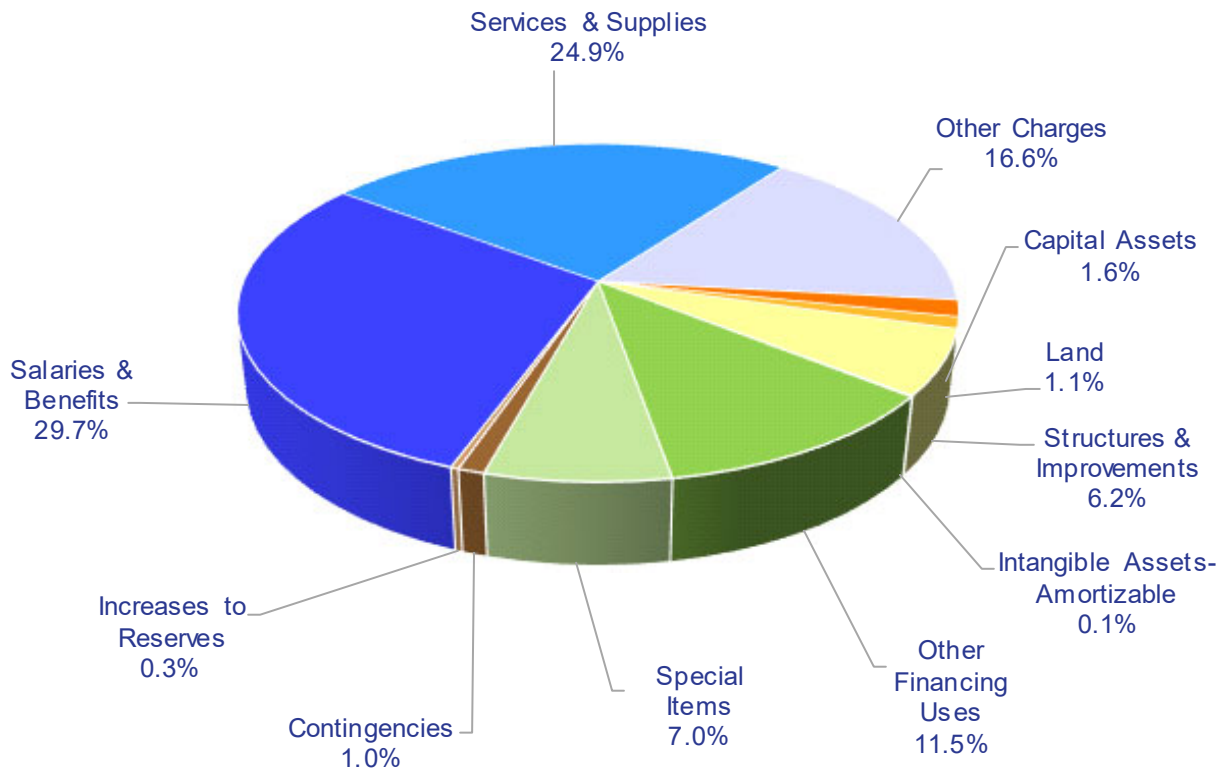
### County Revenue Source (in Million Dollars)

Source	FY 2020-21	FY 2021-22	FY 2022-23	Change from FY 2021-22 Budget	
	Actual	Modified Budget	Recommended Budget	Amount	Percent
Intergovernmental Revenues	\$ 3,241.0	\$ 3,226.5	\$ 3,714.5	\$ 488.0	15.1%
Fund Balance Unassigned (FBU)	0	209.8	232.1	22.3	10.6%
Charges For Services	898.8	922.3	992.6	70.3	7.6%
Taxes	1,185.0	1,200.5	1,258.5	58.0	4.8%
Miscellaneous Revenues	446.7	507.9	495.0	(12.9)	(2.5%)
Other Financing Sources	949.5	1,056.0	1,171.3	115.3	10.9%
Revenue From Use Of Money & Property	190.4	166.3	172.7	6.4	3.8%
Reserve Cancellations	208.9	864.5	671.9	(192.6)	(22.3%)
Fines & Forfeitures/License & Permits	85.0	74	84.7	10.7	14.5%
<b>Total</b>	<b>\$ 7,205.3</b>	<b>\$ 8,227.8</b>	<b>\$ 8,793.3</b>	<b>\$ 565.5</b>	<b>6.9%</b>



## Total County Appropriations by Use

FY 2022-23 Total = \$8.8 Billion



### County Appropriations (in Million Dollars)

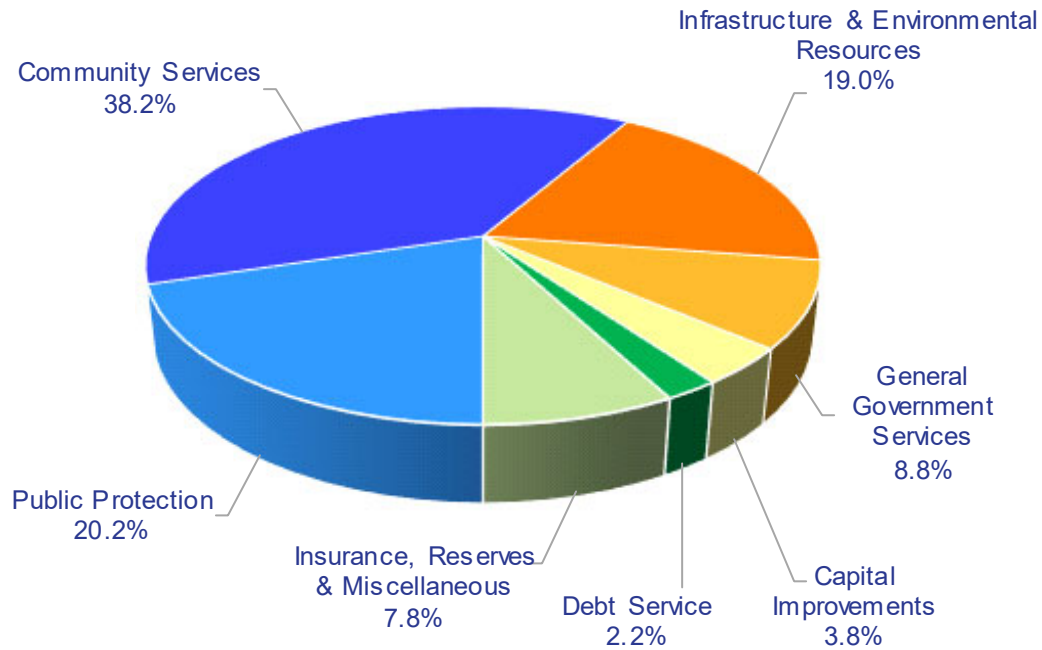
Use	FY 2020-21	FY 2021-22	FY 2022-23	Change from FY 2021-22 Budget	
	Actual	Modified Budget	Recommended Budget	Amount	Percent
Salaries & Benefits	\$ 2,378.2	\$ 2,586.3	\$ 2,671.1	\$ 84.8	3.3%
Services & Supplies	2,081.3	2,034.0	2,244.1	210.1	10.3%
Other Charges	1,167.6	1,343.8	1,491.6	147.8	11.0%
Capital Assets	94.7	144.0	143.7	(0.3)	(0.2%)
Land	34.4	97.8	94.7	(3.1)	(3.2%)
Structures & Improvements	198.6	673.9	562.7	(111.2)	(16.5%)
Intangible Assets-Amortizable	6.1	14.0	6.2	(7.8)	(55.7%)
Other Financing Uses	895.7	971.3	1,040.7	69.4	7.1%
Special Items	0	487.5	633.8	146.3	30.0%
Contingencies	0	31.7	92.9	61.2	193.1%
Increases to Reserves	525.7	42.0	29.5	(12.5)	(29.8%)
Intrafund Transfers*	(170.2)	(199.1)	(217.7)	(18.6)	(9.3%)
<b>Totals</b>	<b>\$ 7,212.1</b>	<b>\$ 8,227.2</b>	<b>\$ 8,793.3</b>	<b>\$ 566.1</b>	<b>6.9%</b>

NOTE: Intrafund transfers represent expenses recovered from one fund budget to another fund budget within the County General Fund and are not included in the pie chart for total County Appropriations by Use.



# Total County Appropriations by Program

FY 2022-23 Total = \$8.8 Billion



## County Program Appropriations (in Million Dollars)

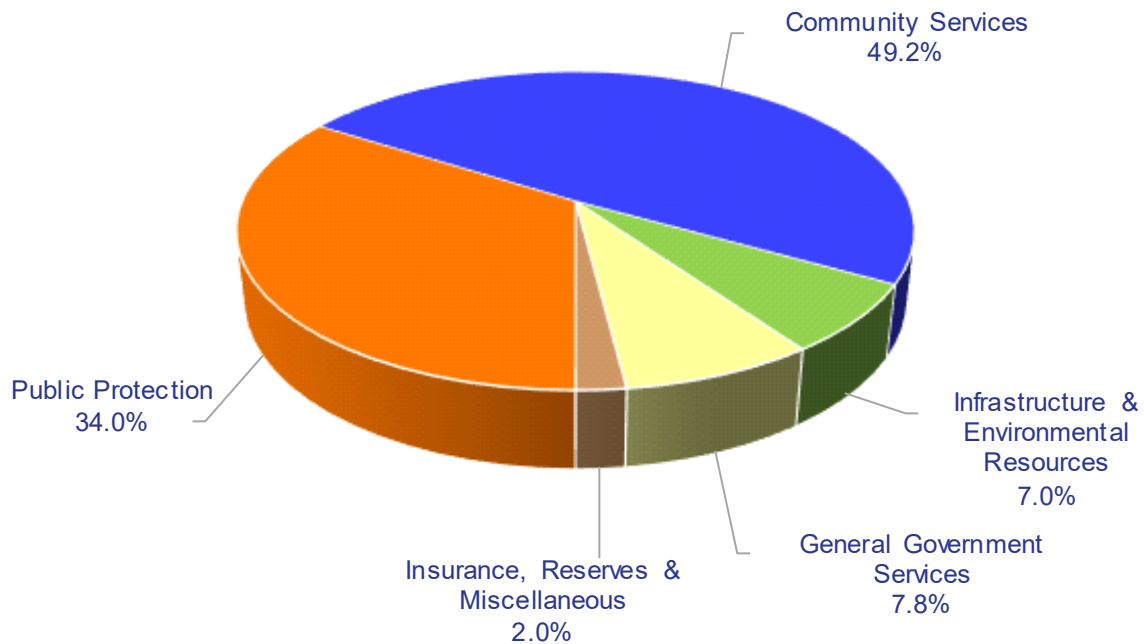
Program	Program Name	FY 2020-21	FY 2021-22	FY 2022-23	Change from FY 2021-22 Budget	
		Actual	Modified Budget	Recommended Budget	Amount	Percent
I	Public Protection	\$ 1,604.7	\$ 1,870.4	\$ 1,765.2	\$ (105.2)	(5.6%)
II	Community Services	3,207.5	3,269.9	3,363.2	93.3	2.9%
III	Infrastructure & Environmental Resources	1,021.2	1,512.1	1,673.0	160.9	10.6%
IV	General Government Services	231.3	441.5	770.8	329.3	74.6%
V	Capital Improvements	259.0	321.4	334.5	13.1	4.1%
VI	Debt Service	171.3	193.5	196.5	3.0	1.6%
VII	Insurance, Reserves & Miscellaneous	717.1	618.4	690.1	71.7	11.6%
Totals		\$ 7,212.1	\$ 8,227.2	\$ 8,793.3	\$ 566.1	6.9%





## Authorized Positions by Program

FY 2022-23 Total = 18,178



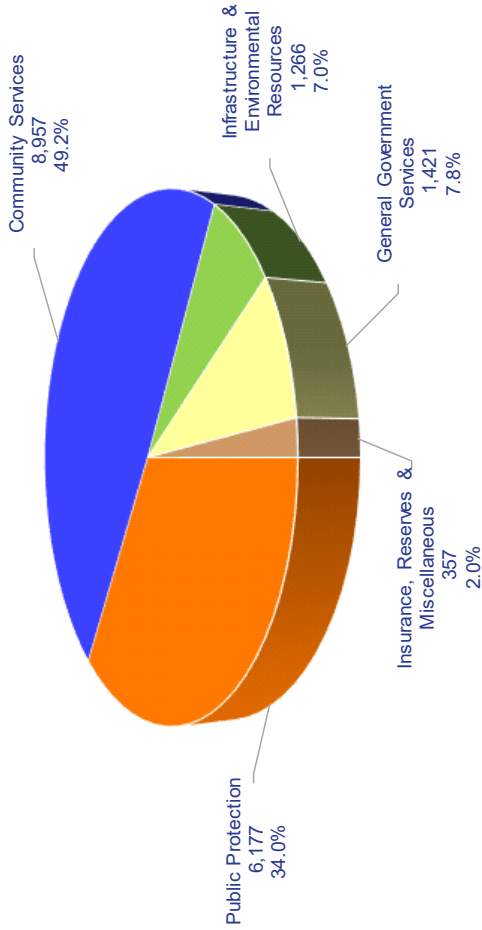
### Authorized Program Positions

Program	Program Name <sup>a</sup>	FY 2020-21	FY 2021-22	FY 2022-23	Change from FY 2021-22 Budget	
		Actual	Modified Budget	Recommended Budget	Amount	Percent
I	Public Protection	6,357	6,394	6,177	(217)	(3.4%)
II	Community Services	8,584	8,969	8,957	(12)	(0.1%)
III	Infrastructure & Environmental Resources	1,242	1,265	1,266	1	0.1%
IV	General Government Services	1,345	1,428	1,421	(7)	(0.5%)
VII	Insurance, Reserves & Miscellaneous	359	362	357	(5)	(1.4%)
Totals		17,887	18,418	18,178	(240)	(1.3%)

NOTE: Programs V and VI do not have any authorized positions.

# Authorized Positions by Program and Budget Control

FY 2022-23 Total = 18,178



Program I Public Protection	
County Automated Fingerprint Identification	14
District Attorney - Public Administrator	844
Inmate Welfare Fund	28
Jail Commissary	36
Office of Independent Review	4
Probation	1,074
Public Administrator	17
Public Defender	387
Sheriff-Coroner	3,773
<b>Total</b>	<b>6,177</b>

Program II Community Services	
Child Support Services	392
HCA Public Guardian	36
Health Care Agency	2,908
OC Animal Care	128
OC Community Resources	134
OC Housing	13
OC Parks CSA26	349
OC Public Libraries	399
Orange County Housing Authority (OCHA)	120
Social Services Agency	4,478
<b>Total</b>	<b>8,957</b>

Program III Infrastructure & Environmental	
Airport - Operating	119
Building & Safety General Fund	48
OC Flood	258
OC Public Works	333
OC Road	161
OC Waste & Recycling Enterprise	284
OC Watersheds	42
Parking Facilities	3
Utilities	18
<b>Total</b>	<b>1,266</b>

Program IV General Government Services	
Assessor	263
Auditor-Controller	415
Board of Supervisors - 1st District	10
Board of Supervisors - 2nd District	10
Board of Supervisors - 3rd District	10
Board of Supervisors - 4th District	10
Board of Supervisors - 5th District	10
CEO Real Estate	31
Clerk of the Board	26
Clerk-Recorder	110
County Counsel	97
County Executive Office	107
Human Resource Services	186
Internal Audit	12
OC Campaign Finance and Ethics Commission	2
Registrar of Voters	49
Treasurer-Tax Collector	73
<b>Total</b>	<b>1,421</b>

Program VII Insurance, Reserves & Miscellaneous	
Employee Benefits	20
OC Fleet Services	76
OCIT Countywide Services	74
OCIT Shared Services	133
Property & Casualty Risk ISF	13
Reprographics ISF	18
Workers' Compensation ISF	23
<b>Total</b>	<b>357</b>

NOTE: Programs V and VI do not have any authorized positions.

## FY 2022-23 Budget Planning & Development Process Overview

On December 14, 2021, the Board received the County's 2021 SFP. The SFP tested an assumption of zero General Fund Unassigned Fund Balance and modest General Purpose Revenue growth. The SFP included assumptions of 0% growth in departmental Net County Cost (NCC) limits for all five years (FY 2022-23 through FY 2026-27). After factoring in the NCC limit growth and adjusting for any one-time items, departments identified a 5-year cumulative budget gap of \$36 million, including a reduction of \$107 million to meet the FY 2022-23 NCC limits. Actual proposed reductions in the FY 2022-23 budget to meet NCC limits total \$54.1 million, all of which is recommended for restoration.

The following section provides various long-range financial plan components that served as the basis for the development of the FY 2022-23 budget.

This budget serves as a realistic plan of resources available to carry out the County's core businesses and priorities. It is consistent with the County's mission statement and the 2021 SFP. It follows the CEO budget policy guidelines, meets many of the departmental augmentation requests, incorporates impacts of the State budget proposals known at this time, addresses important capital needs, and provides adequate reserves.

In context of the County's policies and guidelines, departments prepared FY 2021-22 projected expenses and revenues and requests for FY 2022-23. The County Budget Office reviewed the requests, met and discussed the requests with the departments, and prepared recommendations for the CEO. The CEO's final recommendations are presented to the Board of Supervisors and the public during public budget hearings. Operating and capital budgets are prepared in this single process and presented together in this budget book.

This County budget document is also available on-line at: <https://cfo.ocgov.com/>

Additional financial information including the OpenOC data tool, SFP, and budget reports can be found at: <http://ocgov.com/about/openoc/>

# FY 2022-23 RECOMMENDED BUDGET HIGHLIGHTS & ASSUMPTIONS

## Budget Highlights

- Consistent with long-term strategic priorities and the SFP, the budget is balanced.
- The base budget includes 0% growth in NCC for General Fund departments. Increases to NCC occur with augmentations.
- The total County budget is \$8.8 billion, of which \$4.8 billion is the General Fund budget.
- Budgeted General Purpose Revenues total \$975.3 million, \$48.7 million more than the FY 2021-22 Adopted Budget of \$926.6 million, due primarily to a \$44.6 million projected increase in property tax revenues.
- Revenue assumptions reflect moderate levels of growth including 3.4% growth in General Fund net property tax revenues over the current year-end revenue estimate.
- The FY 2022-23 budget for the one-half cent Public Safety Sales Tax (Proposition 172) revenue of \$417.4 million (80% Sheriff - \$333.9 million; 20% District Attorney - \$83.5 million) is a 6% (\$23.7 million) increase when compared to the FY 2021-22 projection of \$393.7 million.
- The Statewide allocation of AB 109 (2011 Public Safety Realignment) revenue is budgeted with an increase of approximately \$27.2 million (or 29.0%) combined in base and growth revenue for Orange County when compared to the FY 2021-22 budget.
- The State's funding for Trial Court Security continues to be insufficient to cover the costs for the Sheriff to provide the same level of security to the Court. The County provided a total of \$15.7 million one-time funds from FY 2019-20 to FY 2020-21 to close the gap. The funding gaps in FYs 2021-22 and 2022-23 are projected at \$16.8 million and \$10.5 million, respectively. CEO Budget continues to work on a solution with the California State Association of Counties and encourage the Sheriff and Court to collaborate on long-term solutions to align service levels with State funding.

When compared to the FY 2021-22 Adopted Budget, the FY 2022-23 Recommended Budget reflects an increase of \$1 billion (13.1%) and a net increase of 178 positions. The budget increase is primarily associated with funding for the County's response to the COVID-19 public health emergency and essential service needs of vulnerable populations and human services programs. The position increase is due primarily to reinstatements of positions previously deleted during the FY 2020-21 budget process.

## KEY REVENUE TRENDS AND ASSUMPTIONS

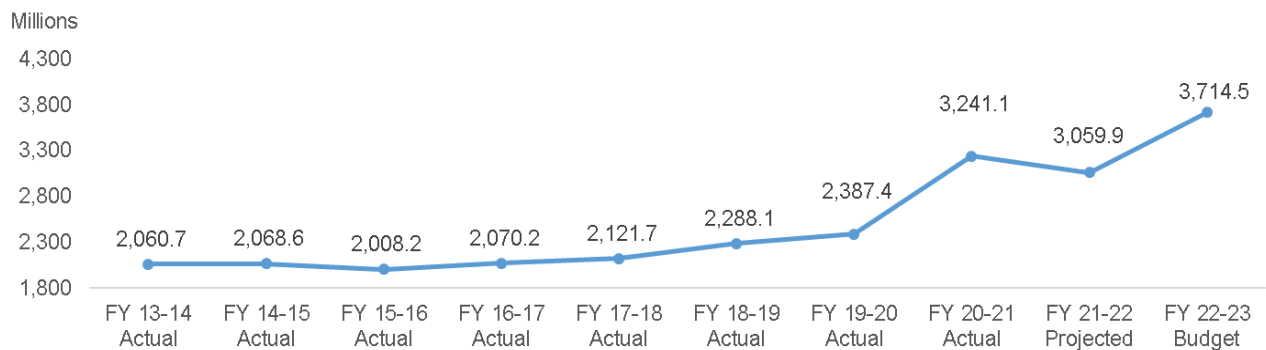
## Revenue Sources (in millions)

Source Name	FY 19-20 Actual	FY 20-21 Actual	FY 21-22 Projected	FY 22-23 Budget
Intergovernmental Revenues	\$ 2,387.4	\$ 3,241.1	\$ 3,059.9	\$ 3,714.5
Taxes	1,119.7	1,185.0	1,224.4	1,258.5
Charges For Services	877.3	898.8	923.1	992.6
Other Financing Sources	840.4	970.7	908.2	1,171.3
Miscellaneous Revenues	422.9	446.7	463.8	495.0
Revenue From Use Of Money & Property	213.8	190.4	164.7	172.7
Fines & Forfeitures/Licenses & Permits	78.9	85.0	79.2	84.7
<b>Total</b>	<b>\$ 5,940.4</b>	<b>\$ 7,017.7</b>	<b>\$ 6,823.4</b>	<b>\$ 7,889.3</b>

Revenue projections are developed using various tools and techniques, including institutional forecasts, national, state, and local economic indicators, trend analysis, and outside consultants.

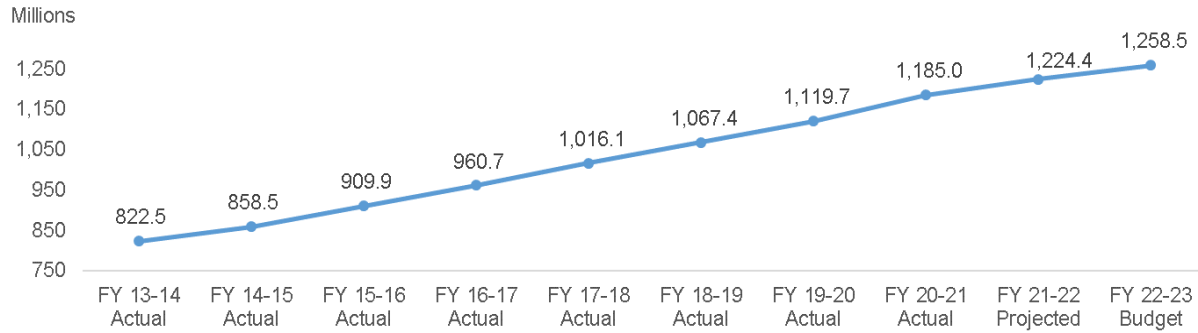
**Intergovernmental revenues** are monies obtained from federal, state, and local governments and can include grants for use in performing specific functions, shared taxes, and contingent loans and advances. State and federal sources are estimated by departments based on established funding allocation formulas, caseload projections, and the latest state and federal budget information. Intergovernmental revenues are budgeted at \$3.7 billion in FY 2022-23, higher than FY 2021-22 projections by \$654.6 million, or 21.4%. The increase is mainly attributable to funding from the U.S. Treasury for the County's response to the COVID-19 public health emergency, Prop 172, state funding for public assistance administration and realignment, and federal funding for public assistance administration, public assistance programs, construction, and other programs and services. Based on current revenue trends, Prop 172 revenue allocated to District Attorney and Sheriff-Coroner is projected at \$417.4 million and 1991 and 2011 realignment revenue is estimated to total \$764.2 million in FY 2022-23.

## Intergovernmental Revenue History



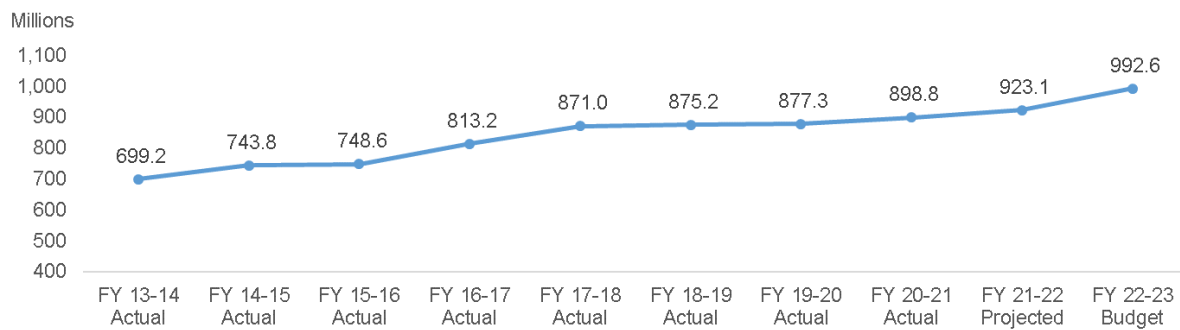
**Tax revenues** consist of property tax, sales and use tax, Mello-Roos taxes for Community Facilities Districts, and other tax revenues. Property tax revenues comprise 87.6% of total tax revenues and are calculated based on a percent of the assessed value of real property. Tax revenues are budgeted at \$1.3 billion in FY 2022-23, higher than FY 2021-22 projections by \$34 million, or 2.8%. The 2021-22 Local Assessment Roll of Values increased by 3.5% and reflected taxable property values as of January 2021. The FY 2022-23 property tax revenue is estimated to increase by 3.2% over FY 2021-22 projections.

### Tax Revenue History



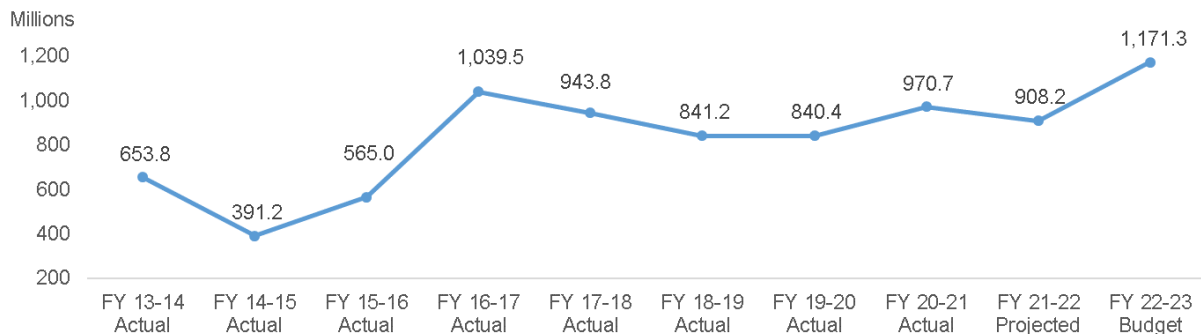
**Charges for services** include revenues received for contract law enforcement services and county-provided services, such as mental health, institutional care, health, road and street, and sanitation. Fees and charges recover the cost of services provided and ensure that services continue in the future. Charges for services are budgeted at \$992.6 million in FY 2022-23, higher than FY 2021-22 projections by \$69.5 million, or 7.5%, due primarily to revenue increases for contract law enforcement, road and street, sanitation, and other services.

### Charges for Services History



**Other financing sources** consist of transfers between county funds and long-term debt proceeds, both of which can vary significantly annually depending on departmental funding needs, particularly related to capital projects and debt service. Other financing sources are budgeted at \$1.2 billion in FY 2022-23, higher than FY 2021-22 projections by \$263.1 million, or 29%. The increase is attributable primarily to revenue transfers from the Countywide Capital Projects Non-General Fund to Capital Projects for the Emergency Medical Services Operating Facility project and the Mental Health Services Act Fund to Health Care Agency for behavioral and mental health services and programs; the increase is also attributable to debt service related to Teeter Series A and Airport Revenue Refunding Bonds, Series 2019.

### Other Financing Sources History



### Major Expense Assumptions

Assumptions for various categories of expenses include:

- Labor costs are centrally calculated based on approved positions and vacancy factors. One to two step merit increases are assumed for eligible employees. Actual merit awards are based on the employee's performance evaluation.
- Base building increases in appropriations for salaries are built into departmental budgets consistent with negotiated salary increases within current memorandum of understandings (MOU) approved by the Board of Supervisors. FY 2022-23 salaries are projected to increase by 6.54%. In addition to negotiated salary increases, the projected increase in FY 2022-23 salaries is also a result of an increase in the total number of budgeted positions for FY 2022-23.
- As reflected in the Orange County Employees Retirement System's (OCERS) December 31, 2020 actuarial valuation, FY 2022-23 retirement contribution rates will increase for General employees (Rate Groups 1 & 2) due to the change in demographic assumptions that structure rates of retirement as a function of age and years of service, which resulted in higher assumed rates of retirement for legacy plan members with over 30 years of service. In contrast, FY 2022-23 retirement contribution rates will decrease for Safety

employees (Rate Groups 6 & 7) due to the adoption of public benefit-weighted mortality tables, which illustrated higher rates of mortality for Safety members. Overall, the County's FY 2022-23 aggregate retirement contribution rate increased slightly to 41.14% from 41.09% in FY 2021-22, which had the minor impact of increasing FY 2022-23 budgeted retirement costs.

FY 2022-23 budgeted retirement costs are expected to increase from FY 2021-22 Budget by approximately 6.57% primarily due to negotiated salary increases and the increase in the number of FY 2022-23 budgeted positions.

- FY 2022-23 projected health insurance rates were budgeted 5.14% to 14.65% higher than FY 2021-22 fiscal year rates, depending on health plan. As a result of the budgeted increase in health rates, FY 2022-23 budgeted health insurance costs are expected to increase by an average of approximately 7.52%.
- As reflected in the bi-annual valuation dated June 30, 2021, FY 2022-23 retiree medical contribution rates are projected to decrease. FY 2022-23 retiree medical contribution rates were budgeted from 0.20% to 3.30% depending on bargaining group. Despite the general decrease in retiree medical contribution



rates, FY 2022-23 budgeted retiree medical costs are expected to increase by 2.53% over FY 2021-22 Budget due to negotiated salary increases and the increase in the number of FY 2022-23 budgeted positions.

- Services and supplies are budgeted at the same level as the prior fiscal year and only increased to the extent necessary to support operational and SFP goals.

### Specific Program Highlights

This section provides highlights of base budgets and augmentations for county budget programs and departments. Due to increasing costs that continue to outpace growth in sources, some departments were required to propose reductions in the budget to meet NCC limits. Departments requested full or partial restoration, and work diligently to manage their budgets to consistently maintain programs and minimize impacts on services.

### PUBLIC PROTECTION

- **District Attorney - Public Administrator**  
District Attorney - Public Administrator proposed \$139 thousand and two positions in reductions, all of which are recommended for restoration ongoing to sustain core-mandated functions related to resident decedent estate affairs.
- **Public Defender**  
The Public Defender proposed \$9.8 million and 58 positions in reductions, all of which are recommended for restoration (\$6 million ongoing, \$3.8 million one-time) to support staffing for provision of mandated representation services.  
  
Moreover, the Public Defender requested expand augmentations totaling \$3 million appropriations and funding and 15 positions, all of which are recommended ongoing for increased body-worn camera digital evidentiary and discovery requirements and increased workload demands (\$2.5 million appropriations and funding and 12 positions) and a Conviction Integrity Unit (\$495 thousand appropriations and funding and three positions).
- **Sheriff-Coroner**  
Sheriff-Coroner proposed \$39.9 million and 130 positions in reductions, all of which are recommended

(\$23.9 million ongoing, \$16 million one-time) to maintain mandated functions of departmental operations.

Furthermore, Sheriff-Coroner requested expand augmentations totaling \$3.8 million appropriations, \$1.7 million funding and 20 positions, of which \$3.2 million appropriations, \$1.2 million funding (\$1 million ongoing, \$144 thousand one-time) and 14 positions are recommended for: the Behavioral Health Bureau and five related vehicles and equipment (\$1 million one-time appropriations and two limited-term positions, \$700 thousand ongoing appropriations and three positions); one vehicle and related equipment (\$144 thousand one-time appropriations and funding); the Coroner Division (\$899 thousand ongoing appropriations and funding and six positions); the Records Division (\$515 thousand ongoing appropriations, \$155 thousand funding and three positions).

### COMMUNITY SERVICES

- **OC Community Resources**  
OC Community Resources requested expand augmentations totaling \$1.4 million appropriations, \$608 thousand funding and seven positions, all of which are recommended ongoing for: the Office on Aging Service (\$768 thousand appropriations, \$38 thousand funding and six positions); the Custodian of Records (\$36 thousand appropriations and one position); and the Housing Funding Strategy (\$570 thousand appropriations and funding).
- **OC Animal Care**  
OC Animal Care requested \$675 thousand appropriations in an expand augmentation, all of which is recommended one-time for purchase of nine replacement vehicles.
- **OC Parks CSA26**  
OC Parks CSA26 requested \$298 thousand and five positions in an expand augmentation, all of which are recommended ongoing to maintain additional acreage and amenities at Mile Square Park.
- **Health Care Agency**  
Health Care Agency requested \$9.7 million appropriations and 47 positions in an expand augmentation, all of which are recommended ongoing to implement the Street Medicine Program.

### ■ **Social Services Agency**

Social Services Agency requested \$1.8 million appropriations and 10 positions in an expand augmentation, all of which are recommended ongoing to enhance child welfare emergency response services.

## INFRASTRUCTURE & ENVIRONMENTAL RESOURCES

### ■ **OC Public Works**

OC Public Works proposed \$224 thousand in reductions, all of which is recommended for restoration ongoing to ensure timely infrastructure projects and safe functional facilities.

OC Public Works also requested expand augmentations totaling \$2 million appropriations and 17 positions, all of which are recommended ongoing for: custodial services (\$33 thousand appropriations and six positions); the Weights and Measures Program (\$212 thousand appropriations and two positions); and John Wayne Airport improvements (\$1.7 million appropriations and nine positions).

### ■ **Utilities**

Utilities requested expand augmentations totaling \$264 thousand appropriations and two positions, all of which are recommended ongoing for the Central Utility Facility (\$129 thousand appropriations and one position) and the County's Energy Program (\$135 thousand appropriations and one position).

### ■ **OC Road**

OC Road requested \$394 thousand appropriations and four positions in an expand augmentation, all of which are recommended ongoing for roadway operations and maintenance.

## GENERAL GOVERNMENT SERVICES

### ■ **Assessor**

Assessor proposed \$2 million and 19 positions in reductions, all of which are recommended for restoration ongoing to meet the current and projected level of service required for tax rolls.

### ■ **Auditor-Controller**

Auditor-Controller requested expand augmentations totaling \$114 thousand and seven positions, all of which are recommended ongoing for accounting services for John Wayne Airport (\$114 thousand and one position), Office of Care Coordination (four positions), and Social Services Agency (two positions).

### ■ **County Counsel**

County Counsel proposed \$777 thousand and three positions in reductions, all of which are recommended for restoration ongoing to sustain core mandated functions.

Additionally, County Counsel requested expand augmentations totaling \$703 thousand and funding and two positions, all of which are recommended for: external legal counsel services (\$450,000 one-time appropriations and funding); and legal counsel services to Health Care Agency, Public Guardian (one position) and Human Resource Services (\$253 thousand one-time appropriations and funding and one limited-term position).

### ■ **Treasurer-Tax Collector**

Treasurer-Tax Collector proposed \$1.1 million and six positions in reductions, all of which are recommended for restoration ongoing to sustain core mandated functions.

### ■ **Internal Audit**

Internal Audit proposed \$116 thousand and one position in reductions, all of which are recommended for restoration ongoing to meet audit services workload demands and core audit responsibilities.

Internal Audit also requested \$253 thousand appropriations and funding and two positions in an expand augmentation, all of which are recommended to address the increased audit workload.

## DEBT

The budget includes all debt obligation payments. Budgets displayed in Program VI include amounts for annual payments on the County's debt financing of the Central Utility Facility and debt financing of infrastructure improvements in the County's Assessment Districts and Community Facilities Districts. This program also includes the debt associated with the County's Teeter program. Debt related to the specific operations of John Wayne Airport is included in Program III where the operational budgets for that department are also found. Based on the County's SFP and at current funding levels, the County is able to fulfill these debt obligations and sustain current and future services and operations.

**DEBT LIMIT**

The amount of the general obligation bonded indebtedness the County can incur is limited under California State Law to 1.25% of the equalized assessment property tax roll.

**Legal Debt Margin as a Percentage of Debt Limit Calculation for FY 2021-22**

(\$ amounts in thousands)

Assessed Value	\$ 689,088,931
Legal Debt Limit (1.25% of total assessed value)	8,613,612
Net Debt Applicable to Limit	0
Legal Debt Margin	\$ 8,613,612
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0%

Source: County of Orange Auditor-Controller

**FY 2022-23 Debt Service General Fund**

2016 CUF Lease Revenue Bonds	
Maturity (Fiscal Year)	2035-36
Debt Outstanding as of 6/30/22	44,425,000
FY 2022-23 Debt Service: Principal	
Interest	2,221,250
Total	4,486,250
Debt Outstanding as of 6/30/23	
	42,160,000

Note: The table above excludes Civic Center Master Plan - Phases I and II Bonds as the bonds are not County-issued debt. As a tenant of County Administration South (Civic Center Master Plan Phase I), the County began base rental payments in FY 2020-21. The County will become a tenant of County Administration North (Civic Center Master Plan Phase II) in FY 2022-23, at which time the County will begin base rental payments.

**PLEDGED REVENUE**

Coverage for South Orange County Public Financing Authority Central Utility Facility Lease Revenue Bonds, Series 2016 (in thousands)			
Fiscal Year Ending June 30	2021	2020	2019
Pledged Revenue	4,338	4,427	4,550
Debt Service			
Principal	2,054	1,975	1,900
Interest	2,433	2,511	2,587
Total Debt Service	4,487	4,486	4,487
<b>Coverage</b>	<b>0.97</b>	<b>0.99</b>	<b>1.01</b>

Source: County of Orange Auditor-Controller Comprehensive Annual Financial Report

**BOND RATINGS & PURPOSE**

TYPE OF BOND	Fitch Insured/ Underlying	Moody's Insured/ Underlying	S&P Insured/ Underlying	Purpose
2016 CUF Lease Revenue Bonds	not rated/not rated	not rated/not rated	not rated/AA	acquisition, construction and installation of certain capital improvements for the County's Central Utility Facility located at 525 North Flower Street in Santa Ana, California

Source: County of Orange Budget & Finance Office

**CASH FLOW MANAGEMENT**

The County issued short-term taxable Pension Obligation Bonds to prepay, at a discount, a portion of the County's FY 2022-23 pension obligation, resulting in a net cost avoidance of approximately \$30.3 million. The bonds were issued in January 2022 in the amount of \$521.8 million at rates ranging from 0.550% to 0.678%. The bonds will be paid off on April 28, 2023.

