Attachment A

2024 Strategic Financial Plan

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Executive Summary

Introduction

The County of Orange (County) is dedicated to long-term strategic financial planning to ensure its ability to respond to economic changes and unanticipated events in a way that allows the County to preserve the range and quality of services provided to the community. The year leading up to the 2024 Strategic Financial Plan (SFP) process evidenced continued economic growth while inflation eased to a rate that has allowed the federal funds rate to be lowered. Economists expect the U.S. economy to continue to grow at a below trend pace as they anticipate a rise in investment as interest and mortgage rates are anticipated to drop. While revenue growth in recent years has allowed the County to fund one-time projects and enhance service levels, future growth will dictate the impacts on projects and levels of service. Nevertheless, the County is committed to maintaining essential services and aligning discretionary projects and service delivery levels within available funding.

A disciplined approach to fiscal management of the County's limited resources will ensure alignment with Countywide strategic priorities and values. Commitment to the Board of Supervisors' (Board) priorities of budget stabilization, preparation for contingencies, and funding of agency infrastructure, accentuates the need for long-term strategic planning including building a reserve balance that best positions the County to weather future economic variations with minimal impact on the community it serves. This strategic planning process enabled the County to clear a significant financial milestone and reach its Target and Contingency Reserve amounts, as recommended by the Government Finance Officers Association (GFOA). It is important for the County to maintain its reserve position, even during a downturn in the economy.

Although costs of doing business continue to grow, the County is committed to implementing key initiatives and projects moving toward a future that will enrich the lives of Orange County residents and visitors including:

- **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. A goal of OC CARES is to ensure services are provided in an efficient, cost-effective manner without duplication of effort and resources.

- **Behavioral Health:** Be Well Irvine, a second behavioral health campus on County-owned land in Irvine, is in development and will provide a myriad of mental health and substance use disorder services for adults, children and families. Plans currently involve three phases of development, with the first phase anticipated to be implemented in mid-2025.

- **Healthcare:** Coordinated case management, using the County's System of Care Data Integration System (SOCDIS), is in place to deliver services in a more effective manner including outreach and engagement services to high-utilizers to ensure discharge plans are followed and referrals to services are provided to encourage self-sufficiency.

- **Community Corrections:** The County continues to implement a comprehensive reentry system for individuals released from County jails or state prison to reduce recidivism and hold individuals accountable by providing a path to self-sufficiency. Prevention and intervention efforts target those at risk of entering the criminal justice system. Ongoing projects include development of transitional housing with supportive services for adults and juveniles; a workforce reentry center providing housing, vocational and educational training and a path to self-sufficiency through employment; a pre-arraignment diversion program for individuals who would benefit from treatment programs and services; and a comprehensive modernization of the County's juvenile corrections campus.

- **Housing:** In June 2018, the Board filed the Housing Funding Strategy (HFS) with the goal of developing 2,700 units of permanent supportive housing. In December 2022, an update to the HFS identified a new goal of developing an additional 2,396 units of permanent supportive housing. As of October 31, 2024, 1,676 units have been built, 664 units are under construction, and 927 units are in progress of funding, with a combined total of 3,267 supportive and affordable housing units completed or in the current pipeline. A continuing Strategic Priority focuses on combining affordable housing assistance with voluntary support services to address the needs of chronically homeless individuals. In addition, a continuing Strategic Priority would establish placement services or transitional and permanent supportive housing for youths who may have a history or propensity for engaging in delinquent behaviors that put them at risk of involvement with the juvenile justice system.

- **Benefits and Support Services**: County departments continue to work collaboratively to remove barriers to accessing assistance programs such as Cal

Fresh and Medi-Cal, especially for individuals upon release from custody to ensure continuity of treatment and services. Development and implementation of new programs and services geared toward youth to prevent involvement in the juvenile justice system is also a focus.

- **Master Plan for Aging:** Aligns with the County's overall vision of integrating services to ensure the health and safety of Orange County residents. The County is assessing a survey that will be used to compile a Master Plan for Aging to help the County understand the holistic needs of the aging population and establish a plan for efficient and effective delivery of services.

- **Capital and Infrastructure Improvements:** The County continues to improve agency infrastructure in various areas including the Civic Center Facilities Strategic Plan (CCFSP), an initiative addressing the County's long-term occupancy in the Orange County Civic Center. The goals are to improve delivery of services to the community, space usage and departmental adjacencies; address the aging portfolio of County facilities; better manage long-term occupancy; and provide sustainable infrastructure that minimizes energy and water consumption and maintenance costs. Additional details of the CCFSP can be found in the County Facilities Master Plan Strategic Priority. In addition, the County is actively investing in the future by exploring options for development projects that would use County assets to generate ongoing revenue streams. Furthermore, the County is seeking innovative and efficient emergency preparedness strategies that are essential for the community and a major part of the County's critical infrastructure.

- **OC Builds:** A County initiative that addresses the infrastructure needs for transportation, travel, and cybersecurity that prioritizes the safety of its residents, staff, and resources; renewable energy and sustainability; and provides an enjoyable customer experience. The County is focused on reducing its carbon footprint by replacing older vehicles with low to zero emission vehicles and building electric vehicle charging infrastructure and stations to comply with California's Air Resource Board's Initiative. In addition, the County continues to enhance its airport infrastructure to provide a world-class airport that is safe, facilitates efficient travel, and provides an enjoyable customer experience. Similarly, the County maintains and annually updates the 10-year County Facilities Master Plan that outlines all real estate projects currently in progress and reports on projects that have been completed. The County strategizes the development and modernization of various County-owned facilities and tracks the aging infrastructure that may require significant investments in the future to ensure

County-provided services to the community are easily accessible and provide a positive client experience.

- **Fiscal Sustainability:** The importance of having and maintaining healthy reserve balances was evident during the COVID-19 pandemic. Temporary utilization of reserves during COVID-19 aided departments in offsetting decreases in revenue growth, funding reductions from various sources, and accommodating increased costs of doing business. The County will continue to prioritize funding its reserves through responsible fiscal management, strategic planning and prudent allocation of resources. The goal is to ensure overall prudent reserve balances, while maintaining proper reserve designations and flexibility.

The Process

The SFP is a financial component of the County's Strategic Plan providing short and long-term operational linkage between the County's Strategic Plan and the annual budget process. It offers a means to measure departments' needs and resources to ensure the County's financial position is sufficient to support ongoing services and long-term needs while ensuring actual sustainability within potential future economic restraints. The SFP provides policymakers with a tool for testing assumptions and evaluating the projected financial impact of policy decisions related to General Fund operations, capital and information technology (IT) requirements, strategic priorities and emerging initiatives.

The SFP provides the context for a five-year operating budget and prepares for development of the next fiscal year budget with the stipulation that assumptions used in developing the SFP may change over time. The SFP is developed with a goal of identifying any significant issues that must be addressed to achieve the County's mission, goals and long-term plan for financial stability. The County continues to focus on the following key fiscal goals:

- Budget stabilization and planning for contingencies
- Planning for and funding agency infrastructure

The primary focus of the SFP is the portion of the General Fund often referred to as discretionary funding or Net County Cost (NCC) which is funded by General Purpose Revenues (GPR). This is the funding source allocated to departments and approved by the Board for programs and activities not funded by specific revenue streams. The non-discretionary portion of the budget contains mandated activities such as benefit payments to clients, which the County provides on behalf of the State and Federal governments.

Such activities are primarily funded with state and federal revenues and include programs such as In-Home Supportive Services (IHSS), CalWORKs, CalFresh and Medi-Cal.

Non-discretionary revenues projected by General Fund departments over the five years of the SFP consist of the following in addition to the projected GPR:

(Amounts in Millions)

Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
State Revenue	$ 1,856.4	$ 1,867.9	$ 1,911.7	$ 1,951.3	$ 1,990.0
Federal Revenue	528.4	537.2	548.2	560.5	571.5
Charges for Services	659.6	674.6	680.0	696.8	698.2
Other Financing Sources	499.6	421.7	416.2	391.1	391.7
Licenses, Permits & Franchises	32.4	33.6	34.4	34.8	35.3
Miscellaneous Revenues	15.3	15.5	15.7	15.9	16.0
Fines, Forfeitures & Penalties	7.1	7.1	7.1	7.2	7.2
Use of Money & Property	27.1	27.9	28.8	29.8	30.7
Other Governmental Agencies	15.8	16.3	16.7	17.2	17.8
Subtotal	***$ 3,641.7***	***$ 3,601.8***	***$ 3,658.8***	***$ 3,704.6***	***$ 3,758.4***
General Purpose Revenue	1,179.1	1,221.6	1,266.0	1,312.2	1,359.9
Grand Total	**$ 4,820.8**	**$ 4,823.4**	**$ 4,924.8**	**$ 5,016.8**	**$ 5,118.3**

Note: GPR amounts include ongoing and one-time funding sources.

Particularly, state and federal revenue sources are reviewed and closely monitored to identify possible issues. Any concerns identified during the SFP process are reported to the County's Legislative Affairs unit, which then communicates with the County's State and Federal lobbyists as well as the California State Association of Counties (CSAC) and the National Association of Counties (NACo). In addition, County departments work closely with organizations such as the California Welfare Directors Association (CWDA), the County Health Executives Association of California (CHEAC), and the California State Sheriff's Association on any identified matters.

As in prior years, the SFP focuses on identifying General Fund fiscal gaps (comprised of departmental planned expenditures net of departmental revenues and NCC) and any imbalances to be addressed during the FY 2025-26 annual budget process. Summary analyses of capital and IT project needs were also conducted. This year's SFP lays the groundwork for establishing budget priorities and funding solutions for FY 2025-26 prior to the usual timeframe of the annual budget process, thereby allowing more time for collaboration and thoughtful solutions.

The SFP also provides an opportunity to review the General Fund Reserves Policy, which is developed to provide governance over the maintenance and use of reserves and to reflect the County's continued commitment to sound fiscal policy. There are no recommended changes to the Reserve Policy.

Relevant economic data used in preparing the County's 2024 SFP includes:

- GPR forecast developed in conjunction with forecasts by the Auditor-Controller, the 2024-25 Local Assessment Roll of Values, and revenue receipt trends.
- Various projections for capital and operating inflationary factors, as developed by governmental or industry experts in the related field.
- Continued monitoring of economic forecasts published by Chapman University, University of California, Los Angeles, the State Legislative Analyst Office and other various sources.

Economic data compiled in August 2024 was included as part of the 2024 SFP instructions. As changes occur in the economy, projections will be updated during the FY 2025-26 annual budget development process.

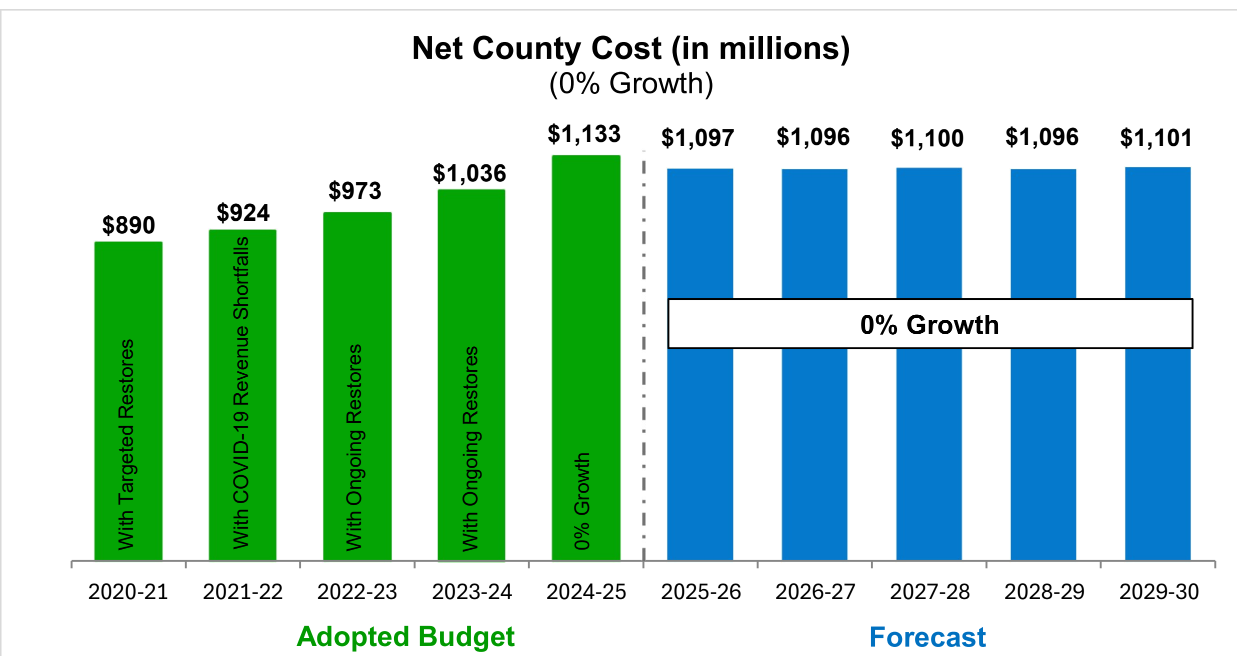
Key Assumptions:

- The total cost of salaries and benefits is expected to increase over the five-year plan and includes the following assumptions:
  - Salary growth factors include general salary increases consistent with existing approved memorandum of understanding (MOU) terms. Assumptions for salary increases beyond the existing MOU terms include a 0% growth for Years 1 through 5 of the plan. In addition, per existing MOU terms salary projections include a merit increase assumption for incumbents that are not at the top of the salary schedule. Salary projections are developed independently and not in consultation with Human Resource Services or the Board. The use of growth factors is for planning purposes only and does not represent a commitment for bargaining purposes.

Included in the assumptions for the 2024 SFP are the following economic and demographic assumption changes adopted by the Orange County Employees Retirement System (OCERS) Board on August 21, 2023:

- Maintain rate of price inflation at 2.50%.
- Continue the use of retirement rates structured as a function of entry age and years of service, which separated out retirement rates for legacy plans for years of service above and below 30 years. This resulted in higher assumed rates of retirement for legacy plan members with over 30 years of service. As such, retirement contribution rates for Non-Safety members increased.
- Continue the use of public benefit-weighted mortality tables, which illustrated Safety mortalities were higher than previously projected using headcount-weighted mortality tables. This resulted in lower contribution rates of retirement for Safety members.

- Retirement Rate Assumptions (Tier II) utilize the assumed investment rate of return of 7.00% for all years, which resulted in the following retirement contribution rates over the five-year plan:
  - Safety Rate ranges from 69.1% to 70.7% (3.0% @ 50; excludes retiree medical)
  - Non-Safety Rate ranges of 36.8% to 38.3% (2.7% @ 55; excludes retiree medical)
  - Retiree Medical for Safety rates of 0.5% for Law Enforcement Management
  - Retiree Medical for Non-Safety rates of 0.9 %
- Health Benefit Cost Assumptions resulted in the following:
  - 5-Year Growth from $254 million to $325 million, a 27.9% increase
- Departmental NCC limits were set for ongoing baseline operations (current levels of service). FY 2025-26 NCC limits were projected using the adopted FY 2024-25 limits ($1,133 million) as a starting point, with amendments for technical adjustments and removal of one-time items resulting in proposed baseline limits for FY 2025-26 of $1,097 million. Departments have identified $138 million in appropriation reductions that would be required to meet the FY 2025-26 NCC limits. After factoring in NCC limit growth of 0% in FY 2025-26 through year five of the SFP, removal of any one-time items, and use of one-time funding sources to supplement GPR, funding sources are projected to be insufficient to cover department base budgets and restore requests. In addition, projected funding sources are insufficient to grant all department expand augmentation, capital improvement, IT and strategic priority requests. Furthermore, departments identified a 5-year cumulative budget gap of $475 million. The following table summarizes historical budgeted and forecasted NCC.



The following table summarizes prior and current year Adopted Budget and SFP year projected NCC by program:

Program	Adopted Budget					Forecast				
	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30
Public Protection	$ 601.1	$ 550.2	$ 577.9	$ 563.5	$ 673.2	$ 638.7	$ 638.6	$ 638.6	$ 638.6	$ 638.6
Community Services	178.1	182.9	173.1	184.2	214.7	208.2	208.2	208.2	208.2	208.2
Infrastructure	36.4	36.3	36.8	42.3	38.8	38.5	34.0	34.0	34.0	34.0
General Government	130.2	136.6	158.8	173.0	182.7	185.0	183.2	187.1	183.2	188.6
Capital Improvements	29.0	22.0	16.1	16.1	16.1	16.1	16.1	16.1	16.1	16.1
Debt Service	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Insurance, Reserves & Misc.	(84.6)	(3.9)	10.0	57.0	7.2	11.0	15.6	15.7	15.8	15.9
GRAND TOTAL NCC	**$ 890.1**	**$ 924.1**	**$ 972.8**	**$ 1,036.2**	**$ 1,132.7**	**$ 1,097.5**	**$ 1,095.8**	**$ 1,099.8**	**$ 1,096.0**	**$ 1,101.5**

Outlook and Opportunities

In general, key economic forecasts indicate above trend growth in 2025 and 2026 as inflation is predicted to decrease due to the Federal Open Market Committee reducing its federal funds rate. Consequently, this is projected to increase residential investment as a reduction in mortgage rates could influence homeowners in selling their homes if interest rates are closer to their previously acquired low fixed-rate mortgages. The County will continue to monitor the State budget due to its projected $47 billion deficit in FY 2024-25 and prepare contingency plans to address any possible adverse funding impacts, if needed. Continued rising costs of salaries and benefits and other costs of doing business may exert pressure on the County's ability to fund current and future service levels. Please see further discussion of economic impacts in the *Economic Forecast* section of this document.

Development of this SFP takes into account modest GPR growth consistent with current and projected economic conditions. The County should continue to follow fiscal policies that will maintain department budget stability, prepare for contingencies, and address and fund agency infrastructure.

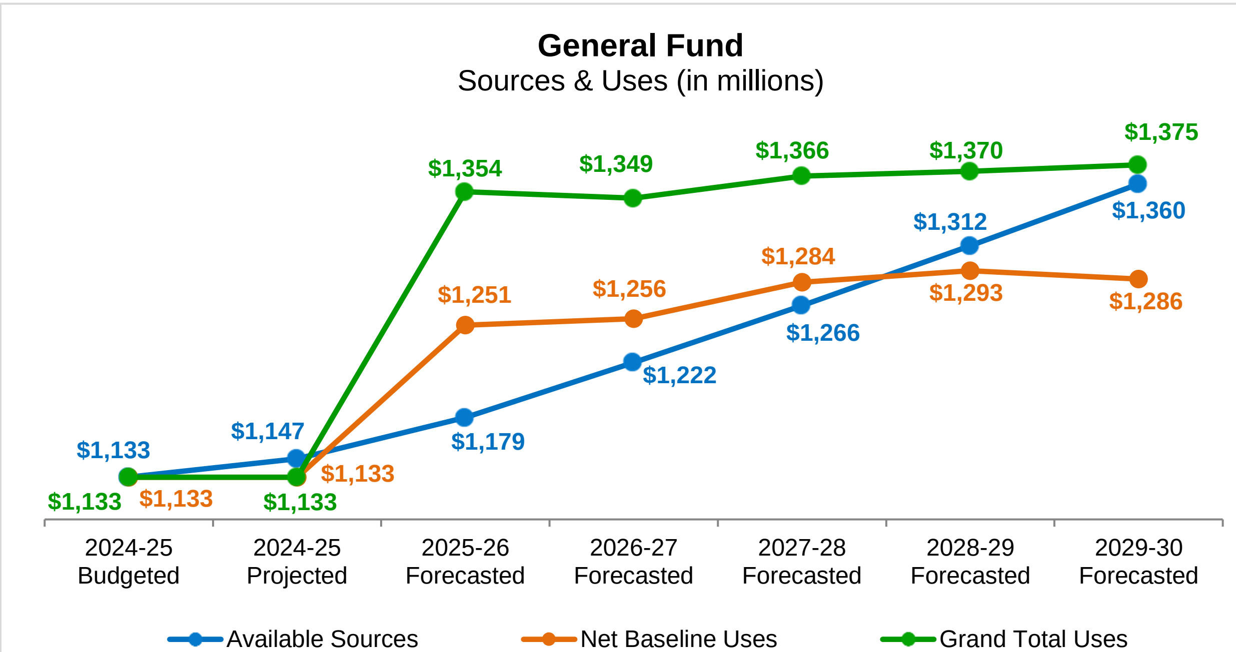
Expenditures

Key Issues include:

- The cost of doing business continues to grow.
- Competing needs exist for General Funds, including the need to fund new and deferred capital and IT projects, ongoing strategic priority requests, and reserve position.

The following chart illustrates the projected General Fund Sources and Uses.

- **Available Sources** is GPR and may include use of one-time revenue sources.
- **Net Baseline Uses** is NCC limits plus restore augmentations and Budget Stabilization and Contingencies reserve increases.
- **Grand Total Uses** encompasses the Net Baseline Uses including expand augmentations, capital improvement plan (CIP), information technology (IT) Plan, and Strategic Priority requests.



The gap between total sources and grand total uses begins at a negative $175 million in the first year of the SFP; decreases to $100 million by year three; and then decreases to $15 million by year five. The projected cumulative deficit is $475 million for the five years if all restore, expand, CIP, IT plan, and strategic priority requests are granted.

It is important to note that unexpected shifts in economic conditions or events could cause the gaps between available sources and net baseline uses to narrow or invert. Currently, the County is reviewing the potential liability and overall impacts of the Airport Fire which cannot be fully assessed at this time. It is also unknown if the potential liability would be mitigated by recoveries through insurance or relief from other revenue sources. In addition, changes to the following assumptions could cause variations in the gaps shown above:

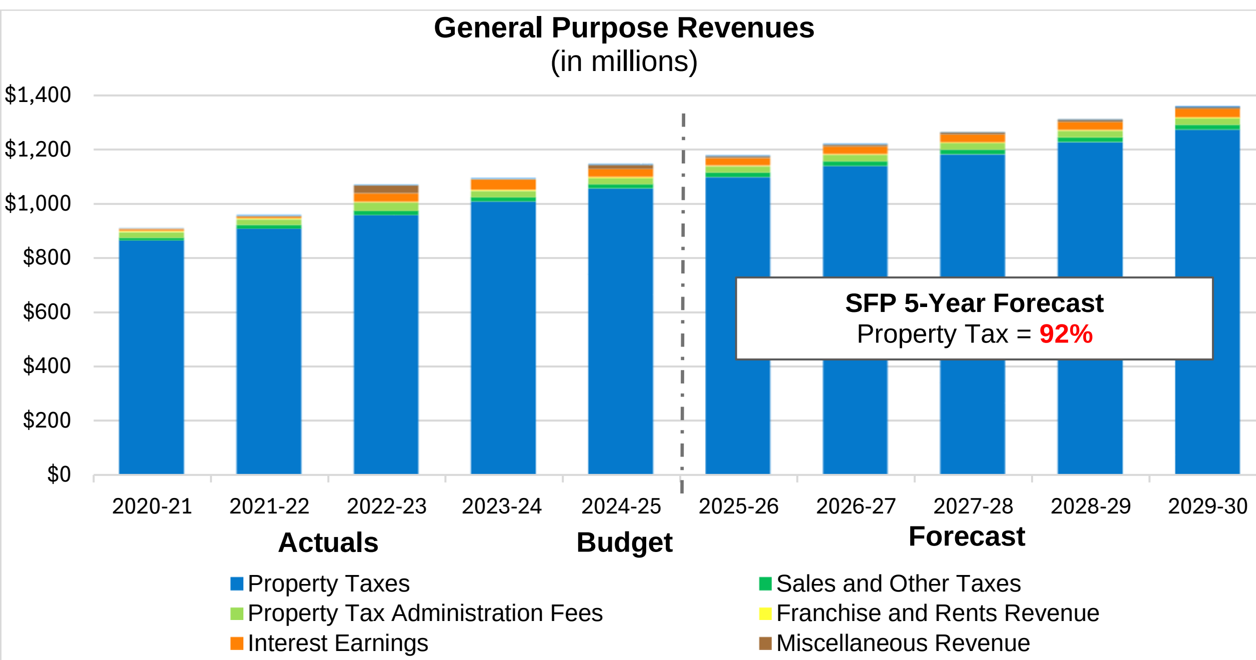
- The FY 2024-25 projection assumes that departments remain within budgeted Net Baseline Uses.

- The Net Baseline Uses assumes 0% growth for Years 1 (FY 2025-26) through 5 (FY 2029-30) of the SFP for salary increases beyond the existing MOU terms.
- FY 2023-24 actual Proposition 172, Excess Public Safety Sales Tax revenue receipts were lower than budget, which could reset the base revenue amount for FY 2025-26 during budget development process.
- Increasing costs in Community Services, such as In-Home Supportive Services and General Relief.

Over the five years of the SFP, departments requested a total of $189 million in expand augmentation requests primarily to fund increased staffing and equipment needs. In addition, departments requested a total of $49 million in strategic priority requests including $5 million related to OC CARES programs with the remaining $44 million related to department-specific requests. There are also unfunded CIP and IT plan requests of $189 and $18 million, respectively.

Revenues

As previously illustrated, departmental base revenues (sources) are projected to grow slowly, and not to the extent of department base expenditures (uses). The SFP forecasts moderate increases in GPR consistent with current economic trends. The following chart summarizes historical and forecasted growth in GPR. Detailed analysis of each component of GPR and Fund Balance Unassigned (FBU) is provided in the *General Purpose Revenue Forecast* section of this document.



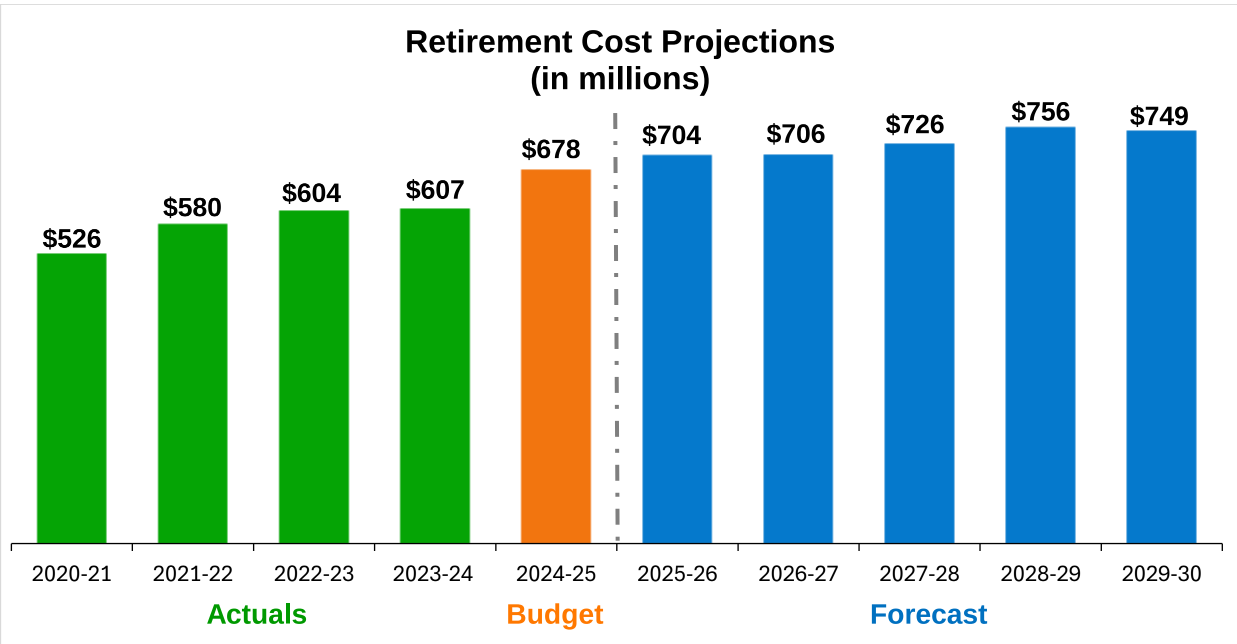
Note: Miscellaneous Revenue includes transfers in from other funds.

Retirement

For the 2024 SFP, the County's projected cost of retirement shows an average 2.6% increase over the 2023 SFP forecast primarily due to the following:

- Favorable investment returns after smoothing decreased the average employer contribution rate by 0.50% of payroll.

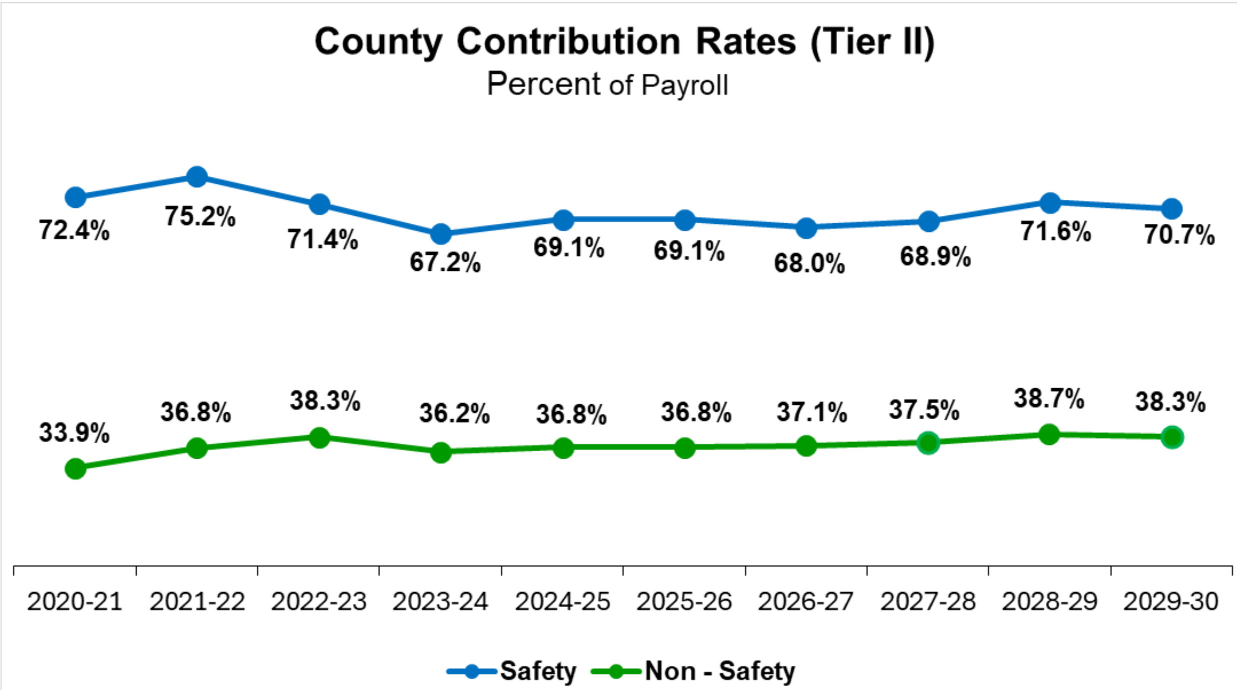
As illustrated in the table, the 2024 SFP retirement forecast increases 10.4% when comparing costs from the current year's budget FY 2024-25 of $678 million to $749 million estimated in FY 2029-30.



Note: All years exclude Pension Prepayment and Retiree Medical.

Over the Plan, assuming all actuarial assumptions are met in the future and there are no additional changes in any of the actuarial assumptions, retirement rates are expected to slightly increase due to salary increases as the UAAL is paid down over the 20-year amortization period.

Although the County's cost of retirement will increase, a long-term positive impact is expected due to the reduced retirement benefits established under the California Public Employees' Pension Reform Act of 2013 (PEPRA). New County employees hired on or after January 1, 2013, who are considered "New Members" within the meaning of PEPRA, are enrolled in lower cost PEPRA retirement plans. As of September 2024, the County had 9,757 (approximately 57%) County employees enrolled in PEPRA retirement plans, an increase from 8,790 (approximately 53%) of County employees as of September 2023.



Notes: All years exclude Retiree Medical.

Pension Unfunded Actuarial Accrued Liability (UAAL) – Funding Progress

The County participates in the Orange County Employees' Retirement System (OCERS), a cost sharing multiple-employer, defined benefit pension plan. The County's funding policy aims to fully provide member benefits upon retirement by meeting this goal with annual OCERS contributions that are combined with employee contributions and investment income.

At the end of each calendar year, OCERS conducts an actuarial valuation which establishes the employer and employee retirement contribution rates. The total employer retirement contribution rate includes two components: the Normal Cost Component and the current year's cost for the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost Component is the amount that will pay for the current year's value of retirement benefits as earned. The UAAL Component is the accrued liability for past services which were not funded by prior contributions and investments. Ideally, all benefits are funded through the Normal Cost Component only. However, a UAAL can arise due to the following factors:

- Benefit enhancements are retroactively applied
- Actuarial losses due to actual growth in factors such as the number of retirees, improved mortality rates, salaries or investment return losses
- Changes in actuarial assumptions for factors such as the assumed rate of return, member mortality rates, rate of salary increases, rates of retirement or age at retirement

Large long-term unfunded pension liabilities impact the financial position of the County, which could include the following impacts:

- Potential negative impact on the County's credit rating, which could lead to higher costs of borrowing.
- Unfunded pension liabilities, meaning a larger portion of retirement costs are funded by the taxpayer instead of investment returns.
- Increased financial resources being paid towards annual retirement costs instead of the provision of services. In FY 2023-24, the County's total annual retirement cost was approximately $607.4 million, with an estimated UAAL cost of $406.2 million or approximately 67.1% of total retirement costs.

Accelerated Funding Plan Analysis - During the 2017 Strategic Financial Plan process, the County evaluated the concept of accelerating payments toward the UAAL to improve its financial position. The following challenges were identified which determined accelerated funding payments towards the UAAL was not feasible for the County:

- General Fund discretionary funding is limited, and the funding priority is for County mandates.
- Applicable guidelines for many program funding sources restrict the advance payment of unfunded pension liabilities.
- Numerous County programs have limited program funding which are currently used to cover existing expenditures to meet current service levels.
- Additional funding sources, such as program user fees, would have to increase to cover the cost of additional payments toward the unfunded pension liability.
- Charges to contract partners would have to be increased to cover the cost of additional payments toward the unfunded pension liability.

However, as a result of the following steps taken by the County and the OCERS Board of Retirement to ensure adequate funding of the retirement system, it is projected that the County will achieve 100% funding of the UAAL by 2035:

- In 2013, the OCERS Board adopted a funding policy to reduce the amortization period of the UAAL from 30 years to 20 years, which was a sound financial decision to ensure a timelier payment of the UAAL, eliminating an additional ten years of interest payments.

- OCERS has adopted realistic assumptions to ensure contributions are sufficient to fully fund the retirement system's obligations. Each year the actual experience of the retirement system is compared to the assumptions used in determining contributions rates to assess whether changes in annual contribution requirements are necessary. In addition, triennially, OCERS conducts an experience study to decide whether or not to adjust the underlying assumptions used in determining contributions rates. Based on these experience studies, the OCERS Board has adopted the following past significant changes in assumptions:
  - **Investment Rate of Return** – On December 5, 2012, the OCERS Board voted to reduce the assumed investment rate of return from 7.75% to 7.25%. On October 16, 2017, the OCERS Board adopted a reduction in the assumed investment rate of return to 7.00% effective July 2019. The assumed rate of return reduction had the impact of increasing contribution rates of members and plan sponsors.
  - **Rate of Inflation** – On September 23, 2014, The OCERS Board adopted a decrease in the inflation assumption from 3.25% to 3.00% per annum. On October 16, 2017, the OCERS Board adopted a further decrease in the inflation assumption to 2.75%. On August 17, 2020, the OCERS Board adopted another decrease in the inflation rate assumption to 2.50%, while maintaining the post-retirement COLA at 2.75%. The reduction in the assumed inflation rate had the impact of reducing contribution rates of members and plan sponsors.
  - **Mortality Rates** – On October 16, 2017, the OCERS Board adopted the application of generational tables to project mortality rates, which demonstrated projected life expectancy increases with each new generation. This change in assumption had the impact of significantly increasing contribution rates of members and plan sponsors. On August 17, 2020, the OCERS Board adopted the use of public benefit-weighted mortality tables projected generationally, which indicate benefit (or salary for employees) is a significant predictor of mortality difference. In addition, the new tables are based exclusively on public sector experience, unlike the prior tables. These new tables indicated that public Safety member rates of mortality are higher, which led to a reduction in contribution rates for members and plan sponsors for Safety.
- To control and reduce the growth of the UAAL, the County implemented a hybrid retirement plan (1.62% @ 65) prior to implementation of PEPRA, which reduces the cost of retirement benefits.

Funding Progress – Based on the OCERS December 31, 2023 actuarial valuation, the funding ratio for the retirement system is 82.63%, which is a slight increase from 81.51% in 2022. OCERS' UAAL decreased from $4.69 billion ($3.94 billion attributable to the

County) to $4.65 billion ($3.94 billion attributable to the County). The UAAL decrease was primarily attributable to greater than expected UAAL contributions and investment returns greater than the assumed rate of 7%, combined with actual salary increases greater than the 3% expected salary increase. The following table summarizes the County's UAAL and current funding ratio by the County's four Rate Groups:

County of Orange
Unfunded Actuarial Accrued Liability (UAAL) and Funding Level by Rate Group
Based on OCERS Actuarial Valuations Prepared by Segal Consulting

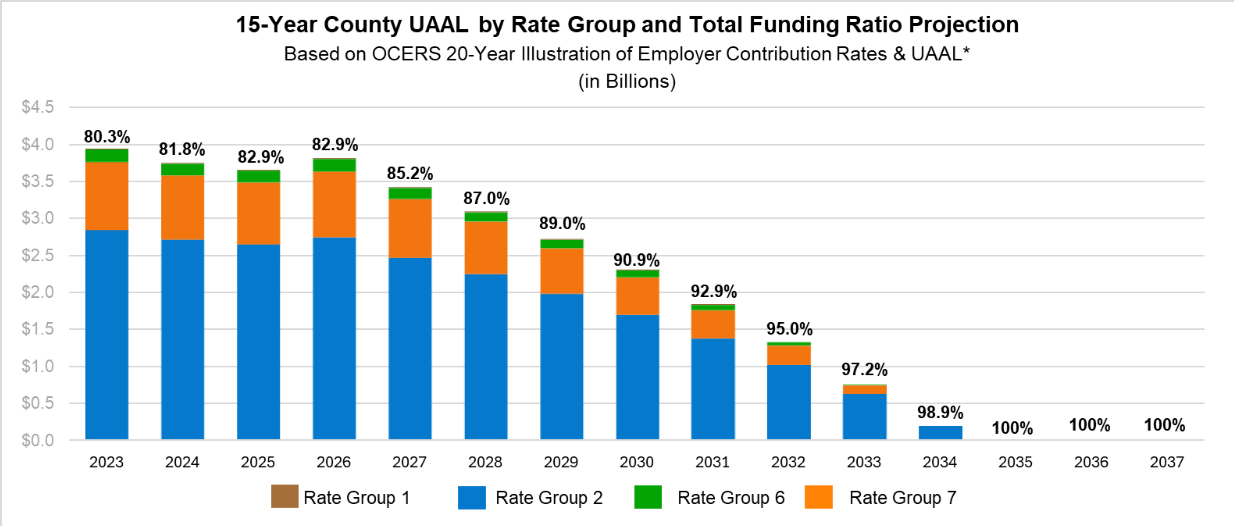
Rate Group	Rate Group Members	Retirement Formula (1)	December 31, 2023 Valuation UAAL (2)	December 31, 2023 Valuation Funding Ratio (2)	December 31, 2022 Valuation UAAL (2)	December 31, 2022 Valuation Funding Ratio (2)
1	American Federation of State, County and Municipal Employees (AFSCME) & Sheriff Deputy Trainees	1.67% @ 57	$ 16,024,000	96.30%	$ 23,608,000	94.30%
2	General Employees	2.7% @ 55	2,847,129,000	78.50%	2,823,356,000	77.50%
6	Probation	3.0% @ 50	167,443,000	85.20%	175,151,000	83.60%
7	Law Enforcement	3.0% @ 50	913,315,000	82.60%	969,473,000	80.60%
County Total			**$ 3,943,911,000**	**80.34%**	**$ 3,991,588,000**	**78.52%**
Portion Funded by General Fund General Purpose Revenues (3)			**$ 930,423,028**		**$ 941,670,690**	

(1) For informational purposes, the retirement plan formulas shown represent the largest employee group for each rate group.
(2) UAAL and current funding ratio data provided by OCERS.
(3) Based on FY 2024-25 Budget, an estimated 23.6% of the UAAL is funded by General Fund General Purpose Revenues.

*Results prepared by OCERS' actuary, Segal Consulting, based on the OCERS December 31, 2023 Actuarial Valuation.

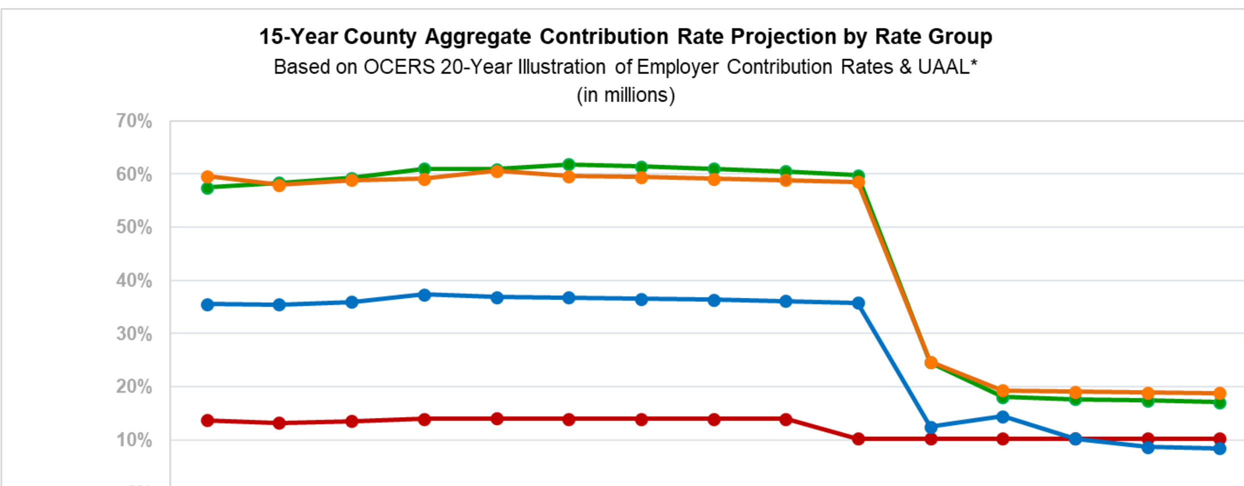
Annually, OCERS' actuary, Segal Consulting, prepares a 20-year projection of employer contribution rates and UAAL based on the latest actuarial valuation. Utilizing the information provided in the analysis with the following major assumptions, the table below illustrates the County's projected annual UAAL and funding ratio:

- Investment rate of return: 7% for all years
- Inflation rate: 2.50%
- COLA for Retirees: 2.75%
- Salary Increases: 3.00% is assumed for all years where negotiated salary increases are not included in existing MOU terms. This assumption varies from the 2024 SFP which includes salary increases consistent with existing MOU terms and 0% growth for Years 1 through 5 of the plan where applicable.



*Results prepared by OCERS' actuary, Segal Consulting, based on the OCERS December 31, 2023 Actuarial Valuation.

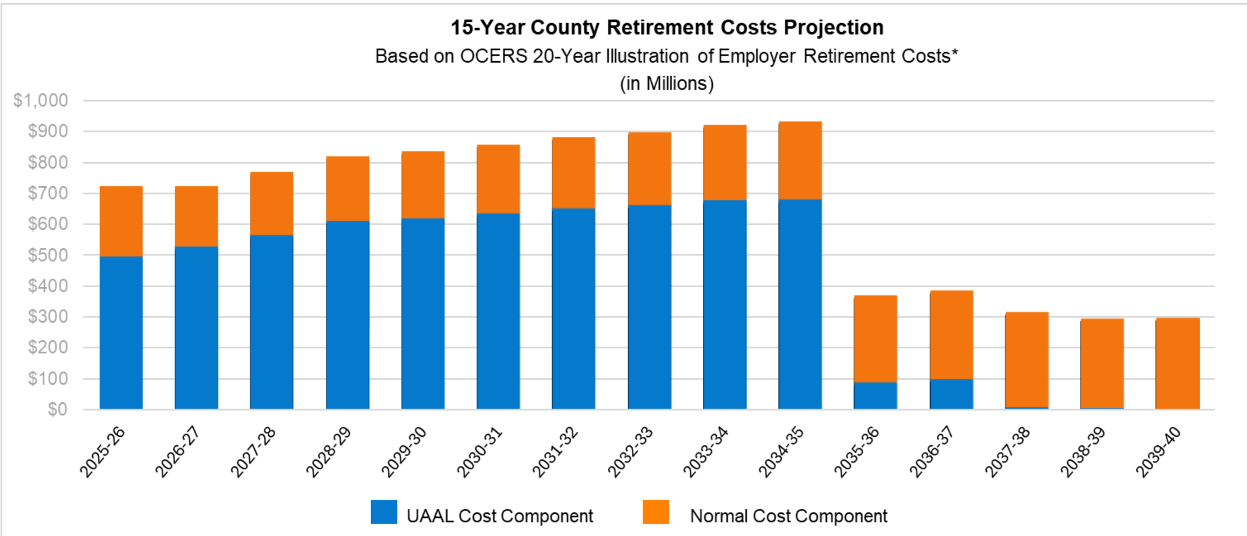
Demonstrated in the table above, the County has achieved a pension funding level above 80% since 2023 and will reach 100% in 2035. The table below provides the 15-year illustration for the County's projected aggregate retirement contribution rates for each of its four Rate Groups:



	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40
Rate Group 1	13.70%	13.23%	13.52%	14.00%	14.03%	14.00%	14.00%	14.00%	14.00%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%
Rate Group 2	35.53%	35.46%	35.96%	37.39%	36.89%	36.78%	36.52%	36.34%	36.16%	35.81%	12.51%	14.47%	10.29%	8.67%	8.47%
Rate Group 6	57.48%	58.41%	59.27%	61.00%	60.93%	61.80%	61.40%	61.00%	60.50%	59.80%	24.60%	18.10%	17.70%	17.40%	17.10%
Rate Group 7	59.64%	57.97%	58.84%	59.10%	60.60%	59.60%	59.40%	59.10%	58.90%	58.50%	24.70%	19.30%	19.10%	18.90%	18.80%

*Results prepared by OCERS' actuary, Segal Consulting, based on the OCERS December 31, 2023 Actuarial Valuation.

As shown in the table above, retirement contribution rates as a percentage of payroll are expected to rise slightly through FY 2028-29 and then steadily decline due to favorable investment returns (after smoothing), as discussed in the Retirement section above. After that period, rates are expected to stabilize until the UAAL is fully funded. After the UAAL is fully funded, which varies by Rate Group, retirement contribution rates will only include the Normal Cost Component. The table below presents the 15-year projected total cost of retirement, including a breakdown of retirement costs between the Normal and UAAL Cost Components:

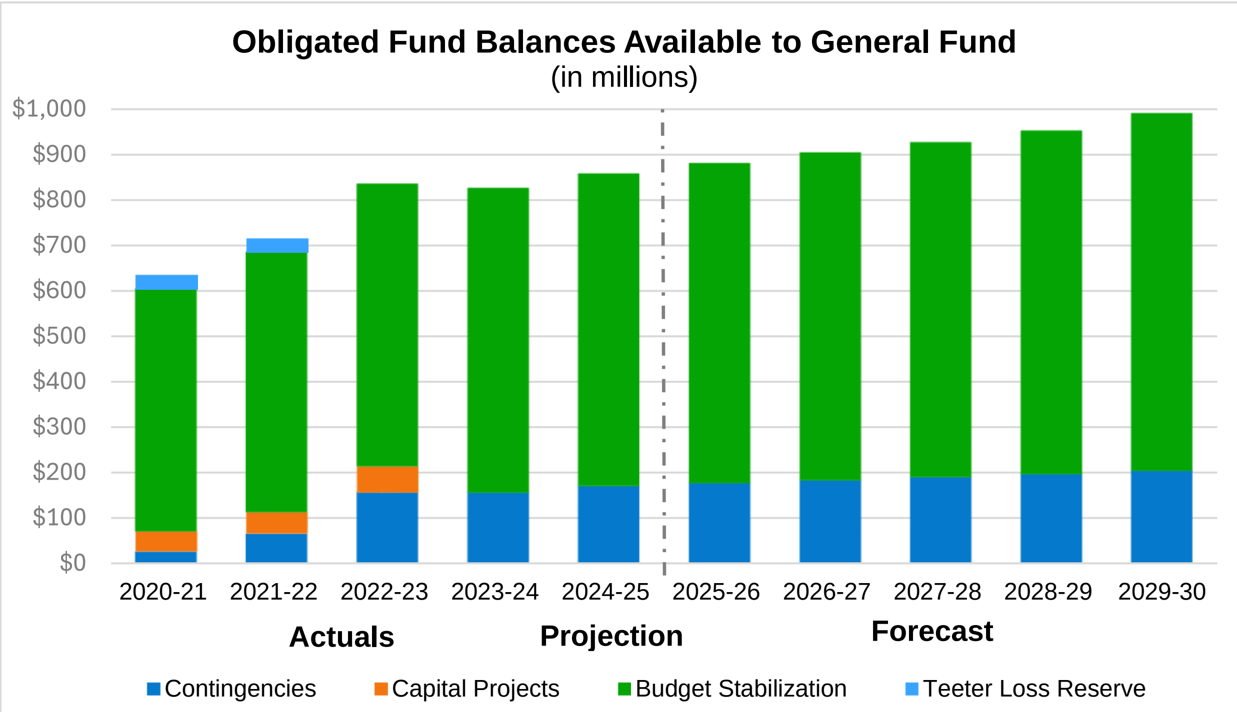


*Results prepared by OCERS' actuary, Segal Consulting, based on the OCERS December 31, 2023 Actuarial Valuation.

Due to the steps taken by OCERS and the County, the County is well on its way to achieving a significant level of funding for its pension obligations in 2025 and full funding by 2035 with no need to pursue an accelerated funding plan. The County will continue to focus on evaluating and pursuing other opportunities to build upon and improve the County's financial position by reducing long-term liabilities in other areas.

Obligated Fund Balances and Cash

The County maintains an established Reserves Policy (please see the *Reserves Policy* portion of this document) to mitigate cash flow impacts, maintain best debt ratings and positive borrowing position, and to provide liquidity in the event of a catastrophic event.

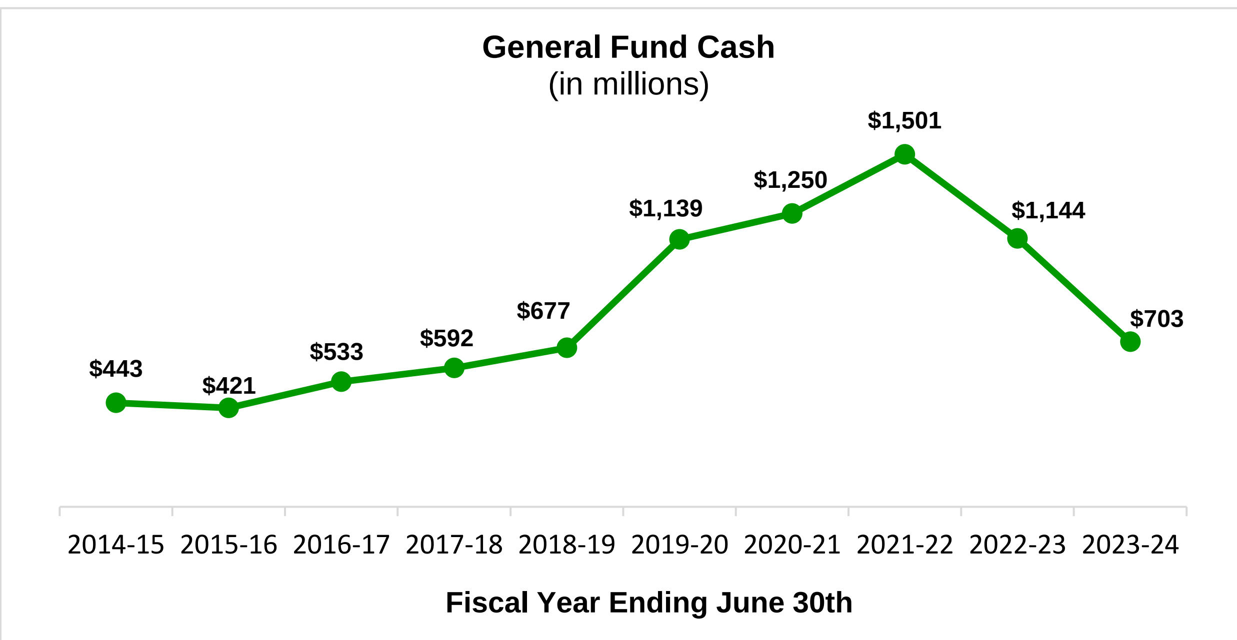


Note: Balances exclude accounts held by other authorities/agencies such as balances held by the OCERS.

During economic downturns, reserves have been used to reduce the severity of impacts to clients and departments. The County has been committed to building reserves back to a level that provides flexibility to maintain service levels and protects the County's cash position in order to meet its obligations. The COVID-19 pandemic had a financial impact, resulting in the County Fund Balance Unassigned (FBU) ending FY 2020-21 with a deficit and necessitating draws from contingency and budget stabilization reserves to balance the General Fund. However, through responsible fiscal management, strategic planning and prudent allocation of resources, the County was able to replenish its reserves to pre-pandemic levels and met the GFOA recommended targets for FY 2024-25 Budget Stabilization and Contingency Reserves. The current and projected obligated fund balances available to the General Fund reflect a healthier reserve position.

Over the five years of the SFP, increases to the contingency and budget stabilization reserves are forecasted in order to meet and/or maintain the GFOA recommended target reserve in each of the SFP years. In accordance with Board Resolution 10-136, any excess Fund Balance Unassigned recorded at fiscal year-end is transferred to reserves by the Auditor-Controller during the year-end closing process.

The County is diligent in maintaining an adequate balance of General Fund cash to address timing variances that occur throughout the year between expense and revenue transactions. Based on the current cash management plan, it is anticipated that cash balances will remain stable throughout the financial planning period. The following chart reflects historical cash balances through June 30, 2024. Cash balances dipped slightly between 2015 and 2016 due to timing of Health Care Agency (HCA) Behavioral Health programs cash receipts. In the following year, the cash increase from 2016 to 2017 was due to the release of a yield-restricted investment to General Fund cash. The increase to cash from 2018 to 2019 is primarily due to increase in property tax revenues, realignment and public safety sales tax revenues and one-time SB90 revenue and interest payments from the State. Finally, the increase to cash from 2019 to 2022 is due to the receipt of one-time Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) revenues. Since the County is not receiving additional one-time receipts related to COVID-19, General Fund cash has decreased to a more typical, stable balance as seen before 2020.



Note: Cash balances are as of June 30 of each year as reported in the Annual Comprehensive Financial Report (ACFR). Cash balance for 2023-24 is preliminary as of October 30, 2024.

Infrastructure & Capital Expenditures

Economic conditions and competing priorities for General Funds influence how the County addresses capital spending. The County continues to use a portion of the modest growth in revenues to fund previously deferred critical projects such as a new Enterprise Resource Planning (ERP) software system. In addition, one-time revenues are being utilized to fund housing for Pre-Justice Involved Youth and Transitional Age Youth.

Strategies

It is essential that departments continue to review programs and operations to determine the best practices when sizing programs for future economic conditions and to ensure services to the community are maintained and performance goals are met within the boundaries of available resources. Departments and the County Executive Office are currently planning for the FY 2025-26 budget process with a goal of preserving the capacity to provide quality services to the community. Seeking opportunities for additional funding to maintain ongoing operations is essential to the process including efforts undertaken in development of the County's Legislative Platform.

Sustainability

The County is pursuing various efforts aimed towards environmental sustainability and green technologies. As a governmental entity, the human, social, and economic aspects of sustainability continue to be the core functions of the County. As such, the County created the Office of Sustainability within OC Waste & Recycling. Its objective is to assist the County with all federal and state mandates related to climate change, complete a Climate Action Plan (CAP) for the County, align the CAP with the CIP, and put the County in the most strategic position for local, state and federal funding.

Prior to the establishment of the Office of Sustainability, the County was already pursuing the conversion to green technologies and infrastructure improvements wherever feasible. These changes include, but are not limited to, the conversion of on-road and off-road equipment and passenger vehicles to zero-emission, installation of associated charging infrastructure, installation of solar, green waste and composting initiatives, replacement of lighting systems for energy efficiency, and increased capture of landfill gas for energy.

The County completed a greenhouse gas inventory leading into the 2024 SFP to develop a baseline of what its departments and assets (i.e., buildings, fleet, landfills) were emitting. Through this inventory assessment, the County reached out to its constituents and held seven public forums to assess what its residents, businesses and nongovernmental organizations considered to be the highest priorities. Compiling all that information allowed the County to identify the following priority sectors: energy, mobility, resource recovery and waste, environmental justice, natural resources and resilience. A preliminary CAP progress report was brought to the Board in September 2024. A comprehensive CAP is expected to be brought back to the Board for approval in late 2025, which will include the development of measures and a complete California Environmental Quality Act analysis.

Action items in the CAP will be ranked and prioritized when the document is finalized. Prioritization will be based on factors such as cost-effectiveness (cost/ton of carbon dioxide), alignment with the CIP, secondary adverse impacts, needs of the County and its constituents, and implementation timeline. Projects may shift if grant funding becomes available and/or new state and federal mandates are adopted. This movement aligns with state and federal priorities and fundings opportunities.

Conclusion

The County's long-term commitment to a balanced budget and early action has proven successful in maintaining core services with minimum impact to service recipients. Through their commitment to fiscal prudence, the Board developed a vision for the County to address critical community, capital, and organizational needs while also allowing for accommodation of new fiscal challenges and opportunities as they arise.

An ongoing commitment to fiscal prudence will be required as the County attempts to balance the funding of identified needs and priorities and strives to provide high quality services and advance major initiatives. The combined efforts of the Board and County employees toward careful and responsible fiscal management will position the County to overcome new challenges as they arise, while continuing to fulfill the County's mission.

The Board will be apprised of the County's fiscal status on an ongoing basis via the annual and mid-year budget reporting processes and other methods, as appropriate. Carrying out vital services and assurance of responsible management requires that:

- Impacts continue to be evaluated and communicated timely;
- The County maintains disciplined financial management;
- Structural balance focused on values and core services continues to be a priority;
- The County remains committed to seeking creative alternatives and partnerships.

Coordinated efforts of the Board and the County employees make it possible to practice fiscal stewardship and to maintain government core services and priorities.

Economic Forecast

Introduction – General Economy

The 2024 Strategic Financial Plan economic forecast is informed primarily by projections developed by Chapman University and University of California, Los Angeles (UCLA). This overview discusses key economic indicators impacting Orange County including gross domestic product, consumer price index, consumer confidence, personal income, employment, housing, and taxable sales.

According to the October 2024 UCLA Anderson Forecast, the economy is projected to slowdown during the fourth quarter of 2024 due to several significant events. The forecast points to several labor disputes in major corporations that could potentially have a negative impact to growth in the industrial sector and have a substantial toll on the U.S. economy upward of $5 billion a day. Furthermore, natural disasters like Hurricane Helene have had a devastating impact to the Gulf Coast, and the extent of the damages remain to be seen. Lastly, as the presidential transition is in process with a new president-elect, certain firms are taking a cautionary approach on their business decisions in hiring and investments until key policies are set in place. Although the forecast is projecting below trend economic growth at the end of 2024, the expectation is the US economy will continue with strong gross domestic product (GDP) growth in 2025 and 2026, which will be attributable to a bounce back in residential investment as mortgage rates are projected to fall as the Federal Reserve is likely to continue cutting short-term interest rates. Economic growth, as measured by real GDP is forecasted at 2.7% in 2024, 2.1% in 2025 and rebounding to 2.8% in 2026.

UCLA's forecast anticipates the Federal Reserve to continue reducing interest rates with a projection of the Federal Funds rate falling within the range of 3.25% to 3.5% by the fourth quarter of 2025 and hovering in that range through 2026. The reduction in interest rates is due to inflation, as measured by the Consumer Price Index (CPI), projected to decrease to 3.0% in 2024 from 4.1% in 2023, then declining to 2.5% in 2025 and 2.3% in 2026. The Federal Reserve's preferred measure of inflation, the Personal Consumption Expenditure Price Index (PCE), is projected to follow a similar downtrend from 2.6% in 2024, to 2.4% in 2025 and 2.2% in 2026. Additionally, the unemployment rate is estimated at 4.1% by the end of 2024 and slightly increase to 4.3% in 2025 and 4.2% in 2026. Although the unemployment rate has increased from a low of 3.4% in January 2023, the UCLA forecasts a labor market that returned to a balanced state, and it anticipates downward wage inflation pressure going forward.

Consumer sentiment, also known as consumer confidence, is a statistical measurement and an indicator of consumers' perceived overall health of the economy. Both the University of Michigan and the Conference Board survey consumers and report findings about their expected level of spending. These survey results are relevant to Orange County as they measure people's confidence in their income stability and how confidence impacts their economic decisions, like spending activity. During times of low confidence, the County expects less revenue and growth than in periods with high confidence and economic prosperity. The survey results are also used by news and investment outlets to report on economic conditions.

The University of Michigan reports that consumer sentiment increased from an index of 67.9 in August 2024 to 70.1 in September 2024. Although the index is still below historical trend, mostly due to high prices experienced over the last few years, the data suggests optimism as consumers see inflation stabilize. The report also describes consumer sentiment being influenced by the results of the upcoming election. On the other hand, the Conference Board's Consumer Confidence Survey reports that consumer confidence declined from an index of 105.6 in August 2024 to 98.7 in September 2024. Although the reports show a healthy labor market, confidence declined as consumers react to the number of hours worked, slower payroll increases and fewer job openings. This trend was also seen in the Expectations Index that declined from 86.3 in August 2024 to 81.7 in September.

National Economy

The Congressional Budget Office (CBO) *Monthly Budget Review: September 2024* approximates the federal budget deficit for 2024 totaled $1.8 trillion, increasing by $139 billion compared to the deficit recorded in fiscal year 2023. Outlays increased by 10.0% primarily due to the Supreme Court's prohibition of the Administration's plan to cancel student loan repayments along with a significant increase in interest payments on the public debt as interest rates were higher than in prior fiscal year. Higher outlays in mandated services were also reported for Social Security and Medicare as the programs experienced an increase in average benefit payments and increases in enrollment and payment rates, respectively. In addition, revenues increased by 11.0% due to the postponement of various 2023 tax deadlines to 2024 for certain taxpayers from federally declared disaster areas. The major sources of government revenues, individual income taxes and payroll taxes increased by 11.0% and 6.0%, respectively.

Based on *An Update to the Budget and Economic Outlook: 2024 to 2034* from the CBO in June 2024, the budget deficit was estimated at $1.9 trillion or 7.0% of GDP in 2024 and increases to $2.8 trillion or 6.9% of GDP in 2034. The outlook projects total deficits equal or exceed 5.5% of GDP in every year of the forecast, deficit levels that have not remained that large for more than five years in a row since at least 1930. These deficit levels are mainly attributable to net interest payments that are projected to grow to 4.1% of GDP and rising Social Security and Medicare costs. The CBO projects outlays at $6.9 trillion or 24.2% of GDP in 2024 and 23.5% of GDP in 2025 which stay relatively close to that level through 2028, and then increase to 24.9% by 2034; these outlay projections are adjusted to exclude the effects of shifts in the timing of certain payments. Revenues are estimated at $4.9 trillion or 17.2% of GDP in 2024 and rise to 18.0% of GDP by 2027, as the 2017 tax act provisions expire, and remain near that level through 2034.

The following table provides CBO forecasts of key national indices.

National Indices	Notes	2025	2026	Annual Average	
				2027-2028	2029-2034
Real GDP	1	2.0%	1.8%	1.7%	1.8%
CPI	1	2.3%	2.2%	2.2%	2.2%
Unemployment Rate	2	4.0%	4.2%	4.4%	4.5%
3-Month Treasury Bill	3	4.5%	3.6%	2.9%	2.8%
10-Year Treasury Note	3	4.1%	3.7%	3.6%	4.0%
Deficit	4	(6.5%)	(6.0%)	(5.5%)	(6.4%)

Source: Congressional Budget Office, An Update to the Budget and Economic Outlook: 2024 to 2034, June 2024

Notes:
1 – Fourth Quarter to Fourth Quarter, Percentage Change
2 – Fourth Quarter Level, Percent (Annual averages reflect value for last year in the range)
3 – Annual Average, Percent
4 – Gross Domestic Product, Percentage of

California Economy

On June 29, 2024, the Governor signed the FY 2024-25 State Budget, which is projected to end with $22.2 billion in general fund reserves, consisting of $17.6 billion in the Budget Stabilization Account (BSA), $3.5 billion in the Special Fund for Economic Uncertainties, and $1.1 billion in the Public School System Stabilization Account. As outlined by the Legislative Analyst's Office (LAO) in *The 2024-25 Budget: Overview of the Spending Plan,* the state faced a budget deficit and to address it, the budget included $39 billion in spending-related solutions, $8 billion in revenue-related solutions, $6 billion in reserve withdrawals, and $2 billion in cost shifts. The FY 2024-25 General Fund revenues and transfers budget of $212.1 billion is estimated to increase from the prior year level by 12.0%, mostly due to increases in personal income tax, sales and use tax and corporate tax. Although revenues have increased in the current budget year, the projected revenue relative to estimates were not realized in the prior and current year. The General Fund expenditure budget totals $211.5 billion, a decrease of 5.0% or $11.6 billion over the revised prior year level.

The *December 2023 Chapman University Economic & Business Review* has an outlook on job growth of 0.5% in 2024 for California and continues to point out the state's slower job growth in the advanced industries, such as technology, software development, aerospace, and medical product sectors. The Chapman-UCI Innovation Index highlights from 2005 – 2023 California's advanced workers increased 41.0% from 117,000 to 165,000, whereas other states with lower state taxes increased 75.0% from 150,000 to 263,000. Research also suggests a potential downward trend to one of the state's main funding sources, personal income tax, as California has lost over 1.7 million people in net domestic migration over the 2016 – 2022 period. Information indicates of those leaving the state an increasing percentage are individuals with adjusted gross income over $200,000 per year.

Given that California's net domestic migration trend continues, it is important to mention that California has one of the biggest economies in the country. The *October 2024 UCLA Anderson Economic Forecast* mentions GDP grew at a 3.7% compound annual rate in 2023, faster than the U.S. and all but three large states, Washington, Florida, and Texas. As mentioned, UCLA anticipates a below trend growth in the latter part of 2024, however it projects the state will continue its trend of having GDP growth slightly higher than the U.S. in 2025 and 2026, which will be led by the technology and aerospace sectors.

The following table provides forecasts by local economists of key state indices.

California Indices	Notes	Chapman	UCLA		
		2024	**2024**	**2025**	**2026**
CPI	1	N/A	3.5%	3.0%	2.5%
Taxable Sales	1	(4.2%)	0.7%	4.2%	5.6%
Personal Income	1	3.6%	4.9%	5.3%	5.8%
Payroll Employment	1	0.5%	(0.5%)	1.2%	2.6%
Unemployment Rate	2	N/A	5.2%	4.8%	4.4%

Sources: Chapman University Economic & Business Review, December 2023; UCLA Anderson Forecast, October 2024
Notes: 1 – Percentage Change; 2 – Not Percentage Change

Orange County Economy

In Orange County, Chapman University forecasts job growth of 0.6% in 2024, which closely mirrors the forecast for the state. Economic indicators at the local level will generally follow national and state trends. The forecast reports the County of Orange as being the leader of jobs supplied in the medical equipment and supplies manufacturing sector, and it describes this accolade as being an engine of economic growth in the County's future.

Two of the County's major funding sources are property and sales taxes, which commonly fluctuate with changes in the housing sector and taxable sales activity. Chapman University forecasts an increase of 3.5% for the median price of all homes and predicts prices to stabilize with modest growth. Chapman also reports that 81.0% of current mortgages are below 5.0% interest rate, and unless mortgage rates decline further, homeowners would be less willing to give up their low fixed-rate mortgages.

The following table provides trends in key local indices, followed by a discussion of the economic indicators.

Orange County Indices (Year-To-Year Changes)	**2020**	**2021**	**2022**	**2023**	**2024 Forecast**
Payroll Employment	(8.5%)	3.6%	5.3%	2.3%	0.6%
Total Personal Income	8.6	7.1	2.1	4.9	3.7
Taxable Sales	(8.4%)	22.6%	12.5%	(1.6%)	(2.8%)
Residential Permits	(42.6%)	26.5%	(13.2%)	18.3	(6.9%)
Existing Homes Price Index, Single-Family (Base Year = 2009)	7.9%	16.4%	12.5%	3.9%	3.5%

Source: Chapman University Economic & Business Review, December 2023

Employment – According to the California Employment Development Department, Orange County payroll employment increased by 1.2% from August 2023 to August 2024 with private education and health services sector contributing more than half of the total year-over-year nonfarm employment increase. The following table provides payroll employment changes.

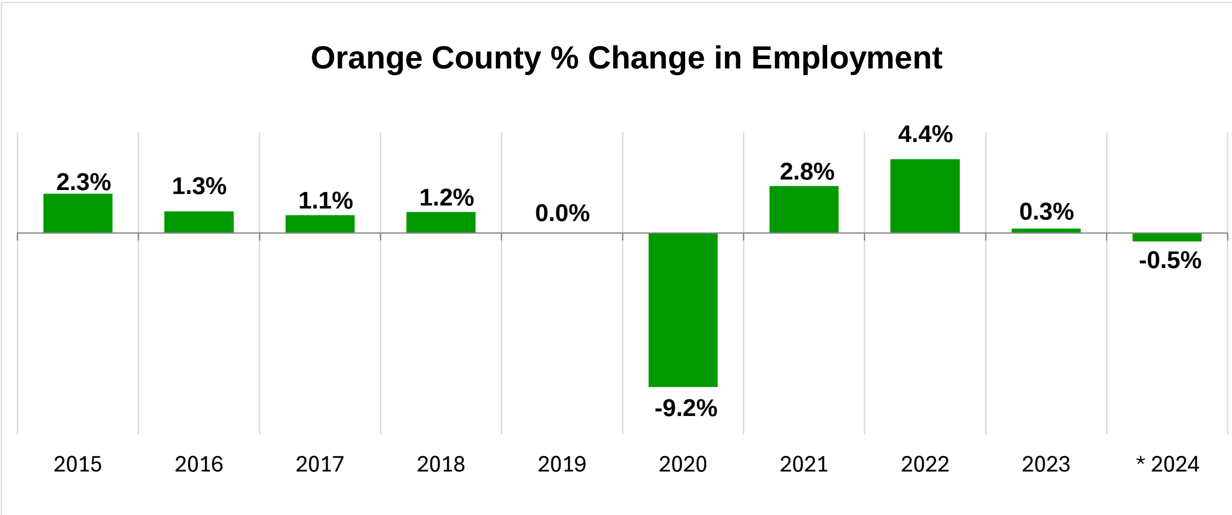
Industry	Payroll Employment Percent Change from August 2023 to August 2024
Private Educational & Health Services	4.6%
Government	2.6%
Leisure & Hospitality	2.1%
Construction	1.1%
Financial Activities	0.7%
Trade, Transportation & Utilities	0.6%
Professional & Business Services	0.4%
Manufacturing	(2.4%)
Information	(4.9%)

Source: State of California Employment Development Department, September 20, 2024

Orange County's unemployment rate was 4.5% in August 2024, slightly above the nation's 4.4%, but below the State's 5.9% and all surrounding Southern California counties. The following table provides key employment indices for Orange County and surrounding Southern California counties.

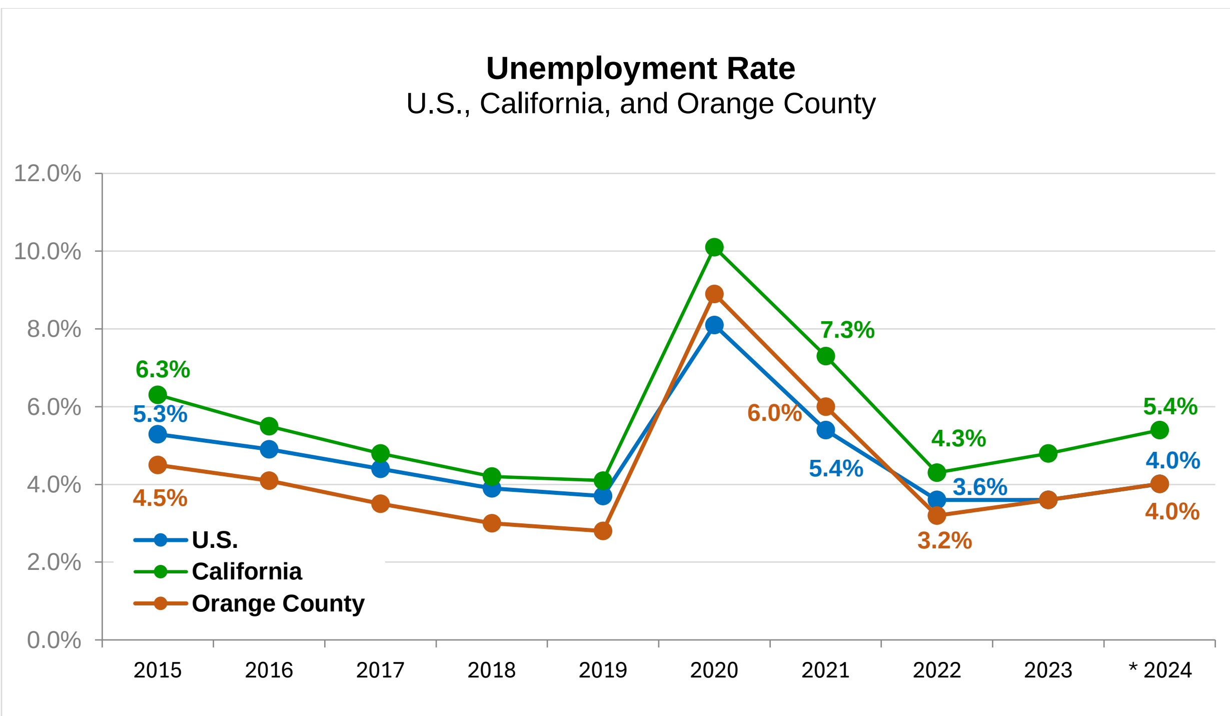
COMPARATIVE EMPLOYMENT STATISTICS			
County	**Total Labor Force**	**Total Employment**	**Unemployment Rate**
Los Angeles	5,090,600	4,750,900	6.7%
Orange	**1,595,400**	**1,523,100**	**4.5%**
Riverside	1,167,700	1,095,800	6.2%
San Bernardino	1,020,500	962,200	5.7%
San Diego	1,597,600	1,517,100	5.0%
Ventura	413,900	392,300	5.2%

Source: State of California Employment Development Department, September 20, 2024



*Reflects change between 2023 annual employment and 8-months average ending August 31, 2024.

Source: State of California Employment Development Department



*Reflects 8-months average unemployment rate.

Sources: U.S. Bureau of Labor Statistics (National); State of California Employment Development Department (State and County); Annual average for the calendar year.

Housing – Chapman University projects an 8.2% decrease in housing affordability from an index of 47.9 in 2023 to 44.0 in 2024, as the Orange County median home price continues to increase and interest rates remain high.

The California Association of Realtors August Home Sales and Price Report indicates that Southern California home sales decreased by 2.3% from August 2023 to August 2024, with Orange County having a sales decrease of 7.3%. Increases to median home sales price continued in Southern California, with an increase of 4% year-over-year to $863,500. For Orange County, the median home sales price increased by 6.9% and, in comparison to surrounding counties, exhibited the highest median sales price for existing single-family homes at $1,400,000.

Residential building permit valuation is an estimate of the total cost of residential building construction. In Orange County, it is expected to decrease by 7.8% in 2024 (Chapman University).

The following table provides key housing indices and median household income for the Southern California region.

COMPARATIVE HOUSING STATISTICS					
	Median Sales Price (single family homes, as of August)			**Unit Sales** (single family homes, as of August)	**Median Household Income**
	2023	**2024**	**% Change**	**% Change (from prior year)**	**Last 12 Months**
Los Angeles County	$882,010	$919,890	4.3%	(0.0%)	$86,587
Orange County	**$1,310,000**	**$1,400,000**	**6.9%**	**(7.3%)**	**$110,042**
Riverside County	$618,000	$630,000	1.9%	(4.2%)	$90,527
San Bernardino County	$495,000	$515,000	4.0%	(2.0%)	$85,069
San Diego County	$1,000,000	$1,010,000	1.0%	3.2%	$103,674
Ventura County	$915,000	$965,000	5.5%	(13.8%)	$107,667
Southern California	$830,000	$863,500	4.0%	(2.3%)	N/A

Sources: California Association of Realtors August Home Sales and Price Report; U.S. Census Bureau, 2023 American Community Survey SI901 ACS 1-Year Estimates of Median Household Income in past 12 months.

Taxable Sales – Taxable sales represent consumer spending transactions that are subject to sales and use taxes. Taxable sales provide an indication of economic activity and contribute to County funding sources such as General Purpose Revenue sales taxes and General Fund department sources such as Public Safety Sales Tax and Realignment revenue. General Fund sales tax receipts typically trend with taxable sales.

The following table provides taxable sales for Orange County, including historical annual activity from 2015 through 2024 with a forecasted decrease of 2.8% in 2024.

Orange County Annual Taxable Sales		
Year	**Taxable Sales (Billions)**	**% Change**
2024 Forecast	$84.3	(2.8%)
2023	$86.6	(1.6%)
2022	$88.0	12.5%
2021	$78.3	22.6%
2020	$63.8	(8.4%)
2019	$69.7	3.3%
2018	$67.5	3.6%
2017	$65.1	3.3%
2016	$63.1	1.8%
2015	$61.9	3.0%

Sources: California Department of Tax and Fee Administration for 2013-2023; Chapman University Economic & Business Review, December 2023, for 2024 forecast

Conclusion

The national, state, and local economies are expected to experience below trend growth towards the latter part of 2024, yet GDP growth in 2025 and 2026 is anticipated to be strong as inflation moderates compared to prior years and interest rates continue to decrease as forecasted by the UCLA Anderson. The County continues monitoring the State budget, including updates and prepare contingency plans to address any possible adverse funding impacts. The County remains committed to public health and safety as it navigates through these economic changes. Through diligent departmental endeavors and deliberate and timely action by the Board, the County is committed to continue delivering high quality public services, leveraging limited resources for one-time projects and priorities, and seeking creative alternatives and partnerships for expanding or establishing programs and services. It is a priority to judiciously plan for today and the future to achieve the goal of enriching the lives of Orange County residents and visitors.

General Purpose Revenue Forecast

Introduction

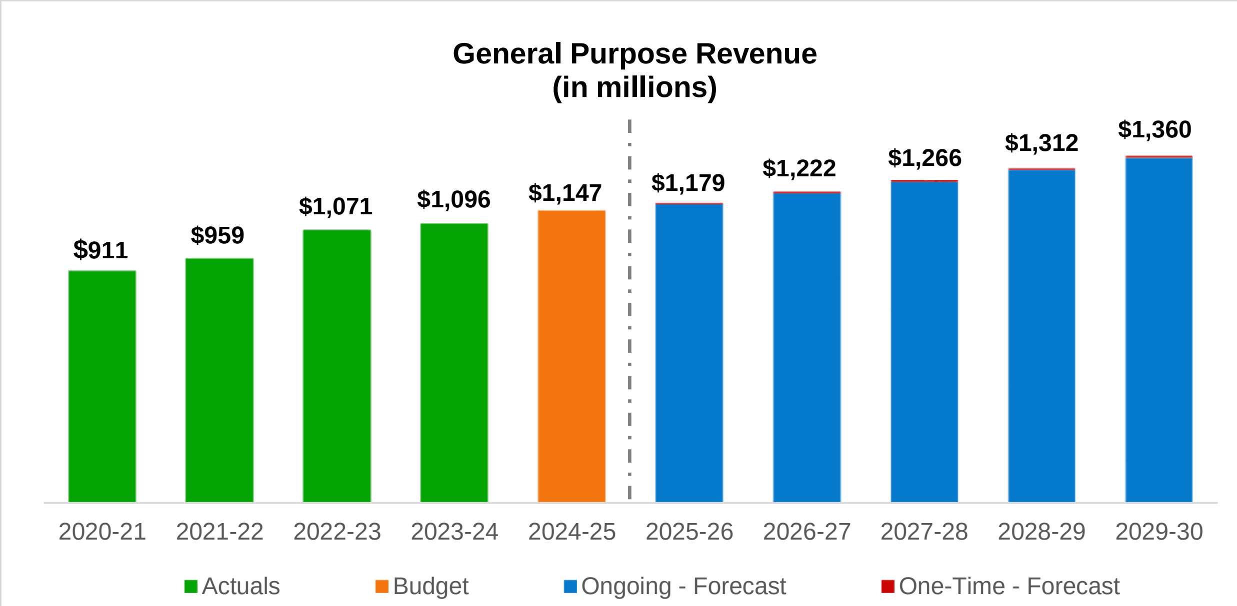
The General Purpose Revenue forecast is a critical component of the Strategic Financial Plan (SFP). The forecast provides projections for the portion of the budget over which the County has some discretion. The County uses approximately 90% of the General Purpose Revenue to meet its mandated services requirements that are not fulfilled by the state and federal governments such as match or maintenance of effort requirements for Community Services programs and operational expenses of the Public Protection and General Government Services departments. Forecasted General Purpose Revenues includes projections for the following sources, which comprise approximately 99% of total ongoing General Purpose Revenues (listed from greatest to least):

1. Property Taxes
2. Interest Income
3. Property Tax Administration Fees
4. Sales and Other Taxes
5. Miscellaneous Revenue
6. Franchises and Rents

The County Executive Office (CEO) prepared the projections considering historical and current revenue and economic trends, forecasts from the Auditor-Controller and local economists (e.g. Chapman University and UCLA). SFP projections are monitored closely and may be modified, if needed, during the FY 2025-26 annual budget development process.

General Purpose Revenue Forecast

The estimated General Purpose Revenue, excluding Fund Balance Unassigned (FBU – defined as funding carried over from the previous year) and use of General Fund reserves, is projected at $1.1 billion for FY 2024-25. Over the next five years, the ongoing revenue growth forecast, on average, is about 3% annually, and reaches $1.4 billion in FY 2029-30.

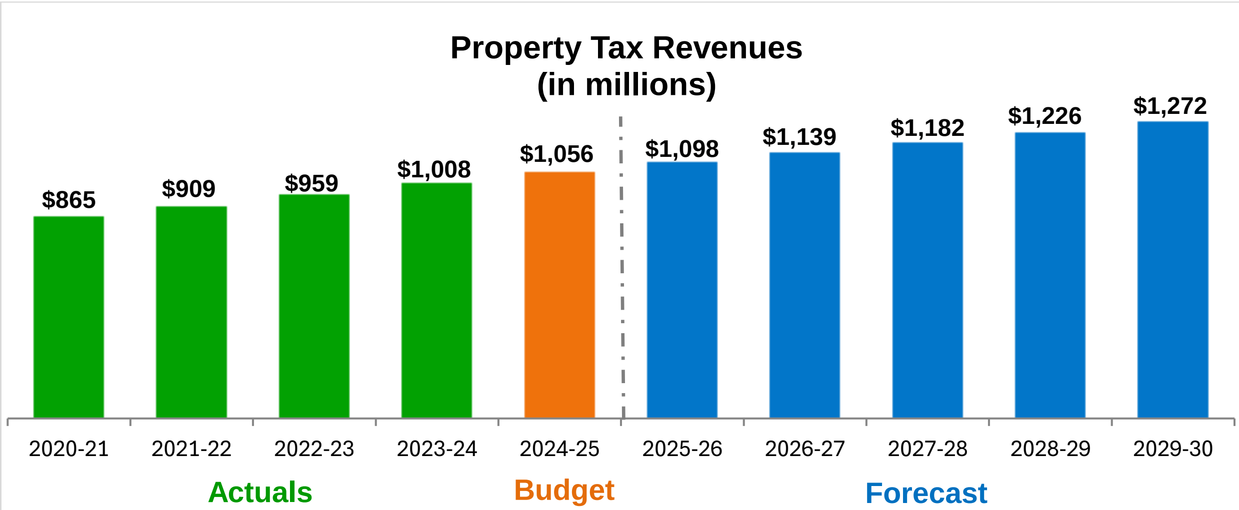


The following table provides detail of the ongoing and one-time revenue sources actuals and assumptions (in millions):

		One-Time Sources & Transfers In	
Fiscal Year	**Ongoing**	**Teeter**	**Total**
2020-21	$ 910.5	$ 0.0	$ 910.5
2021-22	$ 959.2	$ 0.0	$ 959.2
2022-23	$ 1,046.1	$ 25.0	$ 1,071.1
2023-24	$ 1,095.7	$ 0.0	$ 1,095.7
2024-25	$ 1,133.9	$ 13.0	$ 1,146.9
2025-26	$ 1,173.0	$ 6.0	$ 1,179.0
2026-27	$ 1,215.7	$ 6.0	$ 1,221.7
2027-28	$ 1,260.0	$ 6.0	$ 1,266.0
2028-29	$ 1,306.1	$ 6.0	$ 1,312.1
2029-30	$ 1,354.0	$ 6.0	$ 1,360.0

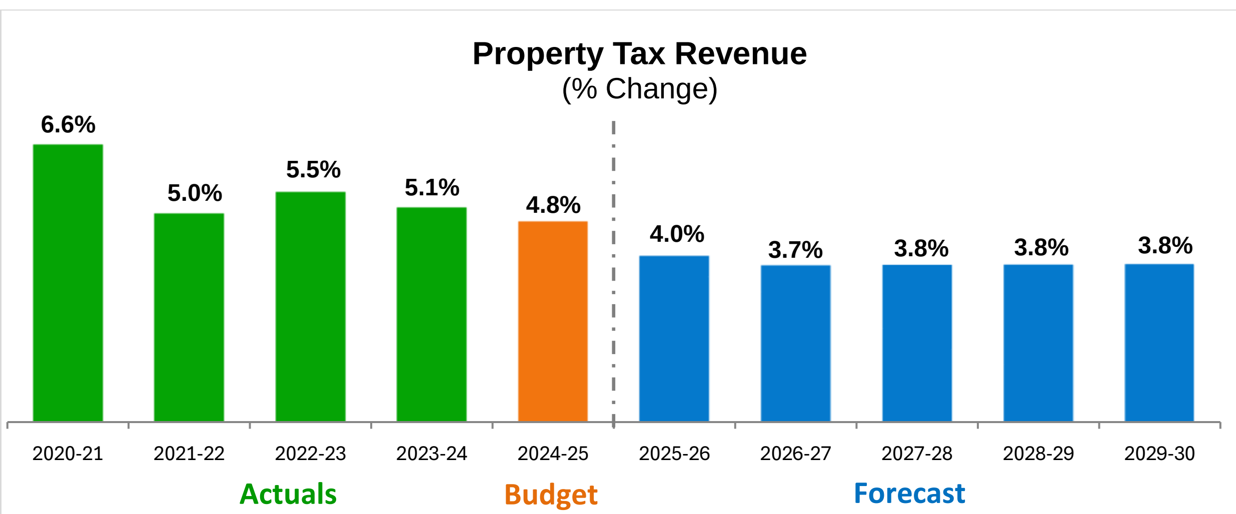
Property Taxes are the largest and most important source of General Purpose Revenues. As of November 2024, property taxes were forecasted to account for almost 92% of all General Purpose Revenues.

The following chart illustrates the projected growth of property tax revenues over the forecasted period.

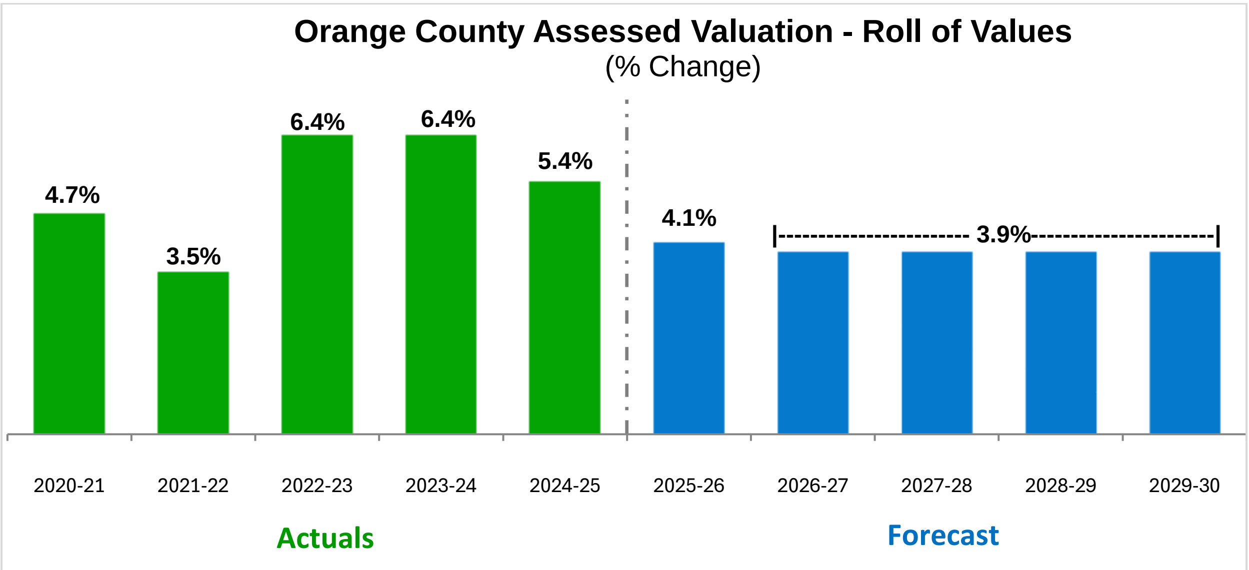


In Orange County, housing prices continued to rise, with a year-over-year 6.9% increase in the median sales price for newly built and existing homes, as reported in the California Association of Realtors August 2024 Home Sales and Price Report. However, as a whole, Orange County sales volume decreased by 7.3% from the prior year which is not projected to negatively impact overall property tax revenues. The Orange County Assessor's Secured Roll of Values for FY 2024-25 includes an increase of 5.4%.

The following chart illustrates the history of property tax revenue growth rates as well as forecasts for the five years of the SFP.



The following chart illustrates historical percentage changes in the Assessment Roll of Values based on the Orange County Assessor's annual press release. The chart also exhibits projected increases in the secured roll over the forecasted period.



Projections for FY 2025-26 through FY 2029-30 were developed early in the SFP process and incorporated review of economic trends and data. Furthermore, the 2024 SFP property tax revenue projections are modest as the economy is currently experiencing below trend growth in addition to the lower housing inventory and high interest rates that have impacted housing affordability. In FY 2024-25, the Assessed Roll of Values is up 5.4% compared to last year. The Secured and Unsecured Rolls increased by 5.1% and 13.1%, respectively. The Assessed Roll of Values is potentially affected by new construction, the current commercial market climate, and economic impacts from unemployment, financing, and foreclosures.

Interest Income is earned on County funds invested by the Treasurer-Tax Collector in compliance with criteria in the Investment Policy Statement approved annually by the Board. Interest income is influenced by the Federal Open Market Committee (FOMC) short-term interest rate during each fiscal year. As of September 19, 2024, the FOMC lowered the short-term interest rate by 50 basis points, as well as lowered the federal funds rate to the current range of 4.75% to 5.00%. Interest income is forecast to decrease if the FOMC reduces short-term interest rates to the 2.00% target, with revenue projected to decline to $26.9 million in FY 2025-26 and then gradually increase to $30.8 million by FY 2029-30.

Property Tax Administration Fees relates to the recovery of the net costs incurred by County departments in the administration of property tax and administrative costs attributable to supplemental property taxes. Revenue ranges from $23.5 million to $25.4 million annually in the forecast period, averaging 2.1% of total Property Tax Revenue.

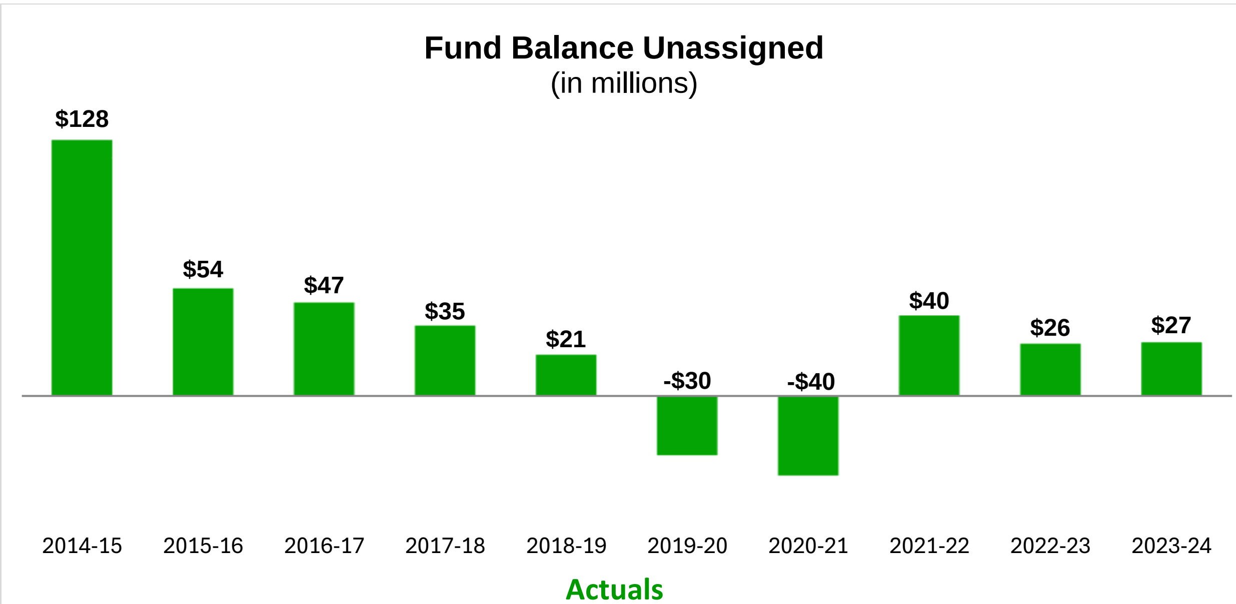
Sales & Other Taxes revenue is mostly comprised of sales and other taxes from unincorporated county areas, as well as aircraft tax revenues. Sales tax is levied on purchases and certain leases that occur in unincorporated county areas. Use tax is also collected on items purchased for business use and on taxable property purchased without paying California tax if the use of the property is not for resale. Exemptions to the sales tax generally include food for home consumption, prescription drugs, and electricity.

The County's sales tax revenue does not incorporate the half-cent tax levied for Public Safety. The Public Safety Sales Tax is distributed separately and is restricted for public safety uses. Sales and Other Taxes revenue on average comprise less than 2% of total General Purpose budgeted revenues. Forecasted sales tax revenues gradually increase from $17.3 million in FY 2025-26 to $18.0 million in FY 2029-30, which accounts for the current growth trend in the economy.

Other General Fund Sources include transfers in from the Teeter Debt Service Fund (Teeter). In FY 2024-25, the County budgeted transfers in from the Teeter fund at $13.0 million. Over the five years of the SFP, projections of annual transfers in from the Teeter fund are $6.0 million per year. In addition, the County General Fund can draw from the OCERS Investment Account reserves toward the cost of retirement. In FY 2024-25, the County is not anticipating to draw from reserves; however, actual use of the OCERS Investment Account reserves is determined annually and contingent upon earning sufficient investment returns, without impacting the principal balance.

Fund Balance Unassigned (FBU) is the final component accounted for in the revenue projection for FY 2024-25. If expenditures occurred as planned in the annual budget, FBU would be zero. However, variances in projections of revenues and expenditures result in positive or negative balances recorded as increases or decreases to obligated fund balance. In FY 2014-15, receipt of one-time revenues positively affected the FBU balance. However, since FY 2015-16 FBU balances have been on a downward trajectory falling from $54 million in FY 2015-16 to $21 million in FY 2018-19 as the cost of doing business increased and the County implemented its General Purpose Revenue-funded strategic priorities. In FY 2019-20 and FY 2020-21, due to revenue impacts associated with the COVID-19 pandemic FBU was a negative $30 million and $40 million respectively, necessitating a draw from contingency and budget stabilization reserves to balance the General Fund. In FY 2023-24, through responsible fiscal management, strategic planning and prudent allocation of resources, FBU closed with a positive balance of $27 million, which was transferred to the Budget Stabilization ($14 million) and Contingencies ($13 million) Reserves to meet the GFOA recommended target for FY 2024-25.

Board policy requires any positive year-end General Fund FBU to be transferred to Obligated Fund Balance Assigned.



Note: FY 2014-15 FBU includes $47M in one-time Teeter-related revenue and a $49M one-time SB90 reimbursement from the State.

Conclusion

The County's General Purpose Revenues are projected to grow in the current fiscal year and increase slightly over the five years of the SFP. Growth is expected to be moderate and below prior peak experience. The County uses its General Purpose Revenue to meet its mandated services and to provide required funding to meet state and federal grant and allocation requirements.

Other Revenue Sources Forecast

Introduction

In addition to the General-Purpose Revenue forecast, discussed in the previous section, the County's Strategic Financial Plan (SFP) includes a wide variety of other financing sources. General Purpose Revenue and the other key revenue sources listed below comprise approximately 94% of the County's total funding for the 2024 SFP (listed from greatest to least):

1. Intergovernmental Revenues
2. Charges for Services
3. Other Financing Sources
4. Miscellaneous Revenues
5. Tax Revenue

Departments prepare revenue projections using various tools and techniques, including institutional forecasts, national, state and local economic indicators, trend analysis, and outside consultants. SFP projections for FY 2025-26 through FY 2029-30 are monitored closely and may be modified, if needed, during the FY 2025-26 annual budget development process.

Other Revenue Sources Forecast

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. The estimated intergovernmental revenues are projected at $3.2 billion for FY 2025-26. In years two and three of the SFP, intergovernmental revenues are projected to increase to $3.3 billion, and then increase to $3.4 billion in years four and five.

The following table provides details of the ongoing intergovernmental revenues forecast over the five-year SFP:

(Amounts in Millions)

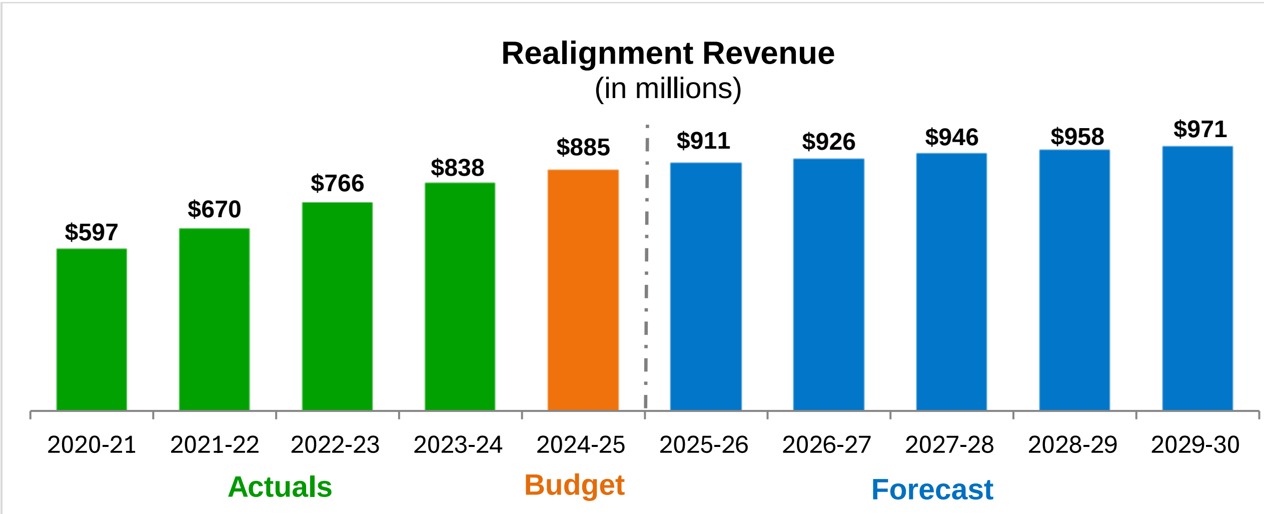
Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Intergovernmental Revenue	$ 3,240.9	$ 3,274.9	$ 3,345.0	$ 3,353.7	$ 3,411.7

Major County intergovernmental revenues include:

- **Realignment** revenue is a major and important revenue source for multiple County departments such as the Health Care Agency, Social Services Agency (SSA), OC Sheriff's Department (OCSD), OC District Attorney (OCDA), Probation and Public Defender. There have been three legislative acts whereby programs and services were realigned to the County level with funding provided and limited to those realigned services. The following provides a brief summary.
  - 1991 Realignment – In FY 1991-92, the State approved the Health & Welfare Realignment Program which involved a shift of fiscal and programmatic responsibilities for many health and human services from the State to counties. This shift was funded through a corresponding shift of new dedicated Sales Tax and Vehicle License Fee revenues.
  - 2011 Realignment – Part of the FY 2011-12 Budget plan, the State enacted another major shift of fiscal and programmatic responsibilities for various criminal justice, mental health, and social services programs from the State to the counties. This shift was funded through a corresponding shift of existing state and local tax revenues.
  - Juvenile Justice Realignment – Senate Bill (SB) 823, Juvenile Justice Realignment: Office of Youth and Community Restoration, enacted legislation that realigned responsibility for the youth formally eligible to serve commitments at the Department of Juvenile Justice to the counties' juvenile corrections systems to serve their custodial commitments within their home counties and undergo in-custody program/treatment and receive transitional/reentry services as ordered by the Juvenile Court.

  Realignment revenue is purpose restricted to support and sustain State mandated programs, including In-Home Supportive Services (IHSS). IHSS is partially funded by Realignment revenue; however, due to increased caseload growth, IHSS costs have been increasing at a faster pace exceeding the Realignment revenue growth, resulting in higher Net County Cost contribution to support this program, which negatively impacts the delivery of other County mandated services. This revenue stream fluctuates with the economy, thus based on current trends, Realignment revenue is projected at $910.6 million in FY 2025-26, and forecasted to increase to $971.0 million by year five of the SFP.

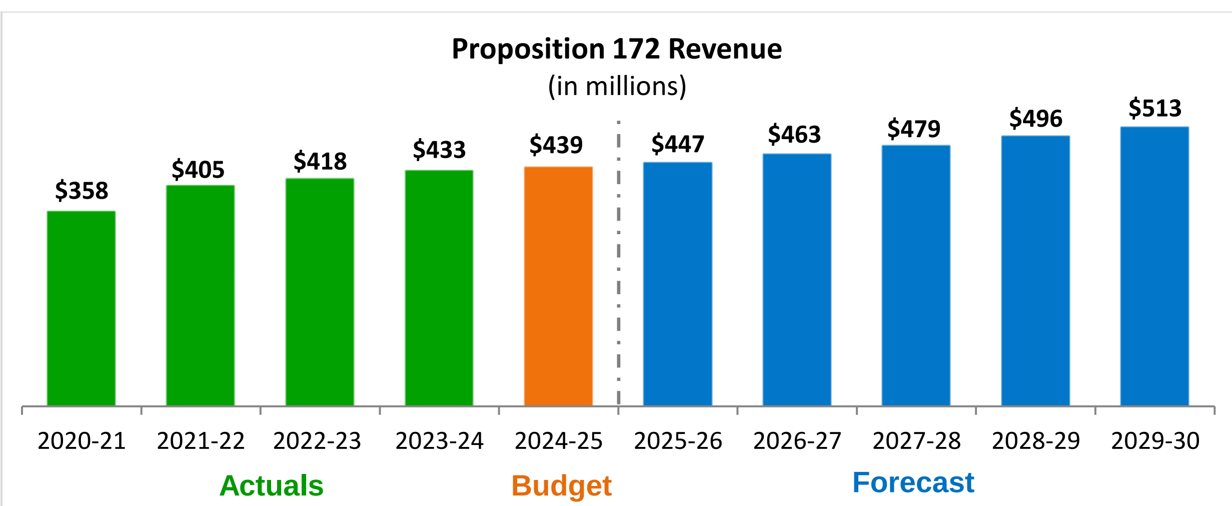
  The following chart illustrates the history of Realignment revenue growth as well as forecasts for the five years of the SFP.



Note: FY 2024-25 Budget and 2024 SFP Forecast exclude the use of one-time Realignment reserves.

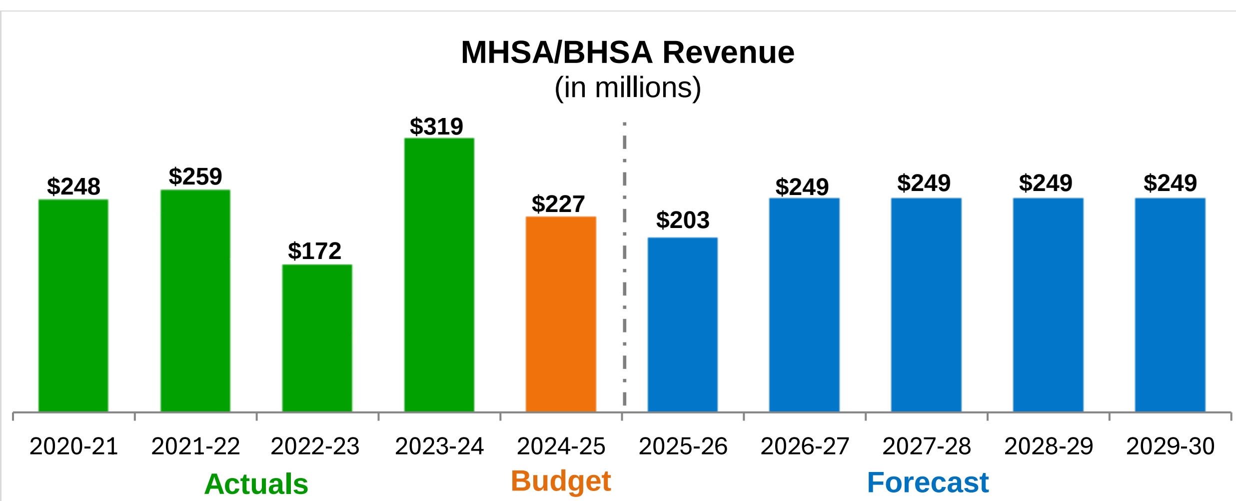
- **The Public Safety Sales Tax (Proposition 172)** is a half-cent sales tax revenue and a significant revenue source for the OCDA and OCSD. The County's Public Safety Sales Tax revenue is distributed to OCDA (20%) and OCSD (80%) separately and is restricted for public safety uses. Forecasted Proposition 172 revenue takes into consideration the continued below trend growth in the economy. Based on current trends, Proposition 172 revenue is projected at $447.0 million in FY 2025-26. Over the next five years, the ongoing revenue growth forecast, on average, is about 3.2% annually, and reaches over $512.9 million in FY 2029-30.

  The following chart illustrates the history of Proposition 172 revenue growth as well as forecasts for the five years of the SFP.



- **Mental Health Services Act (MHSA)** – In 2004, California voters approved Proposition 63 and the MHSA was enacted in 2005 by placing a one percent tax on personal income above $1 million. This funding is restricted for county mental health programs for all populations: children, transitional age youth, adults, older adults, families, and the unserved and under-served. In addition, this funding is designed to provide a wide range of prevention, early intervention, and treatment services, including the necessary infrastructure, technology, and enhancement of the mental health workforce to support it. Based on current trends, MHSA revenue is projected to decrease to $202.7 million in FY 2025-26 due to an anticipated decrease in the 2023 annual adjustment when compared to the prior tax year. However, in years two through five of the SFP, MHSA revenue is expected to increase and remain leveled at approximately $248.7 million. Proposition 1, Behavioral Health Services Program and Bond Measure, was voted into law on March 5, 2024. Now renamed the Behavioral Health Services Act (BHSA), this legislation modernizes the MHSA categorical funding components, expands services to clients with substance use disorders, and focuses on homelessness, conservatorship and system-involved individuals. BHSA eliminates the innovation program component and mental health prevention services, and instead redirects funds to prioritize housing subsidies, intensive outpatient services, and competitive grants for supportive housing and treatment facilities for individuals, including veterans, experiencing or at risk of homelessness with behavioral health challenges. The County continues to evaluate the impacts of Proposition 1 prior to the July 2026 effective date.

  The following chart illustrates the history of MHSA revenue growth as well as forecasts for MHSA/BHSA funding for the five years of the SFP.



Charges for Services include revenues received for contract law enforcement services and County-provided services, such as mental health, institutional care, health fees, road and street, and sanitation. Fees and charges recover the cost of services provided and ensure services continue in the future. Charges for services are projected at $1.2 billion in FY 2025-26. Over the next five years, the ongoing charges for services revenue growth forecast, on average, is about 2.3% annually, and increases to $1.3 billion in year five of the SFP.

(Amounts in Millions)

Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Charges for Services	$ 1,208.3	$ 1,218.9	$ 1,253.8	$ 1,262.0	$ 1,258.9

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 projected at $700.4 million in FY 2025-26, then increase to $802.3 million by year three of the SFP, and return back to $708.2 million in year five, primarily due to the timing of various OC Waste & Recycling and OC Public Works multi-year capital projects.

(Amounts in Millions)

Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Other Financing Sources	$ 700.4	$ 706.1	$ 802.3	$ 786.0	$ 708.2

Miscellaneous Revenues are mostly comprised of tobacco or other settlements, other sales, welfare repayments, insurance premiums, principal payment on demand bonds and money or other assets donated, paid or transferred to the County from private agencies, persons or other sources. The estimated miscellaneous revenues are projected at $514.6 million in FY 2025-26. Over the next five years, the ongoing miscellaneous revenue growth forecast, on average, is about 5.6% annually, and reaches $665.7 million in FY 2029-30.

(Amounts in Millions)

Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Miscellaneous Revenues	$ 514.6	$ 550.4	$ 588.1	$ 626.2	$ 665.7

Miscellaneous revenues also include:

- **Opioid Abatement Funds** – The County is scheduled to receive an estimated $9.1 million annually for 18 years (range of 1-18 years) for various nationwide settlements from Opioid manufacturers, distributors and other entities. The Opioid remediation funds must be used towards various abatement strategies including prevention, education, and intervention by leveraging current systems and infrastructure for maximum benefit for the community. These strategies meet the Opioid Use Disorder (OUD) and opioid overdose needs of Orange County by focusing on the most critical issues such as education, prevention, perinatal interventions and community awareness campaigns by leveraging current resources for mental health and recovery services and from community coalitions. In addition, these strategies align with a critical component in the County's 2025 Vision for OC CARES, Justice through Prevention and Intervention.

Tax Revenues consist of property tax, sales and use tax, Mello-Roos taxes for Community Facilities Districts and other tax revenues. For SFP purposes, the tax revenue forecast included in this section is net of General Fund property tax revenue, which is included in the *General Purpose Revenue* forecast. The estimated tax revenues are projected at $376.5 million in FY 2025-26. Over the next five years, the ongoing tax revenue growth forecast, on average, is about 1.1% annually, and reaches $422.4 million in FY 2029-30.

The following chart illustrates the projected growth of tax revenues over the forecasted period.

(Amounts in Millions)

Revenue Type	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Tax Revenue	$ 376.5	$ 391.3	$ 408.0	$ 423.2	$ 422.4

Conclusion

The County projects revenues to grow in the current fiscal year and increase slightly over the five years of the SFP. The growth is expected to be moderate and below prior peak experience and is monitored on a continuous basis to allow for budgetary modifications, as needed.

Plan Summary

The Strategic Financial Plan Summary provides a high-level overview of forecasted sources and uses of funding supporting general County operations and obligations. Sources of funding include Fund Balance Unassigned and General Purpose Revenue (GPR) (discussed in detail in the *General Purpose Revenue Forecast* section of this document). The Fund Balance Unassigned projection is zero in each of the five years of the SFP.

The Planned Use of Reserves portion of the summary indicates reserve draws for the purpose and use of covering unanticipated and severe economic downturns, major emergencies, or catastrophes that cannot be covered with existing appropriations; the use of Reserves is for one-time needs. The Planned Increases to Reserves section of the summary indicates increases to reserves anticipated over the five Plan years required to meet target amounts.

Net County Cost (NCC) Limits, established at the beginning of the Strategic Financial Plan process, are set for ongoing baseline operations (current levels of service). NCC Limit growth is 0% for all five Plan years (FY 2025-26 through FY 2029-30) and increases will be strategically allocated based on need and the County's priorities, rather than as a percentage of base limits.

The reported variance is the result of total sources, including GPR, transfers in and draws from reserves; minus total uses, including increase to reserves, the NCC Limits, and restoration, expand, capital improvement, information technology and strategic priority requests from departments, in each of the five Plan years. Departments submit Restore Level of Service Requests when the assigned NCC Limit is insufficient to maintain current service levels. The NCC Limits plus restore level of service requests is the projected funding required to keep current operations and staffing. The variance, inclusive of restore level of service requests, demonstrates either overages or shortfalls in funding availability for departmental operations.

Expand level of service requests include additions of new positions or programs, or higher service levels with funding requirements of less than $1 million in any one year of the SFP. Capital Improvement Plan (CIP) requests are for projects not currently addressed through the Countywide Capital Projects Fund and department funded projects. Information Technology (IT) Plan requests are for significant IT projects costing more than $150,000 over the five-year financial planning period, not currently included in the

Countywide IT Projects Fund. Strategic Priority funding requests are for major initiatives, both programmatic and infrastructure related, not currently addressed in the baseline operations of the County departments, or which have high community awareness, and exceed $1 million in any one year of the SFP. The CIP, IT and Strategic Priorities sections of this Plan include further discussion and detail.

2024 STRATEGIC FINANCIAL PLAN SUMMARY
Forecasted Sources and Uses

	Final FY 2023-24	Adopted FY 2024-25	Projected FY 2024-25	FY 2025-26
SOURCES ($ Millions)				
Fund Balance Unassigned (FBU) Beginning	$0.0	$0.0	$0.0	$0.0
General Purpose Revenues (GPR)				
Property Taxes (+4.0%, +3.7%, +3.8%, +3.8%, +3.8%)	1,007.6	1,043.3	1,055.9	1,097.8
Sales & Other Taxes (1.4%, 1.1%, 1.0%, 1.0%, 1.0%)	16.8	18.0	17.1	17.3
Motor Vehicle License Fees	3.3	3.0	3.3	3.0
Property Tax Administration	24.3	22.5	23.0	23.5
Franchises and Rents	2.7	2.5	2.7	2.7
Interest (-10.6%, 3.5%, 3.5%, 3.5%, 3.5%)	39.8	28.5	30.1	26.9
Miscellaneous	1.3	1.9	1.9	1.9
Subtotal - GPR before Transfers In	***$1,095.8***	***$1,119.7***	***$1,134.0***	***$1,173.1***
Transfers In	0.0	13.0	13.0	6.0
Total GPR (excluding FBU/Use of Reserves)	**$1,095.8**	**$1,132.7**	**$1,147.0**	**$1,179.1**
Planned Use of Reserves				
Reserve for Capital Projects (9744)	57.7	0.0	0.0	0.0
Total Planned Use of Reserves	**$57.7**	**$0.0**	**$0.0**	**$0.0**
GRAND TOTAL - SOURCES (Total GPR Plus Planned Use of Reserves)	**$1,153.5**	**$1,132.7**	**$1,147.0**	**$1,179.1**
Planned Increases to Reserves				
Catastrophic Event Contingencies (9741) (1)	0.0	0.0	12.6	8.0
Reserve for Budget Stabilization (9745) (1)	26.2	0.0	14.3	7.4
Total Planned Increases to Reserves	**$26.2**	**$0.0**	**$26.9**	**$15.4**
USES ($ Millions)				
NCC Limits [0%, 0%, 0%, 0%, 0%]	**$1,141.9**	**$1,132.7**	**$1,132.7**	**$1,097.5**
Restore Level of Service Requests				137.7
Net Baseline Uses (NCC Limits Plus Reserve Increases & Restore Level of Service)				**$1,250.6**
Expand Level of Service Requests				35.5
Capital Improvement Plan (CIP) Requests				53.3
Information Technology (IT) Plan Requests				4.8
Strategic Priority Requests				9.9
Total Expand, CIP, IT & Strategic Priority Requests				**$103.5**
GRAND TOTAL - USES (Net Baseline Uses Plus Expand, CIP, IT & Strategic Priority Requests)				**$1,354.1**
Variance: Grand Total Sources Less Grand Total Uses				(175.0)
Cumulative Variance				(175.0)

Notes:

(1) The County will continue to strategically increase the Budget Stabilization & Contingencies Reserves to maintain the GFOA recommended target in all five years of the Plan. The County anticipates using General Purpose Revenue growth to increase reserves.

(2) The above summary does not include the potential liability and overall impacts of the Airport Fire which are currently being assessed. It is unknown if the potential liability would be mitigated by recoveries through insurance or relief from other revenue sources.

2024 STRATEGIC FINANCIAL PLAN SUMMARY
Forecasted Sources and Uses

FIVE-YEAR FORECAST				
FY 2026-27	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	
				SOURCES ($ Millions)
$0.0	$0.0	$0.0	$0.0	**Fund Balance Unassigned (FBU)**
				General Purpose Revenues (GPR)
1,138.8	1,181.5	1,226.0	1,272.1	Property Taxes (+4.0%, +3.7%, +3.8%, +3.8%, +3.8%)
17.5	17.7	17.9	18.0	Sales & Other Taxes (1.4%, 1.1%, 1.0%, 1.0%, 1.0%)
3.0	3.0	3.0	3.0	Motor Vehicle License Fees
23.9	24.4	24.9	25.4	Property Tax Administration
2.7	2.7	2.7	2.7	Franchises and Rents
27.8	28.8	29.8	30.8	Interest (-10.6%, 3.5%, 3.5%, 3.5%, 3.5%)
1.9	1.9	1.9	1.9	Miscellaneous
$1,215.6	***$1,260.0***	***$1,306.2***	***$1,353.9***	***Subtotal - GPR before Transfers In***
6.0	6.0	6.0	6.0	Transfers In
$1,221.6	**$1,266.0**	**$1,312.2**	**$1,359.9**	**Total GPR (excluding FBU/Use of Reserves)**
				Planned Use of Reserves
0.0	0.0	0.0	0.0	Reserve for Capital Projects (9744)
$0.0	**$0.0**	**$0.0**	**$0.0**	**Total Planned Use of Reserves**
$1,221.6	**$1,266.0**	**$1,312.2**	**$1,359.9**	**GRAND TOTAL - SOURCES (Total GPR Plus Planned Use of Reserves)**
				Planned Increases to Reserves
6.4	6.6	6.9	7.2	Catastrophic Event Contingencies (9741) (1)
15.2	17.8	19.5	16.9	Reserve for Budget Stabilization (9745) (1)
$21.6	**$24.4**	**$26.4**	**$24.1**	**Total Planned Increases to Reserves**
				USES ($ Millions)
$1,095.8	**$1,099.8**	**$1,096.0**	**$1,101.5**	**NCC Limits [0%, 0%, 0%, 0%, 0%]**
138.2	159.7	170.4	160.7	Restore Level of Service Requests
$1,255.6	**$1,283.9**	**$1,292.8**	**$1,286.3**	**Net Baseline Uses (NCC Limits Plus Reserve Increases & Restore Level of Service)**
37.9	40.0	37.8	37.4	Expand Level of Service Requests
41.7	29.6	26.3	38.2	Capital Improvement Plan (CIP) Requests
4.0	2.9	3.0	3.1	Information Technology (IT) Plan Requests
9.8	9.8	9.9	9.9	Strategic Priority Requests
$93.4	**$82.3**	**$77.0**	**$88.6**	**Total Expand, CIP, IT & Strategic Priority Requests**
$1,349.0	**$1,366.2**	**$1,369.8**	**$1,374.9**	**GRAND TOTAL - USES (Net Baseline Uses Plus Expand, CIP, IT & Strategic Priority Requests)**
(127.4)	(100.1)	(57.6)	(15.0)	Variance: Grand Total Sources Less Grand Total Uses
(302.4)	(402.6)	(460.2)	(475.2)	Cumulative Variance

Financial Plans, Policies and Oversight

Introduction

The County maintains a number of financial plans, policies and oversight tools to strengthen its internal controls. These tools continue to be refined and are embedded in the County's robust financial management processes. The following provides a brief description of these tools.

Plans

Board of Supervisors Long-Term Strategic Priorities
In 2012 and reaffirmed in 2015, the Board of Supervisors (Board) adopted long-term Strategic Priorities. These priorities are included in the annual budget adopted by the Board each year. They provide a framework and serve as the basis for budget recommendations. The three long-term financial-related priorities include: stabilize the budget, prepare for contingencies, and address and fund agency infrastructure.

Strategic Financial Plan (SFP)
In 1997, the County initiated an annual strategic financial planning process that includes a five-year revenue and expense forecast as well as identification of strategic priorities and emerging initiatives. This process provides a framework for testing budget assumptions and aligning available resources with operating requirements. In testing assumptions, the SFP serves as the basis for the development of the upcoming fiscal year budget. Additionally, the SFP includes capital and information technology (IT) project proposals facilitating early evaluation of project viability and economic feasibility. Finally, a ten-year forecast for strategic priorities is used in the SFP to assess the County's ability to fund new programs, initiatives, and priorities requiring more than one million dollars in any one year of the SFP.

Capital Improvement Plan (CIP)
The County and its departments develop the following capital improvement plans:

- The SFP Capital Improvement Plan is developed each year with a five-year projection of capital needs for projects anticipated to be funded by the General Fund or departmental revenues as well as those for which funding has not yet been identified. Projects identified with funding from the General Fund are reported in a summary format. Department-funded projects and those with funding to be determined are summarized using tables with brief descriptions. The *Capital Improvement Plan* section of the SFP includes requests from all departments.

- OC Public Works in collaboration with John Wayne Airport (JWA) and OC Community Resources, develops a Seven-Year CIP for OC Road, OC Flood, OC Parks, OC Public Libraries, OC Animal Care and JWA projects in preparation of the upcoming fiscal year's budget. Inclusion of a project in the CIP indicates the County's plan to develop and construct the project. However, implementation is always subject to funding and resource availability. The plan is presented to the Board for approval.

Information Technology Plan

The County compiles a five-year Information Technology (IT) Plan of significant IT projects as part of the SFP. The projects include both those requesting General Funds as well as proposed projects funded by non-General Fund sources. This document is updated annually with the SFP to reflect the changing needs and fiscal outlook of the County.

Policies

In addition to the following formal policies, the County exercises a "No Backfill" policy with regard to programs funded by specific grants or by the state or federal government sources. These programs are sized to the level of funding available unless a Maintenance of Effort requirement exists.

Budget Development Policies

The Annual Budget includes a description of budget policies and guidelines used by all departments in developing their budgets. Chief among the requirements is consistency with the SFP as well as uniform projections of salaries and benefits.

Debt Management Policy

The County's Debt Management Policy provides guidance for the issuance of bonds and other forms of indebtedness to finance capital improvements, acquire equipment, improve cash flow, and meet other identified needs. The Board approved the initial Debt Management Policy on December 6, 2016, as included in the 2016 SFP. The Board approved the amended Debt Management Policy on June 4, 2019, to include updated industry best practices. Each year, the County Budget and Finance office reviews the policy and includes the latest version in the presentation of the SFP to the Board.

Funding Allocation Policy and Process (FAPP) for Distributing Federal Housing and Community Development Funds

The FAPP outlines the methods used by the Urban County Program to distribute federal and local funds to applicants that request funding for housing and community development activities benefitting low and moderate-income communities and individuals. The Board approves the FAPP on an annual basis.

Information Technology Governance Policy

Central to the IT Policy is a governance structure that includes CEO advisory committees representing end users, technology experts, and department heads. The governance policy addresses IT issues impacting the public, staff, and investments. IT investments in excess of $150,000 annually are subject to review through the IT governance process. The policy fosters quality, innovative, fiscally responsible, and secure IT solutions that support the County's business needs as a whole, now and into the future.

Investment Policy Statement

Each calendar year, the Board approves an Investment Policy Statement and delegation of authority, which authorizes the Treasurer-Tax Collector to invest public funds for the year.

Pension Funding

The County participates in the Orange County Employees Retirement System (OCERS) and is committed to contributing the full Annual Required Contribution (ARC) for retirement to OCERS. The full payment is considered mandatory when developing the County's annual SFP and budget. The OCERS Board has established policies related to administration of the retirement system found at https://www.ocers.org/board-charters-and-policies.

Position Policy

The Position Policy, established in 2016, provides guidance to departments seeking to add new positions, fill vacancies, as well as establishes conditions under which aged vacant positions will be deleted. In addition, the Board approved a vacant position policy effective July 1, 2018 to establish a standard protocol for managing vacant positions not filled within a reasonable period of time. Positions vacant for more than twelve months, or eighteen months in the case of public protection positions, are subject to being automatically deleted. The Position Policy was amended on November 9, 2023 to address all positions vacant for 24 months or more which are subject to deletion regardless of funding sources or planned recruitment or reallocation status.

Reserves Policy

The County's General Fund Reserves Policy provides guidance in the creation, maintenance, and use of reserves. The policy covers formal and informal reserves and includes provisions for reserves such as appropriations for contingencies, reserve-like appropriations, and reserve-like funds held by others such as the OCERS Investment Account. The policy also recognizes whether funds are legally required or discretionary or have special restrictions. The County's Reserves Policy is presented annually to the Board in the SFP.

Oversight

Audit Oversight Committee

In 1995, the Board established the Audit Oversight Committee (AOC) as an advisory committee to the Board on issues related to the County's Internal Audit function and the County's external audit coverage including financial statements and federal and state audits. The AOC assists the Board in ensuring the independence of the Internal Audit functions, reviews and recommends approval of the Internal Audit Department's Annual Audit Plan, reviews internal audit reports, and guarantees that corrective action is taken on audit findings.

Public Financing Advisory Committee

The Board established the Public Financing Advisory Committee (PFAC) in 1996. The purview of PFAC includes review and recommendation of all proposed public financings, and selection of financing professionals engaged in public financings.

Treasury Oversight Committee

The Board established the Treasury Oversight Committee (TOC) in 1995. The TOC reviews and monitors the annual investment policy prepared by the Treasurer, ensures an annual audit is conducted to determine the Treasurer's compliance with the Investment Policy Statement, submits an annual report to the Board regarding the Treasurer's compliance with governing laws and policies, and investigates any identified irregularities in the Treasurer's operations.

Reserves Policy

Obligated Fund Balances and Reserves Available to the General Fund

<u>Introduction</u>

The County of Orange General Fund Reserves Policy provides guidance in the creation, maintenance and use of reserves. The policy covers formal and informal reserves and includes provisions for reserves such as appropriations for contingencies, reserve-like appropriations, and reserve-like funds held by others such as the OCERS Investment Account. The policy also recognizes whether funds are legally required or discretionary or have special restrictions.

The importance of having and maintaining healthy reserve balances was evident during the COVID-19 pandemic. Temporary utilization of fund balance or reserves aided departments in offsetting decreases in revenue growth, funding reductions from various sources, and accommodating increased costs of doing business.

The General Fund Reserves policy strategy is to provide flexibility to the County and offer:
- Resources to address unanticipated or cyclical economic conditions.
- Resources for emergencies and/or catastrophic events.
- Mitigation of the volatility of revenues and expenditures in managing temporary cash flow shortages.
- Capacity to cover unexpected large one-time expenses and opportunities.
- Capacity to fund capital investments.
- Capacity to minimize borrowing costs.
- Capacity to provide some level of protection against statutory changes to County revenues and impacts from federal and state actions.

The County has a variety of reserve funds available to both the General Fund and Non-General Funds including:

- Fund Balance Assigned for Contingencies – This reserve was established through the Strategic Financial Plan process for the purpose and use of covering unanticipated and severe economic downturns, major emergencies, or catastrophes that cannot be covered with existing appropriations. The target for this reserve is 15% of ongoing annual General Purpose Revenues.

- Fund Balance Assigned for Budget Stabilization – This reserve, established through the quarterly budget report process, ensures prudent reserve levels are maintained and replenished on a regular basis. The current year target, based on the Government Finance Officers Association's (GFOA) best practice, is set at two months (approximately 17%) of General Fund operating revenues as budgeted in FY 2024-25.

- Reserve-like Appropriations – These are informal reserve amounts annually appropriated in the budget such as the Miscellaneous Contingency Reserve and Annual Leave Payouts.

- Reserve-like Funds – The reserve held by the Orange County Employees Retirement System (OCERS) on behalf of the County and established with the proceeds of the 1994 Pension Obligation Bonds is an example of a reserve-like fund. The purpose and use of this account includes the offset of County retirement expenses and reducing the County's share of the retirement system unfunded liability. Use of this account to offset the County's retirement expenses may free up existing or future General Fund resources for other purposes.

- Department Type Reserves – These are restricted reserves set aside in Non-General Funds for specific purposes. Department type reserves are limited to the purpose and use for which the Non-General Fund was established.

All the aforementioned reserves customarily are modified at the time of budget adoption (Government Code Section 29085) or at fiscal year-end (in accordance with GASB 54 requirements). Changes to reserve amounts at other times require a 4/5 vote of the Board in order to make such reserves available for appropriation to spend, if needed, during the fiscal year (Government Code Section 29130).

The County has provided for General Fund Obligated Fund Balances, developing specific targets for each reserve type based upon recommendations by GFOA and best practices based upon review of reserve policies implemented by other local governments. The County's policy follows GFOA's current recommendation, which states that, "at a minimum, general-purpose governments, regardless of size, maintain unrestricted fund balance in their General Fund of no less than two months of regular General Fund operating revenues or regular General Fund operating expenditures."

The Board granted the County Executive Office approval to implement GFOA best practice for funding reserves and to continue reviewing the management of those reserve funds. Regular monitoring of reserves ensures effective control and consolidation of resources, if appropriate, while maintaining proper designations and flexibility. There is no request to change the existing reserve policy with this Strategic Financial Plan.

Reserve Targets and Descriptions

Under GFOA recommended practice, the County establishes an overall reserve target, and allocates the calculated target among the classes of obligated fund balances as appropriate. Maintaining the GFOA targets is the highest priority; however, the County may fund more or less to each reserve class, for a variety of reasons such as current financial conditions, the need to set aside for particular goals or directives, or the need to bridge one-time gaps. The goal is to ensure regular maintenance and replenishment of a prudent reserve balance.

In implementing the GFOA's best practice, the County elected to establish a funding target based upon two months of General Fund operating revenues to lessen current and future risks such as revenue shortfalls and unexpected expenditures. As such, the current year target is set at two months (approximately 17%) of General Fund operating revenues as budgeted in FY 2024-25 as follows:

General Fund Budgeted Revenues FY 2024-25	$ 4,836,468,347
Less: Non-Operating Items	(559,850,966)
Less: One-Time Items – COVID Relief	(16,387,982)
Net FY 2024-25 Operating Revenues	4,260,229,399
Target – 2 Months General Fund Operating Revenues	$ 710,038,233

The following table summarizes the current reserves by classification. Due to strategic and prudent allocation of one-time funding and sources, the Budget Stabilization Reserve for FY 2024-25 met the GFOA recommended target of $710,038,233. Going forward, as General Fund budgeted revenues are expected to increase over the five years of the SFP, the goal is to adjust the Budget Stabilization and Contingencies Reserves in each year to maintain the GFOA recommended target amounts. Adjustments to maintain the targets could be achieved by allocation of General Purpose Revenue growth, allocation of one-time funding and sources, re-allocation of specific-use reserve balances, or any combination of the three. The 2024 SFP assumes use of General Purpose Revenue growth each year to meet the target amounts.

	Balance at 6/30/2024	Changes		Projected Balance at 6/30/2025
		Actual	Projected	
Reserve Classifications				
Reserve for Budget Stabilization [Goal = 2 months of General Fund Operating Revenues = $710M]	$ 695,719,080	$ 14,319,199	$ -	$ 710,038,279
Catastrophic Event Contingencies [Goal = 15% of General Purpose Revenue = $168M]	155,430,076	12,534,598	-	167,964,674
Assigned (9740)	26,853,797	(26,853,797)	-	-
Grand Total - General Fund Total Reserves	**$ 878,002,953**	**$ -**	**$ -**	**$ 878,002,953**

An alternate approach used by some credit rating agencies is to evaluate the County's available fund balance as a ratio of the General Fund's assigned and unassigned fund balances (from the County's Annual Comprehensive Financial Report [ACFR]) as a percentage of total expenditures. A threshold of 15% of expenditures or greater is considered strong. On a Generally Accepted Accounting Principles (GAAP) basis, the County's percentage in FY 2021-22 and FY 2022-23 was 30% and 42% of expenditures, respectively, and the preliminary percentage for FY 2023-24 is 30%. The following table demonstrates the available fund balance for FYs 2021-22, 2022-23 and 2023-24 (preliminary):

Amounts in thousands

	2021-22 ACFR [1]	2022-23 ACFR [1]	2023-24 Prelim ACFR [1]
Fund Balance			
Non-Spendable	$ 517,721	$ 2,175	$ 4,529
Restricted	164,954	284,714	222,097
Assigned	316,809	653,241	165,472
Unassigned	127,721	772,383	914,656
Total Fund Balances	$ 1,127,205	$ 1,712,513	$ 1,306,754
General Fund Expenditures	$ 3,711,261	$ 4,074,355	$ 4,424,006
Calculated %	30%	42%	30%

[1] Fund balance amounts in ACFR are calculated by Auditor-Controller based on GAAP

It is important to note that in FY 2021-22, the County prepaid its pension contribution which was reported as Non-Spendable Fund Balance as required by Governmental Accounting Standards Board (GASB) Statement Number 54. The County strategically opted to not prepay its pension contribution in FY 2022-23 and FY 2023-24 due to higher interest rates eliminating the benefit of doing so, resulting in lower Non-Spendable Fund Balances.

Additionally, FY 2022-23 ACFR numbers were atypical due to the initiation of various capital projects such as the Emergency Medical Services facility and various critical initiatives in the County's 2025 Vision for OC CARES. The preliminary FY 2023-24 ratio of 30% has returned to a more typical percentage consistent with the ratio from FY 2021-22.

General Fund Obligated Fund Balances

Obligated Fund Balances are formal reserves and currently include Fund Balance Assigned for Contingencies and Fund Balance Assigned for Budget Stabilization. The reserves defined in the following pages are General Fund Obligated Fund Balances that are neither restricted nor committed as defined by GASB Fund Balance Reporting policy.

Contingencies

Target	15% of ongoing annual General Purpose Revenues (excluding FBA, transfers & other one-time revenue) or, currently, $167,964,674
Projected Balance @ June 30, 2025	$167,964,674 (15% of ongoing General Purpose Revenues)
Variance from target	At target

This compares to GFOA guidelines for funding contingencies at 15% or higher. A review of surrounding counties found contingency targets are based on varying percentages and criteria, which range from 5% to 25% of either a percentage of annual expenses, estimated discretionary revenue or locally funded appropriations.

Please see the following table for specific details of the contingency reserve:

Reserve for Contingencies	
Fund Number	100
Authority	Government Code Section 29085
When established	Budget Adoption
Budgeted	Schedule 3 of the County Budget
Board approval required	4/5 vote to change amount during the year or to appropriate and make available for use during the year (Government Code Section 29130)
Expiration Date	Ongoing
Interest Earnings	Credited to General Fund
Plan for reducing the variance	N/A

Assigned for Budget Stabilization Reserve

Target	$710,038,279
Projected Balance @ June 30, 2025	$710,038,279
Variance from target	At target

Please see the following table for specific details of the Target reserve:

Reserve for Budget Stabilization	
Fund Number	100
Authority	Approved Quarterly Budget Report
When established	November 17, 2015
Budgeted	Schedule 4 of the County Budget
Board approval required	4/5 vote to change amount during the year or to appropriate and make available for use during the year
Expiration Date	N/A
Interest Earnings	Credited to the General Fund
Plan for reducing the variance	NA

Appropriated Reserve-type Funds

Miscellaneous Contingency Reserve & Annual Leave Payouts

These appropriations are maintained in the Miscellaneous Fund within the County General Fund. The purpose and use of the appropriations is to provide additional appropriations to General Fund Departments through the end of the fiscal year for budgetary shortfalls, unanticipated one-time expenditures, emergencies, and opportunities. The appropriations are typically distributed during the Mid-Year Budget Report process and require a 4/5 Board vote for transfers of these funds per Government Code Section 29125(a)(2).

The FY 2024-25 beginning balance is $50,011,735 with an additional $1,000,000 earmarked by the Board on November 23, 2010, to establish funding for unanticipated annual leave payouts impacting small departments (approximately 100 employees or less). Ten million dollars is typically budgeted each year. The FY 2024-25 amount is higher than usual to provide flexibility in funding department FY 2024-25 one-time gaps and FY 2025-26 ongoing restore augmentations previously identified in the 2023 SFP, but is expected to return to the target amount in future fiscal years. Funds will be allocated through this SFP process to fund ongoing and/or one-time augmentations, capital improvement projects, information technology projects and strategic priorities. Future Strategic Financial Plans may recommend changes to the current balance as funds are needed or become available.

Please see the following specific details of the Miscellaneous contingency and Annual Leave Payouts appropriations:

Miscellaneous Contingency Reserve & Annual Leave Payouts	
Fund/Budget Control Number	100-004
Authority	Board adoption of the Final Budget
Budgeted	Yes
Board approval required	4/5 Board vote to transfer funds
Target	$10,000,000
Expiration Date	Re-budgeted annually
Interest Earnings	Credited to the General Fund

Reserve Type Funds – OCERS Retirement Investment Account

The balance of this account at June 30, 2024 was $150,393,172. The assets held in the Investment Account are invested with the OCERS portfolio. As such, the balance in the account will change based on the performance of the investment assets and any draws from the account.

Reserves in this account are projected to increase by the end of the current fiscal year due to projected net investment earnings of $17,307,224.

Projected Balance @ June 30, 2025	$167,700,396 including projected net investment earnings/<losses> and draws

Please see the following table for specific details of the OCERS Investment Account:

Retirement Investment Account	
Fund Number	Held by OCERS
Authority	Board agreement with OCERS
When established	1994
Interest Earnings	Credited to this account

Debt Management Policy

Introduction

The County of Orange Debt Management Policy provides guidance for the issuance of bonds and other forms of indebtedness to finance capital improvements, equipment acquisition, improve cashflow, and meet other identified needs.

The Debt Management Policy is intended to guide the County of Orange to:

- Maintain long-term financial stability by ensuring that its long-term financing commitments are affordable and do not create undue risk or burden
- Provide guiding principles for the use of debt as one source of financing to provide the proper funding for infrastructure needs identified in the Capital Improvements section of the Strategic Financial Plan and the annual budget
- Achieve and maintain high credit ratings
- Minimize debt service interest expense and issuance costs
- Provide accurate and timely financial disclosure and reporting
- Comply with applicable State and Federal laws and financing covenants

The Debt Management Policy is intended to improve the quality of decisions, provide guidance for the structure of debt issuance, and demonstrate a commitment to long-term financial planning. Adoption and adherence to a debt management policy is one factor by which rating agencies assess financial management practices. This policy governs all debt issued by the County of Orange (County), including bonds and other securities issued through any joint powers authority where the Board acts as the legislative body.

The County is committed to fiscal responsibility and sustainability, as demonstrated by its Strategic Financial Plan, annual budget development and administration, maintenance of appropriate reserve levels, accurate and timely financial reporting, and management of debt and other long-term liabilities. As repeatedly stated in the Strategic Financial Plan, the County is dedicated to long-term strategic financial planning to ensure its ability to respond to economic fluctuations and unanticipated events in a manner that allows the County to maintain the quality and range of services provided to the community. This policy is intended to help ensure that, in managing its debt and other long-term liabilities, the County is able to meet these planning goals and objectives.

The County Executive Office (CEO), through the County Budget and Finance Office, is responsible for County debt management, including debt issuance, administration of proceeds, timely debt service payments, financial reporting, and continuing compliance with disclosure and other post-issuance obligations with exception of enterprise funds that are responsible for post-issuance administration and compliance.

Acceptable Uses of Debt

The County will consider financing for the acquisition, substantial refurbishment, replacement or expansion of major physical assets that would be unreasonable to cash finance from current revenues. Debt financing may also be appropriate for certain other extraordinary expenditures and for managing cashflows over a period of time.

The primary purpose of County debt is to finance one of the following:

1. Acquisition of a capital asset with a useful life of five or more years
2. Construction or reconstruction of a facility or other public improvement
3. Refunding, refinancing, or restructuring debt and similar obligations, subject to refunding objectives and parameters
4. The costs associated with a debt-financed project, including project planning, design, engineering and other preconstruction efforts; project-associated furniture, fixtures and equipment; and the costs of the financing itself, including capitalized interest, a debt service reserve, underwriter's discount and other costs of issuance
5. Interim or cashflow financing to better match revenues and expenditures, such as tax and revenue anticipation notes, or to provide temporary financing pending a more permanent financing plan
6. Prepaying a portion of the annual pension contribution to Orange County Employees Retirement System (OCERS) to receive an early payment discount that exceeds the cost of the borrowing
7. Paying for an extraordinary expense such as financing a major judgment or loss exceeding insurance

Prohibited Uses of Debt

The County will not use debt to defer obligations in a way that unduly burdens future taxpayers, rate payers or residents.

Types of Financing Instruments

Many different types of financing instruments are available to the County, the use of which will depend on the source of repayment and the use of proceeds. Some of these instruments are used to finance County projects, while others are used to provide tax-exempt financing to projects that are primarily for third parties where public benefit can be achieved while minimizing public risk. The following are the types of debt the County is most likely to issue.

Direct Debt Obligations

The following are considered “direct debt” obligations by rating agencies and other market participants, meaning that the debt is serviced out of tax or other general revenues.

1. General Obligation Bonds

   General Obligation (GO) Bonds need approval of 2/3 of those voting in an election as required by California State Constitution Article 16. GO bonds are secured by the levy of additional ad valorem property taxes to pay debt service. Uses of bond proceeds are limited to the acquisition and improvement of real property and costs of issuance.

2. Lease Revenue Bonds or Certificates of Participation

   Lease Revenue Bonds (LRBs) and lease-backed Certificates of Participation (COPs) are debt obligations serviced by a lease payment from the County’s general fund. California courts have determined that such long-term contracts do not require voter-approval under California law (and therefore, are not “indebtedness” under the State Constitutional Debt Limit) as long as the lease meets certain conditions. These financings are typically secured by a lease-back agreement between the County and another public entity (e.g., South Orange County Public Financing Authority).

   To qualify as a valid lease, payments are due only to the extent that the County has use and occupancy of the leased property. The judicial decisions that define a valid lease financing effectively require that the fair rental of the leased property be equal to or greater than the lease payment that secures debt service. The governmental lessee is obligated to appropriate in the Annual Budget the rental payments that are due and payable during each fiscal, and to secure insurance to ensure that the property stays available for use.

Because it is paid from the General Fund and does not require voter approval, lease financing is the most common form of financing used by counties. Therefore, establishing thresholds for the appropriate levels for this form of "debt" is one of the critical goals of a debt policy. There are few external guidelines for the appropriate amount of lease debt. Agencies that set limits on "affordability" have established limits from 4% to 10% of General Fund expenditures or revenues (referred to as "lease burden").

Rather than establish a specific limit on lease-backed debt, the County has a limit on long term General Fund debt obligations. Annual principal and interest payments on long term General Fund debt obligations will not exceed 4% of general fund revenue. The appropriate level of General Fund appropriation debt should also be considered in the development of the County's Annual Strategic Financial Plan and Annual Budget process.

Revenue and other Special Fund Obligations

Debt secured by the County's enterprise funds and certain other special funds can also be issued without voter approval. These obligations are payable solely from the dedicated revenues, and do not have recourse to ad valorem taxes or general fund revenues of the County.

- Revenue Bonds and Certificates of Participation (COPs)

  Revenue Bonds are obligations payable from revenue generated by an enterprise fund. These obligations can be in the form of revenue bonds issued under an indenture, or COPs secured by an installment sale agreement. Two County enterprise funds that have supported revenue debt in the past are John Wayne Airport and Orange County Waste and Recycling.

  In accordance with the agreed upon bond covenants, the revenues generated by these enterprise funds must be sufficient so that net revenues, after the payment of operating expenses, are greater than debt service so as to maintain required coverage levels. The revenue bond issuer covenants to revise the rates, fees and charges of the enterprise to maintain the required net revenue coverages.

In determining whether to issue revenue bonds, the County should consider similar principles that it would for the incurrence of other governmental debt: the extent it is more appropriate to spend the cost of capital improvements over time, without unduly increasing the capital costs, rather than pay for them out of current revenues. Other factors include the County's ability to maintain the rate covenants that will be required by the bond market.

Interim Financing

The County may consider the use of various debt instruments to better match short-term revenues and expenditures.

1. Tax and Revenue Anticipation Notes

   Tax and Revenue Anticipation Notes (TRANs) are short-term notes payable out of current year revenues, proceeds of which allow a municipality to cover the periods of cash shortfall resulting from a mismatch between timing of revenues and timing of expenditures.

   The County may issue TRANs if necessary to meet General Fund cashflow needs in the upcoming fiscal year, which consist primarily of salaries and benefits, in anticipation of the receipt of property taxes and other revenues later in the fiscal year. The cashflow needs are determined by projections prepared by Auditor-Controller and CEO that require an estimate of a cashflow deficit during the fiscal year. The County's municipal advisor is required to review and concur with the County's cashflow projections if a TRANs is to be considered. As property tax payments and other revenues are received, they are used in part to repay the TRANs.

2. Prepayment of Annual Employer Pension Contribution

   The County may receive notification from OCERS that the Board of Retirement approved a discount in the amount due if paid early. Typically, the payment must be received by mid-January to fund the next fiscal year's annual employer contribution to OCERS, a period of no longer than eighteen months. The County prepares an analysis, to determine the budget savings achieved from the OCERS discount, to evaluate whether to recommend financing the prepayment. While these borrowings are essentially a cashflow financing such as TRANs, they are structured as a short-term pension obligation bond to allow the obligation to extend beyond the fiscal year in which it is issued.

3. <u>Teeter Financing</u>

   Under the alternative method of allocating taxes commonly referred to as the "Teeter Plan," a county can advance property taxes to its taxing jurisdictions whether or not they are received, in exchange for retaining the penalties and interest received from late payments. These advances can be financed with funds of the County or by an external borrowing. For a number of years, the County issued commercial paper to finance these advances (Teeter Program). Commercial paper (CP) is an obligation maturing in less than 270 days that is secured by a letter of credit. Maturing CP is typically refinanced with a subsequent CP issue until a permanent financing source is in place or the debt can otherwise be retired. Since 2013, the Teeter Program has been financed by a revolving line of credit from a commercial bank.

4. <u>Interfund Borrowing</u>

   In lieu of issuing bonds or otherwise borrowing from third-parties, there will be situations where the most appropriate means is to temporarily transfer money from a County fund. Annually, in the final budget adoption, the Board authorizes those funds which can provide temporary transfers. The Board establishes the appropriate term and interest rate of each Interfund loan by resolution. The interest rate will be the amount that would have been earned by the lending fund from the County's investment pool.

<u>Conduit Financings</u>

Conduit financings are sponsored by the County to allow third-parties to access tax-exempt interest rates. These financings are not secured by regular County revenues.

1. <u>Community Facilities and Assessment Districts</u>

   Community Facilities Districts (CFD) and 1913/1915 Act Assessment Districts (AD) are typically developer initiated, whereby the developer seeks a public financing mechanism to fund public infrastructure. Special taxes or assessments may be levied upon properties within a district to pay for facilities. The conditions for the

County's approval of these financings are contained in a separate set of policies. Further information on formation of CFDs and ADs is available in the Orange County Public Finance Program Policy Statement and Application Information Package as amended September 12, 2000 and as amended May 18, 2004. This policy is posted on the County's website.

2. Multi-Family Housing Revenue Bonds

   Multi-Family Housing Revenue Bonds are issued to finance construction or rehabilitation of multi-family housing projects providing tax exempt financings for developers willing to set aside a portion of the units in the project as affordable housing. The County, as well as State agencies and joint powers authorities, may sponsor this type of conduit financing for those activities that have a general public purpose.

3. Public-Private Partnership (P3)

   A P3 is a partnership between a public sector entity and a private sector entity to develop, design, construct, and finance a public facility. It can involve alternate approaches to both project procurement and its financing. In some cases, the private entity is a not-for-profit entity, with the financing structured to allow for the issuance of tax-exempt bonds to provide the lowest cost funding.

   While the financing costs of a P3 can at times be higher than a direct County borrowing, there can still be offsetting benefits to a P3, such as transferring design and construction risks. The County shall perform an analysis to determine the benefits of this type of project procurement and alternate financing versus the County issuing the debt directly.

Tax Increment Financing

Tax increment financing is a tool that allows municipalities to promote economic development by earmarking tax revenues from increases in assessed value within a designated tax increment financing district. Redevelopment Agencies, a frequently used tool of the past, were dissolved by the California legislature as of February 12, 2012.

1. Enhanced Infrastructure Financing District

   On September 24, 2014, the governor approved Senate Bill 628, which authorized the formation of an Enhanced Infrastructure Financing District (EIFD). An EIFD is a limited tax increment financing district created after the dissolution of redevelopment agencies in 2012.

   An EIFD would allow two or more governmental entities to agree to secure a portion of property tax revenue for the construction of infrastructure and other capital needs. A key difference between EIFDs and former redevelopment agencies is, that the tax increment given to the new district excludes all property taxes associated with school districts.

   No new taxes are created by establishing an EIFD. The County's participation in any such district is voluntary and would require Board approval. The conditions for the County's participation in an EIFD are contained in a separate EIFD participation policy.

Debt Structure

The following are some general principles that will govern the structuring of County debt issues from time to time.

1. Term of Debt

   In general, debt will be structured to distribute the payments for the asset over its useful life so that benefits closely match costs for current and future residents. Notwithstanding this policy goal, the early payment of principal (referred to as the "rapidity of debt repayment") is considered a credit strength by the rating agencies, as it creates future debt capacity. The County will consider such accelerated retirement when there is the capacity to accommodate such payments. Debt should not exceed the useful life of the improvement that it finances.

2. Debt Service Structure

   To the extent practical, bonds will be amortized on a level repayment schedule. Alternate schedules can be considered when appropriate. For example, escalating debt service may be considered if it better matches forecasted available revenues;

any such escalation of debt service should be modest, to provide a margin of safety if revenue growth should underperform expectations. Deferral of the amortization of principal can be considered in order to wrap outstanding debt and create total level debt service. Extreme deferral of debt service (such as with capital appreciation bonds, which defer both interest and principal) should be avoided.

3. Optional Prepayment

Long-term debt will, in most cases, contain an optional call provision to allow for the refunding of debt at lower interest rates in the future. A ten-year call option is most common for tax-exempt bonds. In considering the terms of the call, the County will evaluate any additional interest cost demanded by investors with the potential future benefits of the option.

4. Capitalized Interest

Use of capitalized interest (where interest in the early years is funded through the sale of additional bonds) should be minimized where possible. Interest may be capitalized for the construction period of a revenue producing project so that debt service expense does not begin until the project is expected to be operational and generating revenue. State law requires that interest be capitalized when a lease financing is secured by the project being constructed with the proceeds, so that no payment is due until the County has use and occupancy. When possible, the County will secure its lease financing with existing County facilities to avoid issuing additional bonds for capitalized interest; this structure is referred to as an “asset transfer.”

5. Debt Service Reserve Fund

Debt service reserve funds are held by and are available to the bond trustee to make principal and interest payments to bondholders in the event that pledged revenues are insufficient to do so.

The maximum size of the reserve fund for a tax-exempt bond issue is governed by tax law, which permits the lesser of: 1) 10% of par; 2) 125% of average annual debt service; or 3) 100% of maximum annual debt service. The County may issue bonds with a debt service reserve fund that is sized at a lower level or without a reserve fund if economically advantageous and recommended by the finance team.

The reserve fund requirement may also be satisfied by a surety policy, a form of insurance provided by a bond insurer to satisfy a reserve fund requirement for a bond issuance. Under this arrangement, instead of depositing cash in a reserve fund, the issuer buys a surety policy by paying a one-time premium equal to a percentage of the face value of the policy. The County may use a surety policy instead of a debt service reserve when an analysis indicates that net cost to the County will be lower, taking into account the potential cost of replacing the surety at the time of any future refunding.

6. Credit Enhancement

Credit enhancement may be used to improve a credit rating on a County debt issuance. The most common form of credit enhancement is bond insurance, which will be considered when the cost of insurance is offset, on a present value basis, to the savings in debt service through the first optional call date of the bonds. Because of the County's high bond ratings, bond insurance will not be cost effective for most of the County's debt in the current market. The benefit of a credit enhancement will be evaluated for each bond issuance.

7. Variable Rate Debt

To maintain a predictable debt service burden, the County will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. It may be appropriate to issue long-term variable rate debt to diversify the County's debt portfolio, reduce interest costs, provide interim funding for capital projects or improve the match of the County's assets (such as cash in the Treasury invested in shorter-term securities) to debt liabilities.

8. Use of Derivatives

The County will not use interest rate swaps in connection with variable rate debt to create synthetic fixed-rate debt.

Method of Sale

Debt issues can be sold through a public offering through either a competitive sale or a negotiated sale. In a competitive sale, bid parameters are established in the notice of sale or notice inviting bids. Bids are received from various underwriters at a given time, and the bonds awarded to the bid producing the lowest true interest cost (the interest rate that discounts debt service to the net amount of proceeds received after accounting for underwriter's discount). In a negotiated sale, the County selects the underwriter in advance through a request for proposal process, and the interest rate is set based on the orders received from investors during the pricing period. While there are advantages to both methods of sale, most municipal bonds are currently sold on a negotiated basis, which has been the County's primary practice.

On occasion, the County may choose to privately place a financing with a bank, rather than borrowing through a public offering sold to multiple investors. Such financings can be more cost effective for smaller transactions, or for financings such as commercial paper that would otherwise require an alternative bank facility such as a letter of credit.

The Budget and Finance Director will recommend the appropriate method of sale based on the specific offering and market conditions, seeking advice from the County's municipal advisor.

Refunding of Indebtedness

Most municipal bonds can be pre-paid prior to their maturity by the exercise of an optional call. As a result, sometimes bond issues can be refunded for savings. The following are the two types of refundings.

- Current Refunding - The refunding bonds are issued less than 90 days before the date upon which the refunded bonds will be redeemed.

- Advance Refunding - The refunding bonds are issued more than 90 days prior to the date upon which the refunded bonds will be redeemed, and the refunding bond proceeds placed in an escrow that is sufficient to pay interest and principal until the call date. Municipal bonds may only be advanced refunded once over the life of a bond issuance. The Tax cuts and Jobs Act, enacted December 22, 2017 essentially eliminated advanced refunding for municipal bonds issued after 2017 by making interest on advanced refunding bonds taxable. Interest on current refunding bonds remains tax-exempt eligible.

The County will regularly review its outstanding debt portfolio to identify opportunities to achieve net economic benefits from refunding its bonds. Recognizing that the County's ability to refund its debt is limited (i.e., federal tax law constraints on advance refundings and the market practice of making most fixed-rate bond issues non-callable for their first ten years), the County will seek to deploy its refunding options prudently. At a minimum, the County will seek to achieve net present value ("NPV") savings equal to at least three percent (3%) of the par amount of the bonds that are refunded. For advance refundings, the threshold goal will be five percent (5%) NPV savings. A second limiting factor on advance refundings will be that negative arbitrage (the amount of additional funds that need to be deposited into an escrow to make up for interest earnings being less than the interest on the defeased bonds) will be no greater than half the amount of the NPV savings. The present value savings will be net of all costs of the refinancing and will consider the difference in interest earnings of the debt service reserve funds of the refunded and refunding bonds.

These savings requirements may be waived by the Board upon a finding that a refunding producing lower savings is in the County's best financial interest; for example, by restructuring debt service or eliminating burdensome covenants.

Debt Management Practices

The County Budget and Finance Office shall be responsible for ensuring the County's debt is administered in accordance with the terms of the governing bond documents, federal and state law and regulations, and the best industry practices.

1. Arbitrage

   Arbitrage is the profit made by issuing bonds bearing interest at tax-exempt rates and investing the proceeds at materially higher taxable yields. The Internal Revenue Code limits the opportunity for borrowers to retain such investment profits; in most cases, the borrower must calculate such profits and rebate them to Internal Revenue Service every five years.

   Public Finance shall maintain a system of recordkeeping to meet the arbitrage compliance requirements. The County will retain an arbitrage rebate consultant to assist in calculating any earnings on bond proceeds in excess of the rate on its bonds, and to calculate whether arbitrage should be rebated to the Federal Government. The County Budget and Finance Office shall ensure the calculation and payment are made in a timely manner.

2. Administration and Investment of Bond Proceeds

   Bond proceeds are administered in the County Budget and Finance Office to provide segregation of duties between the County administrative function responsible for disbursing bond proceeds and the County department or entity expensing the proceeds. Bond documents contained in the official bond transcripts govern the use of bond proceeds, as well as debt service payment terms and other legal covenants, and are maintained and accessible in the County Budget and Finance Office. Bond proceeds shall be deposited in a trustee bank and invested consistent with federal tax requirements and requirements contained in the governing bond documents.

   Finance Accounting, an Auditor-Controller department satellite unit located within the County Budget and Finance Office, is responsible to ensure bond proceed receipts are recorded in the County's accounting records, and confirm accounts established at the trustee and deposit of bond proceeds reconcile with controlling bond documents. Finance Accounting monitors accounts at the trustee, records expenditure activity, and reconciles trustee statements to County accounting records monthly.

   Drawdown and use of bond proceeds are initiated by the project manager representing the County department or entity expensing the proceeds for eligible purposes. The requisition or drawdown request will contain invoices and other back-up documentation to validate the eligible expenses. Each requisition or drawdown request is reviewed by Finance Accounting staff and management and a Finance analyst before final approval and authority to disburse from the Finance Team Lead, and then forwarded to the trustee.

3. Continuing Disclosure

   The County is committed to primary and secondary market disclosure practice. To remain in compliance with Security and Exchange Commission Rule 15C2-12, required information shall be submitted as stated in each bond financings' continuing disclosure certificate.

The County shall maintain a log or file evidencing that all continuing disclosure filings have been made promptly. Continuing disclosure procedures are maintained by the County Budget and Finance Office and will be updated as needed.

4. Disclosure on County's Website

All disclosure reports, County credit ratings and the debt program are posted on the County's website. The website shall be updated as needed.

5. Compliance with Other Bond Covenants

The County is responsible for verifying compliance with all covenants and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriations to meet debt service payments
- Taxes/fees are levied and collected where applicable
- Timely transfer of debt service/rental payments to the trustee or paying agent
- Compliance with insurance requirements
- Compliance with rate covenants where applicable
- Recordkeeping and continued public use of financed asset
- Compliance with tax covenants including the timely spend-down of project fund proceeds
- Compliance with all other bond covenants

Rating Agency Relations and Annual or Ongoing Surveillance

The County seeks to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the County's policy objectives. Ratings are a reflection of the general fiscal soundness of the County.

The Finance Team Lead shall be responsible for maintaining the County's relationship with S & P Global Ratings, Fitch Ratings, Moody's Investors Service and any other rating agency, including communicating with credit analysts at each agency and providing any requested information as deemed appropriate.

The Finance Team Lead shall report feedback from rating agencies to the Chief Financial Officer and Board, when and if available, regarding the County's financial strengths and weaknesses and recommendations for addressing any weaknesses as they pertain to maintaining the County's existing credit ratings.

Prior to each proposed new debt issuance, the Finance Team Lead shall determine the number of rating agencies to provide a credit rating based upon the recommendations of the finance team. Meetings and/or conference calls with agency analysts shall be conducted to provide a thorough update on the County's financial position, including the impacts of the proposed debt issuance.

Financing Professionals

Process and Selection of Professionals

Once a financing need is identified, the County Budget and Finance Office will work with the appropriate County departments to recommend a finance team, debt structure, and debt service term to the Public Financing Advisory Committee (PFAC) and the Board for consideration.

PFAC is responsible for reviewing and recommending debt financing proposals. The Board may approve a PFAC recommendation by a majority vote but may amend, modify or rescind any recommendation by a four-fifths (4/5) vote. Further information on PFAC is included in the Fourth Amended and Restated County of Orange Board of Supervisors Policies and Procedures approved by the Board on February 26, 2019 and posted on the County's website.

The Board shall be responsible for the selection of Financing Professionals engaged to assist in a public financing. Financial Professionals shall include Municipal Advisor(s), Underwriters, Bond Counsel and Disclosure Counsel utilized in connection with a proposed financing. The procurement of financial professionals shall be conducted according to procedures delineated in the County's Contract Policy Manual.

Selection and Compensation

The Finance Team Lead shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement a debt issuance.

The identification of municipal advisor, underwriter, bond counsel and disclosure counsel shall be done through a Request for Qualifications (RFQ) process to create a pool of professionals in each of the stated categories. For each new financing, a Request for Proposal (RFP) shall be completed for municipal advisor, underwriter, bond counsel and disclosure counsel, as appropriate. The RFQ and RFP shall be in accordance with the County Procurement rules. The selection of the professional from each category and financing shall be first recommended for approval by PFAC and then ratified by the Board.

If a sole source selection of a financial professional or consultant is recommended, the County Budget and Finance Office will follow sole source selection procedures as outlined in the County's Contract Policy Manual.

Compensation for the financing professionals is typically paid from the bond proceeds cost of issuance account.

1. Municipal Advisor

   The primary responsibilities of the Municipal Advisor are to provide independent analysis of the proposed financing to the County. Their responsibilities also include but are not limited to, working with underwriters and other finance team members to formulate a general financing plan for the issuance of bonds, assisting in the financing schedule, transaction structuring, and pricing of bonds. The Municipal Advisor shall also provide pricing comparables and market conditions advice.

2. Bond Counsel

   The County will retain external Bond Counsel for all debt issuances. Bond Counsel will prepare the necessary authorizing resolutions, ordinances, agreements, and other legal documents necessary to execute the financing.

3. Disclosure Counsel

   The County will retain Disclosure Counsel for all public issuances that entail disclosure of County finances and financial status. Disclosure Counsel will advise on issuer disclosure obligation, federal securities laws and proper disclosure practices, and due diligence process.

The Finance Team Lead may recommend separate firms in the capacity of Bond and Disclosure Counsel or a single firm to perform bond and disclosure counsel functions based on anticipated complexity of the financing.

4. Underwriter

An Underwriter is a firm that administers the public issuance and distribution of the bond issuance. Underwriter services may include assisting in securing credit and meetings with principal retail/institutional investors. When undertaking a negotiated sale, the County will select an Underwriter through the solicitation process described previously.

5. Other Service Providers

Other professionals may be selected, at the discretion of the Finance Team Lead, on an as-needed basis. These include, but are not limited to, the services of trustee, credit rating agencies, escrow agents, bond insurance providers, credit and liquidity banks, verification agents, title insurance companies, and document printing services.

Conclusion

This Policy is intended to guide and regulate the County's issuance of debt. The County is aware, however, the financial environment and best practices may change. This policy will be reviewed annually during the Strategic Financial Plan process and any necessary updates will be presented to the Board for consideration.

General Fund Debt Service

The following table provides details of the 5-year ongoing General Fund debt service as well as the final maturity and optional redemption at par dates:

	Fiscal Year						
Description of General Fund Debt	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**Final Maturity**	**Optional Redemption at Par**
South Orange County Public Financing Authority, Central Utility Facility Lease Revenue Bonds, Series 2016	$4,489,000	$4,487,750	$4,490,000	$4,490,250	$4,488,250	4/1/2036	4/1/2026 $34,655,000
California Municipal Finance Authority Lease Revenue Bonds, Series 2017A (Orange County Civic Center Infrastructure Improvement Program - Phase I) (1)	9,981,000	9,982,000	9,979,000	9,981,750	9,979,500	6/1/2047	6/1/2027 $129,565,000
California Municipal Finance Authority Lease Revenue Bonds, Series 2018A (Orange County Civic Center Infrastructure Improvement Program - Phase II) (1)	12,917,500	12,917,250	12,916,500	12,919,750	12,916,250	6/1/2048	6/1/2028 $160,995,000
South Orange County Public Financing Authority, Lease Revenue Bonds, Series 2022 (OC Sheriff's Department Facility)	5,506,500	5,507,750	5,505,250	5,504,000	5,508,750	6/1/2052	6/1/2032 $68,625,000
Total General Fund Debt Service	**$32,894,000**	**$32,894,750**	**$32,890,750**	**$32,895,750**	**$32,892,750**		

Notes:
(1) These amounts represent the total debt service. A portion of these amounts are allocated to Non-General Fund departments occupying the County Administration South (CAS) and County Administration North (CAN) buildings.
(2) Par value represents the face value of the bonds as no premium, or additional amount, is required to redeem bonds after this date.

Five-Year Capital Improvement Plan

Introduction

The five-year Capital Improvement Plan (CIP) is a compilation of significant projects countywide and is divided into three sections. For the purposes of the SFP, the first section focuses on projects funded by the General Fund Capital Projects, Budget Control 036, through the Countywide Capital Projects Non-General Fund 15D, the second focuses on capital projects with no identified funding, and the third focuses on department funded projects.

The CIP aids the County in its assessment of the most effective use of County General Funds and provides goals for developing capital assets while maintaining long-term financial stability. The assessment is an ongoing process influenced by many changing factors such as service needs, available resources resulting from changes in the economy, Board priorities, legal mandates, age and condition of existing buildings, and health and safety considerations.

The five-year CIP provides information about capital projects in excess of $150,000 per project. The CIP is not a budget document but rather a planning tool to be used in conjunction with the budget development process for FY 2025-26 through FY 2029-30 and the County Facilities Master Plan.

This document is updated annually to reflect the changing needs and the fiscal outlook of the County.

Capital Projects – Countywide Capital Projects Non-General Fund 15D

The Net County Cost (NCC) limit for Capital Projects is set at $12.1 million for each fiscal year of the five-year plan, which is transferred to the Countywide Capital Projects Non-General Fund. This NCC along with other funding sources provide potential funding for multi-year projects including Probation and OC Sheriff's Department capital projects. As of October 31, 2024, appropriations in the Countywide Capital Projects Non-General Fund total $611.0 million for FY 2024-25. This includes allocations for OC CARES initiatives and various significant countywide projects currently under evaluation or in the planning (design/pre-construction) phase. The closing fund balance reserve line in the table below includes funding for the projects that are in the planning phase. Funds will be appropriated for use closer to actual project start.

The five-year capital projects cost summarized in the Countywide Capital Projects Non-General Fund includes $89.6 million in appropriations and $30.9 million increase to reserves held for capital projects. This is funded by $60.7 million in transfers from the General Fund, $46.9 million from OC Waste & Recycling (OCWR) Net Importation Revenue Sharing, $10.6 million transfers in from Utilities for future Central Utility Facility (CUF) project reserves, and $2.4 million from Criminal Justice Facilities Fund.

These projects (and any subsequently identified) will be evaluated for funding during the FY 2025-26 annual budget process. Project needs and related costs will be reviewed again during the next Strategic Financial Planning cycle which will begin in August 2025.

Countywide Capital Projects Non-General Fund

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Appropriations						
Countywide Capital Projects - OC Public Works (OCPW)						
Hutton Towers (Brad Gates & Osborne)	4,215,000	0	2,027,000	1,072,000	1,275,000	**8,589,000**
County Operations Center	3,150,000	5,675,000	0	0	0	**8,825,000**
Probation Facilities Capital Projects	5,429,760	5,370,000	6,014,000	3,645,000	0	**20,458,760**
Manchester Office Building	1,300,000	2,865,000	1,500,000	1,400,000	500,000	**7,565,000**
1770 Broadway (Auditor-Controller)	1,000,000	0	0	0	0	**1,000,000**
Various Facilities - Other OCPW Projects	470,000	75,000	1,500,000	1,500,000	6,940,831	**10,485,831**
Tustin Campus - Building Improvements (SSA)	0	0	0	1,200,000	0	**1,200,000**
Countywide Capital Projects Subtotal	**15,564,760**	**13,985,000**	**11,041,000**	**8,817,000**	**8,715,831**	**58,123,591**
Health Care Agency (HCA) Capital Projects						
HCA Behavioral Health Clinic - Madero	2,200,000	0	0	0	0	**2,200,000**
HCA Facilities Improvements	25,000	150,000	600,000	0	0	**775,000**
HCA Behavioral Health Clinic - 401 Tustin	0	150,000	350,000	25,000	0	**525,000**
Health Care Agency Capital Projects Subtotal	**2,225,000**	**300,000**	**950,000**	**25,000**	**0**	**3,500,000**
Total Capital Projects Appropriations	**17,789,760**	**14,285,000**	**11,991,000**	**8,842,000**	**8,715,831**	**61,623,591**
Transfers to:						
Trial Courts Capital and Maintenance Projects (BC 080)	3,350,000	2,000,000	750,000	750,000	750,000	**7,600,000**
Sheriff Construction & Facility Development (Fund 14Q)	2,668,100	2,668,100	2,668,100	2,668,100	2,668,100	**13,340,500**
Central Utilities Facility Projects (BC 040)	2,115,399	2,115,399	2,115,399	2,115,399	2,115,399	**10,576,995**
Animal Care Shelter (BC 024)	71,852	62,820	0	0	0	**134,672**
Total Transfers Out Appropriations	**8,205,351**	**6,846,319**	**5,533,499**	**5,533,499**	**5,533,499**	**31,652,167**
Total Appropriations	**25,995,111**	**21,131,319**	**17,524,499**	**14,375,499**	**14,249,330**	**93,275,758**
Revenue Sources						
Funding from Capital Projects General Fund (BC 036)	12,133,931	12,133,931	12,133,931	12,133,931	12,133,931	**60,669,655**
OCWR Net Importation Revenue Sharing (Fund 295)	5,499,534	5,642,646	11,590,333	11,903,593	12,225,291	**46,861,397**
Transfer in from Utilities - CUF Reserves (BC 040)	2,115,399	2,115,399	2,115,399	2,115,399	2,115,399	**10,576,995**
Transfer in from Criminal Justice Facilities (Fund 104)	3,660,760	1,200,000	1,200,000	0	0	**6,060,760**
Total Revenue	**23,409,624**	**21,091,976**	**27,039,663**	**26,152,923**	**26,474,621**	**124,168,807**
Beginning Fund Balance Reserves	**79,650,807**	**77,065,320**	**77,025,977**	**86,541,141**	**98,318,565**	**79,650,807**
Increase/(Decrease) to Fund Balance Reserves	(2,585,487)	(39,343)	9,515,164	11,777,424	12,225,291	30,893,049
Closing Fund Balance Reserves	**77,065,320**	**77,025,977**	**86,541,141**	**98,318,565**	**110,543,856**	**110,543,856**

Notes:
[1] The above SFP requests do not commit the County for funding. The funding is committed through the annual budget process and the above information is subject to change at that time.
[2] Transfer In revenue from Criminal Justice Facilities, Fund 104, is restricted for Probation facilities projects. In Year 4 and Year 5 of the SFP there are no projects identified that are eligible for this funding.

Capital Projects – NCC Requests

The County monitors and strategizes for department-specific capital improvement projects that are significant in cost, have significant community impact, and/or have long-range impact on County government and the community. These projects are considered essential by departments and may require General Fund support if other funding sources are not available. The County Executive Office will work with departments to review and identify strategies and potential funding sources, other than NCC, for implementation of these projects.

The five-year capital projects cost summarized in this section include projects pertaining to OC Sheriff's Department ($105.8 million), Social Services Agency ($65.4 million), Central Utility Facility ($13.6 million) and Orange County Trial Courts ($8.3 million).

These projects (and any subsequently identified) will be evaluated for funding during the FY 2025-26 annual budget process. Project needs and related costs will be reviewed again during the next Strategic Financial Planning cycle which will begin in August 2025.

Countywide Capital Projects – NCC Requests

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
OC Sheriff's Department (OCSD)						
Intake Release Center						
ADA, Safety and Security Upgrades Mod J & N	4,688,890	0	0	0	0	**4,688,890**
Air Handler Units Replacement	4,413,900	3,000,000	0	0	0	**7,413,900**
Sally Port Concealment Solar Panels	0	0	0	0	1,200,000	**1,200,000**
Central Men's Jail			0			
Custody Courtroom and Support Offices	5,500,000	0	0	0	0	**5,500,000**
Roof Expansion - Recreation Area	3,248,790	0	0	0	0	**3,248,790**
Building Roof Repair/Replacement	0	0	0	3,074,141	3,074,141	**6,148,282**
Overhaul of Freight Elevators	0	0	0	0	2,632,160	**2,632,160**
Warehouse Remodel	0	0	0	0	2,000,000	**2,000,000**
Theo Lacy Facility						
Lobby Renovations	1,500,000	0	0	0	0	**1,500,000**
Replace Mods I/J Roof	1,362,200	0	0	0	0	**1,362,200**
Replace Administration Building Roof	1,148,244	0	0	0	0	**1,148,244**
Air Handler Units Replacement	0	0	2,392,530	2,302,545	0	**4,695,075**
Orange County Jail Facilities						
Jail Security Electronic Control Systems Upgrade	4,500,000	3,500,000	5,700,000	2,100,000	2,800,000	**18,600,000**
ADA Compliance Upgrades	3,503,244	1,547,520	1,802,240	0	0	**6,853,004**
Jail Hardening	0	0	1,071,102	1,072,135	0	**2,143,237**
Hazardous Material Abatement	0	0	0	0	1,576,951	**1,576,951**
OCSD Facilities Projects		0				
Sandra Hutchens Regional Law Enforcement Training	2,500,000	0	0	0	0	**2,500,000**
Loma Ridge - Underground Storage Tank Replacement	821,000	7,065,000	0	0	0	**7,886,000**
Headquarters Renovations and Hazardous Materials Abatement	0	4,759,667	0	4,759,667	0	**9,519,334**
Research & Development Office Renovation	0	3,500,000	0	0	0	**3,500,000**
OC Crime Lab - Renovate Forensic Areas	0	1,386,375	0	0	0	**1,386,375**
Brad Gates - Upgrade UPS System and Add Redundancy	0	1,214,201	0	0	0	**1,214,201**
Various Fire Systems Retrofit	0	0	5,000,000	3,000,000	0	**8,000,000**
Replace Various HVAC Units	0	0	0	0	1,081,500	**1,081,500**
OCSD NCC Request	**33,186,268**	**25,972,763**	**15,965,872**	**16,308,488**	**14,364,752**	**105,798,143**
Social Services Agency (SSA)						
Children Services Headquarters (Eckhoff)						
ADA Improvements	0	3,290,000	3,290,000	0	0	**6,580,000**
Facility Rehabilitation	0	0	0	0	5,250,000	**5,250,000**
Santa Ana Regional Center						
Facility Rehabilitation	7,000,000	6,800,000	6,800,000	7,300,000	11,780,000	**39,680,000**
Orangewood Children & Family Center						
Facility Rehabilitation	3,050,000	2,000,000	2,000,000	2,000,000	2,000,000	**11,050,000**
Other SSA Facilities						
Facilities Rehabilitation	1,950,000	0	0	0	0	**1,950,000**
CCTV Upgrades	1,175,000	0	0	0	0	**1,175,000**
SSA Capital Projects Requests	**13,175,000**	**12,090,000**	**12,090,000**	**9,300,000**	**19,030,000**	**65,685,000**
SSA Revenue Offset	**460,000**	**920,000**	**920,000**	**920,000**	**1,170,000**	**4,390,000**
SSA NCC Request	**12,715,000**	**11,170,000**	**11,170,000**	**8,380,000**	**17,860,000**	**61,295,000**

Note: The above CIP information does not commit the County for funding. Funding is committed through the annual budget process and the above information is subject to change at that time.

Countywide Capital Projects – NCC Requests (Continued)

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
OC Public Works (OCPW) - Central Utility Facility (CUF)						
Improve Emissions Control System	3,000,000	0	0	0	0	**3,000,000**
Natural Gas Compressors	2,644,200	2,644,200	0	0	0	**5,288,400**
Replace Lines to Historic County Courthouse	0	0	0	480,000	4,800,000	**5,280,000**
CUF NCC Request	**5,644,200**	**2,644,200**	**0**	**480,000**	**4,800,000**	**13,568,400**
Orange County Trial Courts						
Trial Courts Deferred Capital and Maintenance Projects	1,751,143	1,866,433	2,437,925	1,130,925	1,130,925	**8,317,351**
Countywide Capital Projects NCC Request	**1,751,143**	**1,866,433**	**2,437,925**	**1,130,925**	**1,130,925**	**8,317,351**
Total Expense:	**53,756,611**	**42,573,396**	**30,493,797**	**27,219,413**	**39,325,677**	**193,368,894**
Total Revenue:	**460,000**	**920,000**	**920,000**	**920,000**	**1,170,000**	**4,390,000**
Total NCC Request:	**53,296,611**	**41,653,396**	**29,573,797**	**26,299,413**	**38,155,677**	**188,978,894**

Note: The above CIP information does not commit the County for funding. Funding is committed through the annual budget process and the above information is subject to change at that time.

OC Sheriff's Department (OCSD) – Requests $105.8 million in General Fund over the five-year period for projects in excess of the NCC allocation to OCSD. Request of $70.7 million is for various renovations, repairs and replacements to ensure safety and reduce ongoing maintenance costs at the Intake Release Center, Central Men's Jail, Theo Lacy Facility, and Orange County jail facilities; $35.1 million is for various renovations, repairs and replacements to optimize space, ensure safety, and reduce ongoing maintenance costs at the Sandra Hutchens Regional Law Enforcement Training Center, Loma Ridge Emergency Operations Center, Headquarters facility, Research & Development Office, OC Crime Lab and Brad Gates Building.

Social Services Agency (SSA) – Requests $61.3 million in General Fund to support projects totaling $65.4 million, with $4.1 million in identified funding over the five-year period. The Children Services Headquarters on Eckhoff requires $11.6 million for facility upgrades and safety improvements. The Santa Ana Regional Center requires $39.7 million for various safety upgrades and replacement of major components such as HVAC, electrical and roofing. The Orangewood Children & Family Center requires $11.0 million to address and comply with the Americans with Disabilities Act (ADA) standards in providing access to all services and activities for all children, staff and clients. The other projects include facilities rehabilitation projects and CCTV upgrades for various SSA facilities for a total of $3.1 million.

OC Public Works (OCPW) Central Utility Facility (CUF) – The County's CUF operated by OCPW requires an additional $13.6 million in General Fund over the five-year period for upgrades and conversion projects. This includes enhancing the conversion process of ammonia (NH_3) to urea to increase efficiency and capacity and address environmental regulations, replacing natural gas compressors which are vital to the gas turbine operation, and replacing the distribution lines to the historic County Courthouse.

Orange County Trial Courts – The Lockyer-Isenberg Trial Court Funding Act of 1997, Assembly Bill 233 (AB 233), provided that the State of California assume fiscal responsibility for operations of all Orange County Trial Courts and required the County to contribute its share of costs. The Board approved the transfer of all Court facilities maintenance responsibilities from the County to the State, as required by the 2002 Trial Court Facilities Act, Senate Bill 1732 (SB 1732). In addition, SB 1732 required the County make County Facility Payments to the State for all Court facilities. By December 31, 2009, the County executed Transfer Agreements and Joint Occupancy Agreements for all Court facilities with the State. Most of these facilities are jointly occupied by the Courts and County. An additional $8.3 million in General Fund is requested over the five-year period for deferred capital and maintenance projects in excess of the NCC allocation of $7.3 million.

Capital Projects - Department Funded and Other Non-General Funds

Departments also plan for capital improvement projects that are significant for their ongoing operations for which there are dedicated revenue sources. This section includes capital improvement needs for OCSD, SSA, OC Community Resources (OC Animal Care, OC Parks, OC Libraries, County Tidelands, Dana Point Harbor), OCPW (CUF, OC Road, OC Flood), John Wayne Airport (JWA), OCWR, and OC Information Technology. The five-year CIP for department funded and non-General Funds totals $1.7 billion, excluding Countywide Capital Projects Non-General Fund.

Summaries of these projects are provided by Program in the following pages. Project funding comes from local, state, and federal sources. These projects (and those subsequently identified) will be evaluated for funding during the FY 2025-26 annual budget process.

Program/Dept: **Public Protection / OC Sheriff's Department** Fund: **14Q**
Budget Control: **14Q – Sheriff-Coroner Construction & Facility Development**

OCSD five-year CIP is $13.3 million. Due to the age of the OCSD facilities, various renovations, repairs and replacements are needed to optimize space, ensure safety, and reduce ongoing maintenance costs. Funding for these projects is allocated from Fund 15D Countywide Capital Projects Non-General Fund.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Central Men's (CMJ) & Women's Jails (CWJ)						
Roof Replacements	1,325,125	0	0	0	0	**1,325,125**
Emergency Panic Alarms In Kitchens	295,000	0	0	0	0	**295,000**
Laundry Guard Station Construction	0	0	571,000	0	0	**571,000**
Overhaul of Elevator 3	0	0	255,473	0	0	**255,473**
Office Remodel - 2nd Floor	0	0	0	200,000	0	**200,000**
Joint Briefing Room	0	0	0	359,000	0	**359,000**
Theo Lacy Facility						
Building C Roof Replacement	302,660	0	0	0	0	**302,660**
Barracks A-E Walkway	0	733,500	0	0	0	**733,500**
Building A Roof Replacement	0	500,000	0	0	0	**500,000**
Inmate Programs Building Roof Replacement	0	257,346	0	0	0	**257,346**
Central Plant Building A Roof Replacement	0	0	546,900	0	0	**546,900**
Parking Lot Repairs	0	0	346,876	0	0	**346,876**
Barracks A-H & IPB Energy Efficiency	0	0	0	311,400	0	**311,400**
Deputy Work Station for Module Q	0	0	0	242,000	0	**242,000**
Restrooms/Showers/Locker Rooms Upgrade	0	0	0	0	900,000	**900,000**
Brad Gates Building						
Coroner - Training Facility Roof Replacement	0	245,590	0	0	0	**245,590**
Brad Gates - Remodel 4th Floor Reception Areas	0	0	0	311,400	0	**311,400**
OC Crime Lab - Renovate Forensics Basement	0	0	0	218,136	0	**218,136**
OC Crime Lab - Workspace Modernization	0	0	0	0	800,000	**800,000**
OC Crime Lab - Refurbish Photo Lab & Processing Room	0	0	0	0	175,000	**175,000**
Other Facilities						
Loma Ridge - Roof Upgrade	450,000	0	0	0	0	**450,000**
Headquarters - Video System Upgrade	0	487,000	0	0	0	**487,000**
Intake Release Center - Roof Replacement	0	0	424,971	0	0	**424,971**
Katella Training Facility - Convert Garage	0	0	0	975,000	0	**975,000**
Southwest Admin & SIB - Office Move/Buildout	0	0	0	0	793,100	**793,100**
Other Deferred Maintenance, Projects & Contingencies	295,315	444,664	522,880	51,164	0	**1,314,023**
Total Expense:	**2,668,100**	**2,668,100**	**2,668,100**	**2,668,100**	**2,668,100**	**13,340,500**
Total Funding:	**2,668,100**	**2,668,100**	**2,668,100**	**2,668,100**	**2,668,100**	**13,340,500**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Community Services / OC Community Resources** Fund: **100**
Budget Control: **024 – OC Animal Care**

OC Animal Care's five-year CIP for the OC Animal Shelter is $1.9 million for various repairs and HVAC replacement. As the OC Animal Shelter is a newer facility, there were no projects identified for Year 3 through Year 5 of the SFP but will be reviewed again during the next SFP cycle which will begin in August 2025.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
OC Animal Shelter						
Asphalt Repair	286,412	0	0	0	0	**286,412**
Duct Cleaning	570,704	0	0	0	0	**570,704**
Exterior Paint/Repairs	40,068	250,611	0	0	0	**290,679**
HVAC Replacement	129,267	646,812	0	0	0	**776,079**
Total Expense:	**1,026,451**	**897,423**	**0**	**0**	**0**	**1,923,874**
Total Funding:	**1,026,451**	**897,423**	**0**	**0**	**0**	**1,923,874**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Community Services / OC Community Resources** Fund: **106**
Budget Control: **106 – County Tidelands – Newport Bay**

OC Community Resources' (OCCR) five-year CIP for the County Tidelands – Newport Bay is $314 thousand for window replacements at the Upper Newport Bay Nature Park.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Upper Newport Bay Nature Park						
Window Replacement	0	0	0	69,060	245,025	**314,085**
Total Expense:	**0**	**0**	**0**	**69,060**	**245,025**	**314,085**
Total Funding:	**0**	**0**	**0**	**69,060**	**245,025**	**314,085**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Community Services / OC Community Resources** Fund: **108**
Budget Control: **108 – OC Dana Point Harbor**

OCCR's five-year CIP for Dana Point Harbor (DPH) is $31.0 million and includes the County's $20.0 million contribution to the Dry Stack Boat Storage facility project as part of the DPH Revitalization Plan. Additionally, there are efforts to shore up the cliff to ensure the safety of all visitors from rock falls and refurbish the facilities at the DPH Baby Beach Shelter. The OC Sailing and Events Center (OCSEC) requires replacement of the Harbor Patrol roof and OCSEC North and South docks, along with general enhancements.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Dana Point Harbor (DPH)						
Rock Fall Mitigation	5,050,000	0	0	0	0	**5,050,000**
Baby Beach Shelter Replacement	416,875	0	0	0	0	**416,875**
Dry Stack Boat Storage Contribution	0	0	20,000,000	0	0	**20,000,000**
OC Sailing & Events Center (OCSEC)						
Dock Replacement	2,500,000	2,500,000	0	0	0	**5,000,000**
Harbor Patrol Roof Replacement	405,000	0	0	0	0	**405,000**
Building Enhancements	140,000	0	0	0	0	**140,000**
Total Expense:	**8,511,875**	**2,500,000**	**20,000,000**	**0**	**0**	**31,011,875**
Total Funding:	**8,511,875**	**2,500,000**	**20,000,000**	**0**	**0**	**31,011,875**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Community Services / OC Community Resources** Fund: **119**
Budget Control: **119 – OC Public Libraries - Capital**

OC Public Libraries' (OCPL) five-year CIP and includes $6.2 million in various modernization and repair projects, such as roof replacements, HVAC system replacements and interior refurbishments.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Library Branches Projects						
Roof Replacements	1,200,000	0	2,000,000	0	0	**3,200,000**
HVAC Replacements	0	1,000,000	0	0	0	**1,000,000**
Tenant Enhancements	0	0	0	1,000,000	1,000,000	**2,000,000**
Total Expense:	**1,200,000**	**1,000,000**	**2,000,000**	**1,000,000**	**1,000,000**	**6,200,000**
Total Funding:	**1,200,000**	**1,000,000**	**2,000,000**	**1,000,000**	**1,000,000**	**6,200,000**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Community Services / OC Community Resources** Fund: **406**
Budget Control: **406 – OC Parks Capital**

OC Parks' five-year CIP is $103.4 million and includes modifications, repairs, replacements and restorations needed at various parks. These projects range from mainline irrigation pipe replacement, HVAC system replacements, roof replacements, drainage improvements, water line and crossing repairs and replacements, equipment replacement and resurfacing for playgrounds, and converting restrooms to unisex/ADA compliant restrooms.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Aliso and Wood Canyon Wilderness Park						
Aliso Wood Wondrous Trail	357,000	0	0	0	0	**357,000**
Maintenance Yard Building Upgrade	190,000	1,280,000	0	0	0	**1,470,000**
Valido Trail Improvements	44,000	211,000	0	0	0	**255,000**
Chatroom Bridge Project	0	0	115,000	302,500	0	**417,500**
Front Entrance Amphitheater	0	0	0	115,000	255,000	**370,000**
Irvine Regional Park						
Restroom Replacements	0	1,912,000	1,982,000	2,120,000	70,000	**6,084,000**
Soda Fountain Pavilion Siding Replacement	0	62,500	184,500	0	0	**247,000**
Laguna Niguel Regional Park						
Restroom 1 & 6 Replacement	846,500	0	0	0	0	**846,500**
Playground Replacements	0	0	105,000	980,000	875,000	**1,960,000**
Site Lighting Retrofit	0	0	0	42,800	267,720	**310,520**
Mile Square Regional Park						
Golf Course to Park Conversion Phase II	9,546,500	0	0	0	0	**9,546,500**
Maintenance Building Remodel	2,242,000	460,000	0	0	0	**2,702,000**
Palm Island Pedestrian Bridge 3 & 4 Replacement	0	0	0	179,000	773,480	**952,480**
Playground 3	0	0	0	120,880	1,029,685	**1,150,565**
Ralph Clark Regional Park						
Maintenance Yard Renovation	0	0	0	94,000	825,000	**919,000**
Parking Lot G Expansion	0	0	0	90,000	635,000	**725,000**
Restrooms 1 & 2 Replacement	0	0	0	0	1,770,000	**1,770,000**
Ted Craig Regional Park						
New Bike Park Facility	1,355,000	0	0	0	0	**1,355,000**
Shelter Replacements	131,500	1,837,940	125,000	630,000	0	**2,724,440**
Restrooms 2, 5, & 7 Replacement	0	2,680,000	80,000	0	0	**2,760,000**
Playground #2 Replacement	0	0	140,000	1,020,000	0	**1,160,000**
Maintenance Building Remodel	0	0	0	120,000	500,000	**620,000**
William Mason Regional Park						
Playground 1 Renovation	115,000	1,340,000	0	0	0	**1,455,000**
Domestic Water Line Upgrade	0	97,500	315,000	0	0	**412,500**
Restrooms 1 & 3 Replacement	0	0	0	345,000	1,495,000	**1,840,000**
LED Lighting	0	0	0	75,000	278,100	**353,100**
Yorba Regional Park						
Playground 6 Replacement	0	0	140,000	1,767,500	0	**1,907,500**
Restroom 5 Replacement	0	0	0	100,000	2,025,000	**2,125,000**
Trail Rehabilitation	0	0	0	83,000	552,500	**635,500**
Various Parks						
Capistrano Beach Shoreline & Storm Drain	17,140,000	1,500,000	150,000	150,000	0	**18,940,000**
Old County Courthouse	1,447,100	2,994,302	0	0	0	**4,441,402**
Arden Modjeska House	1,050,000	0	0	0	0	**1,050,000**
Ronald Caspers Wilderness Park	240,000	1,622,000	1,093,000	119,125	625,650	**3,699,775**
Various Parks EV Charging Stations	195,000	195,000	195,000	195,000	195,000	**975,000**
Salt Creek Beach	120,000	1,955,000	0	100,000	800,230	**2,975,230**
Whiting Ranch Wilderness Park	76,000	156,000	0	0	0	**232,000**
Saddleback Gateway	0	1,123,400	0	0	0	**1,123,400**
Various Parks Irrigation Projects	0	734,000	6,278,500	1,277,000	7,135,000	**15,424,500**
Carbon Canyon Regional Park	0	196,500	2,297,500	91,000	640,000	**3,225,000**
John D. Cooper Center	0	139,000	890,000	0	0	**1,029,000**
Irvine Ranch Open Space	0	90,000	624,250	565,500	380,000	**1,659,750**
O'Neill Regional Park	0	0	0	205,000	960,000	**1,165,000**
Total Expense:	**35,095,600**	**20,586,142**	**14,714,750**	**10,887,305**	**22,087,365**	**103,371,162**
Total Funding:	**35,095,600**	**20,586,142**	**14,714,750**	**10,887,305**	**22,087,365**	**103,371,162**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Infrastructure & Environmental / OC Public Works** Fund: **100**
Budget Control: **040 – Utilities**

OCPW CUF's five-year CIP is $10.6 million and includes various modifications, repairs and replacements needed to ensure safety as well as uninterrupted delivery of electrical, steam and chilled water supply to the Civic Center. These projects are funded through OCPW CUF utilities rates. OCPW is requesting an additional $13.6M in NCC for other CUF capital projects included in the *Countywide Capital Projects – NCC Requests* section.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Central Utility Facility						
Gas Turbine 201 Controls Upgrade	592,000	592,000	0	0	0	**1,184,000**
Generation Control System (GCS) Upgrade	450,000	0	0	0	0	**450,000**
Low Temp Tank Removal	414,000	0	0	0	0	**414,000**
Vault and Utilities Replacement	300,000	0	0	0	0	**300,000**
Blowdown Tank Heat Exchanger Installation	276,000	0	0	0	0	**276,000**
Clarifier Modification	0	690,000	0	0	0	**690,000**
Gas Turbine 101 Controls Upgrade	0	592,000	592,000	0	0	**1,184,000**
Cooling Tower Foundation Modification	0	0	756,000	0	0	**756,000**
Chiller Haul Roof Replacement	0	0	394,800	0	0	**394,800**
Automatic Transfer Switch (ATS) Motor Control Centers (MCC)-A Replacement	0	0	154,000	0	0	**154,000**
ATS MCC-B Replacement	0	0	154,000	0	0	**154,000**
Emergency Diesel Generator Replacement	0	0	0	950,000	610,000	**1,560,000**
Switchgear & Intake Release Center's Electrical Meter	0	0		660,000	0	**660,000**
HVAC Unit Upgrade	0	0	0	288,000	0	**288,000**
Gas Turbines Fuel Modification	0	0	0	180,000	0	**180,000**
Underground Diesel Fuel Tank Replacements	0	0	0	0	836,000	**836,000**
Contingency	83,399	241,399	64,599	37,399	669,399	**1,096,195**
Total Expense:	**2,115,399**	**2,115,399**	**2,115,399**	**2,115,399**	**2,115,399**	**10,576,995**
Total Funding:	**2,115,399**	**2,115,399**	**2,115,399**	**2,115,399**	**2,115,399**	**10,576,995**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Infrastructure & Environmental / OC Public Works** Fund: **174**
Budget Control: **174 – OC Road - Capital Improvement Projects**

OC Road's five-year CIP is $218.1 million and includes bridge replacements, construction of paved bikeways, extensions and repairs to roadways, sidewalks, and drainage, and replacement of traffic signal hardware, among other various upgrades and repairs. The projects are needed to enhance safety and mobility and to comply with ADA standards.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Bikeway Projects						
OC Loop Segment O, P, Q Coyote Creek Bikeway	59,520,000	2,060,000	2,000,000	0	0	**63,580,000**
OC Loop Segment D Carbon Canyon Bikeway	405,000	0	0	0	0	**405,000**
Bridge Projects						
Silverado Canyon Road Bridge Replacement	8,436,000	1,215,000	0	0	0	**9,651,000**
Trabuco Canyon Bridge Replacement	4,645,000	25,000	0	0	0	**4,670,000**
Brea Canyon Channel Bridge Maintenance	3,764,000	0	0	0	0	**3,764,000**
Modjeska Canyon Road Bridge Retrofit	320,000	2,220,000	50,000	0	0	**2,590,000**
Road, Drainage, and Other Projects						
Santa Clara Avenue & Yorba Street Improvements	9,350,000	200,000	0	0	0	**9,550,000**
Trabuco Creek Road Stabilization	8,600,000	0	0	0	0	**8,600,000**
Los Patrones Parkway Extension	4,590,000	340,000	240,000	0	0	**5,170,000**
Guardrail Project -Silverado Canyon Road	3,457,000	0	0	0	0	**3,457,000**
Santiago Creek Island Improvements	2,100,000	0	0	0	0	**2,100,000**
Modjeska Grade Road, Road and Drainage Improvements	1,540,000	130,000	0	0	0	**1,670,000**
El Toro Road Corridor Improvements	1,525,000	1,055,000	10,775,000	0	0	**13,355,000**
Antonio Pkwy & Crown Valley Pkwy Intersection Improv.	1,483,500	0	0	0	0	**1,483,500**
Antonio Parkway Gateway Improvements	1,105,000	0	0	0	0	**1,105,000**
Santiago Canyon Road Passing Lane	917,350	23,519,250	0	0	0	**24,436,600**
Panorama Heights Drainage & Road Improvements	912,000	424,000	18,010,000	1,106,000	0	**20,452,000**
Prospect Avenue Drainage & Sidewalk Improvements	375,000	50,000	4,050,000	0	0	**4,475,000**
Crawford Canyon Road Sidewalk Extension (Phase II)	164,000	4,570,000	534,000	0	0	**5,268,000**
Los Patrones Parkway Safety Improvement Project	146,925	6,455,675	0	0	0	**6,602,600**
Santa Clara & Prospect Drainage Row	130,000	0	0	0	0	**130,000**
Barrett Lane Drainage Improvements	54,000	0	0	0	0	**54,000**
Gilbert St. Improvements at Railroad Crossing (Phase II)	38,000	0	0	0	0	**38,000**
Crawford Canyon Road Sidewalk Extension	15,000	2,500	2,500	0	0	**20,000**
Newport Avenue Roadway Improvements	0	0	0	0	382,000	**382,000**
Fairhaven Avenue Road & Drainage Improvements	0	0	0	0	135,000	**135,000**
Annual Projects						
Traffic Signal Upgrades	550,000	550,000	550,000	1,100,000	1,100,000	**3,850,000**
Sidewalk Gap Closure	155,000	422,000	155,000	422,000	155,000	**1,309,000**
Americans with Disabilities Act (ADA) Upgrades	120,000	1,035,000	120,000	1,035,000	120,000	**2,430,000**
Guardrail Projects	25,000	25,000	25,000	25,000	25,000	**125,000**
Street Drainage Improvements	0	0	5,740,000	5,740,000	5,740,000	**17,220,000**
Total Expense:	**114,442,775**	**44,298,425**	**42,251,500**	**9,428,000**	**7,657,000**	**218,077,700**
Total Funding:	**114,442,775**	**44,298,425**	**42,251,500**	**9,428,000**	**7,657,000**	**218,077,700**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Infrastructure & Environmental / OC Public Works** Fund: **401**
Budget Control: **401 – OC Flood - Capital Improvement Projects**

OC Flood's five-year CIP is $356.8 million and includes improvements needed for flood channels to withstand a 100-year storm event, improvements to segments that are hydraulically deficient, replacement of existing corroded sheet piles, reconstruction of channel to original grade, and widening portions of the channel to create additional habitat area.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Flood Channel Projects						
Bolsa Bay Outlet	3,000,000	1,225,000	2,600,000	34,075,000	100,000	**41,000,000**
Carbon Creek Channel	0	0	0	0	350,000	**350,000**
East Garden Grove Wintersburg Channel	150,000	72,194,000	73,959,964	60,367,220	13,620,700	**220,291,884**
Fullerton Creek Channel	0	344,000	209,000	286,000	12,669,000	**13,508,000**
San Juan Creek Channel	0	792,000	2,252,000	33,249,600	22,048,000	**58,341,600**
Santa Ana-Delhi Channel	1,250,000	321,000	10,000	0	0	**1,581,000**
Other Projects						**0**
Debris Booms Project	700,000	0	0	0	0	**700,000**
Pump Station Full Engine Replacement	6,408,000	3,000,000	10,836,000	0	0	**20,244,000**
Santa Ana River Reach 5 Levee Height Correction	320,000	0	0	0	0	**320,000**
Villa Park Dam Gates Replacement	500,000	0	0	0	0	**500,000**
Total Expense:	**12,328,000**	**77,876,000**	**89,866,964**	**127,977,820**	**48,787,700**	**356,836,484**
Total Funding:	**12,328,000**	**77,876,000**	**89,866,964**	**127,977,820**	**48,787,700**	**356,836,484**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Infrastructure & Environmental / John Wayne Airport** Fund: **281**
Budget Control: **281 – Airport Construction Fund**

JWA's five-year CIP is $523.4 million and includes replacements and repairs to the airport terminals, runways and taxiways, apron facilities, airport parking lots and structures, and enhancement of drainage control infrastructure.

Description	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	SFP Total Forecast
Airport Airfield Projects						
Taxiways A, D & E Reconstruction	35,508,000	33,360,000	300,000	0	0	**69,168,000**
Taxiway B Service Road Realignment	3,441,000	0	0	0	0	**3,441,000**
Stormwater Management Improvements	1,751,000	0	0	0	0	**1,751,000**
Commercial Ramp Stormwater Treatment	1,530,000	15,680,000	1,260,000	0	0	**18,470,000**
Pavement Marking Improvements	1,476,000	0	0	0	0	**1,476,000**
Runway 2L/20R Rehabilitation	750,000	1,214,050	6,862,700	16,742,750	0	**25,569,500**
Stormwater Management Improvements	525,500	6,738,500	1,378,000	125,000	0	**8,767,000**
Perimeter Fencing Enhancements	434,000	5,980,000	3,933,000	0	0	**10,347,000**
Taxiway B Restricted Road Relocation	120,000	565,000	6,838,000	141,000	0	**7,664,000**
Airport Terminal Projects						
Facilities Security Improvements	19,154,000	9,786,000	280,000	0	0	**29,220,000**
Common Use Passenger Processing System Upgrades	5,379,616	0	0	0	0	**5,379,616**
Terminal Roof A & B Expansion Joint Replacement	3,974,000	135,000	0	0	0	**4,109,000**
Concessions Infrastructure - Phase II	3,960,000	723,000	0	0	0	**4,683,000**
Facility Accessibility Improvements	2,283,000	0	0	0	0	**2,283,000**
Terminal Grease Interceptor Replacement & Improvement	2,280,400	245,000	0	0	0	**2,525,400**
Terminal A & B Inbound Baggage System Improvements	1,031,000	1,004,000	9,788,690	44,853,160	54,480,070	**111,156,920**
Elevator/Escalator Modernization & Refurbishment	553,630	9,582,840	26,523,700	5,413,800	23,239,070	**65,313,040**
Terminal Flooring & Carpet Replacement	0	0	1,390,000	5,519,000	0	**6,909,000**
Apron Projects						
Service Equipment Upgrades	1,958,800	777,760	0	0	0	**2,736,560**
Fire Station 33 Improvements	190,000	0	0	0	0	**190,000**
Terminal Apron Improvements	0	601,000	1,858,000	21,740,000	12,181,000	**36,380,000**
Biffy Dump Redesign	0	0	369,000	773,000	0	**1,142,000**
Parking Projects						
Main Street Lot Imp. & EV Charging	4,113,000	0	0	0	0	**4,113,000**
Structures A1, A2, & B2 Repairs	592,000	0	0	0	0	**592,000**
Revenue Control Systems Replacement	0	0	664,000	6,722,000	130,000	**7,516,000**
Various Projects						
Power Generation & Distribution Upgrades	8,859,660	10,201,840	17,879,100	28,881,490	25,971,110	**91,793,200**
Explosive Detection Team Facility Improvements	670,000	0	0	0	0	**670,000**
Total Expense:	**100,534,606**	**96,593,990**	**79,324,190**	**130,911,200**	**116,001,250**	**523,365,236**
Total Funding:	**100,534,606**	**96,593,990**	**79,324,190**	**130,911,200**	**116,001,250**	**523,365,236**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Infrastructure & Environmental / OC Waste & Recycling** Fund: **273**
Budget Control: **273 – OCWR Capital Project Fund**

OCWR's five-year CIP is $435.8 million and includes repairs to landfill roads, expansions of landfill disposal areas which include protective liners, installation of leachate collection systems, landfill gas collection and facility drainage control. Other projects include various technologies for processing organic materials such as installing Covered Aerated Static Pile systems that will increase the compost output, and a new Household Hazardous Waste Collection Center in the City of Santa Ana to comply with the Household Hazardous Waste Element of the County's Solid Waste Disposal Plan.

Description	FY 24-25 Forecast	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	SFP Total Forecast
Olinda Alpha Landfill (OAL) Projects						
New Administration Building	7,500,000	0	0	0	0	**7,500,000**
East Channel/Perimeter Road Repair/Replacement	3,000,000	0	0	0	0	**3,000,000**
Materials Recovery Facility Awnings	500,000	0	0	0	0	**500,000**
Zero Emissions Vehicle Electrical Infrastructure	332,800	0	0	0	0	**332,800**
Replace Existing Flare with Low NOx Flare	0	3,000,000	0	0	0	**3,000,000**
Metal Storage Building	0	2,000,000	0	0	0	**2,000,000**
Leachate Panel Access Road Paving	0	1,000,000	0	0	0	**1,000,000**
Frank R. Bowerman (FRB) Landfill Projects						
East Drainage Remediation	25,000,000	5,000,000	0	0	0	**30,000,000**
Phase VIII-A2 Groundwater Protection & Stockpile	18,000,000	6,000,000	0	0	0	**24,000,000**
Sewer Line & Water Treatment System	2,500,000	0	0	0	0	**2,500,000**
Infrastructure Expansion	2,000,000	0	0	0	0	**2,000,000**
Landfill Gas Probe Expansion	600,000	0	0	0	0	**600,000**
Zero Emissions Vehicle Electrical Infrastructure	218,400	0	0	0	0	**218,400**
Prima Deshecha Landfill Projects						
Infrastructure Phase IB Project	4,200,000	0	0	0	0	**4,200,000**
Administrative Building Expansion & Remodel	2,500,000	7,500,000	7,500,000	0	0	**17,500,000**
Zone 4 Phase A Main Gas Line	2,000,000	2,500,000	500,000	0	0	**5,000,000**
Flare Installation	2,000,000	2,000,000	0	0	0	**4,000,000**
Renewable Energy Power Upgrade	1,200,000	0	0	0	0	**1,200,000**
Infrastructure Expansion Phase II Project	1,000,000	7,900,000	0	0	0	**8,900,000**
Zone 4 Phase A Excavation & Ground Water Protection	1,000,000	0	0	0	0	**1,000,000**
Zero Emissions Vehicle Electrical Infrastructure	312,000	0	0	0	0	**312,000**
Zone 4 Phase B Mass Excavation & Liner	0	10,000,000	10,000,000	0	0	**20,000,000**
Zone 4 Phase C/D Mass Excavation & Liner	0	0	0	40,000,000	50,000,000	**90,000,000**
Resource Recovery Facility	0	0	0	2,850,000	3,350,000	**6,200,000**
Organics Management Projects						
Organics Phase IB - Prima Capistrano Greenery	8,850,000	9,000,000	0	0	0	**17,850,000**
Organics Phase IB - Olinda Valencia Greenery	6,500,000	0	0	0	0	**6,500,000**
Organics Phase IC - FRB Bee Canyon Greenery	5,000,000	15,000,000	0	0	0	**20,000,000**
Organics Phase II - FRB Source Separated Organics	0	12,000,000	15,500,000	0	0	**27,500,000**
Organics Recycling System Solutions	0	0	6,000,000	0	0	**6,000,000**
Organics Phase III - FRB Anaerobic Digester	0	0	0	60,000,000	60,000,000	**120,000,000**
OCWR Projects						
Household Hazardous Waste Center in Santa Ana	3,000,000	0	0	0	0	**3,000,000**
Total Expense:	**97,213,200**	**82,900,000**	**39,500,000**	**102,850,000**	**113,350,000**	**435,813,200**
Total Funding:	**97,213,200**	**82,900,000**	**39,500,000**	**102,850,000**	**113,350,000**	**435,813,200**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Program/Dept: **Insurance, Reserves & Miscellaneous / OCIT** Fund: **289**
Budget Control: **289 – OCIT Countywide Services**

OCIT's five-year CIP is $867 thousand and includes projects to ensure the County's Enterprise computer network equipment hosted in the OC Data Center continues to be in a secure and updated facility. Projects include improvements and upgrades to the monitoring system, computer room, leak detection system and main gate entrance.

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
OC Data Center Projects						
Data Center Monitoring System Upgrade	466,627	0	0	0	0	**466,627**
Computer Room End-Row Networking	125,000	0	0	0	0	**125,000**
Leak Detection Upgrade	125,000	0	0	0	0	**125,000**
Main Entrance Gate Refresh	0	150,000	0	0	0	**150,000**
Total Expense:	**716,627**	**150,000**	**0**	**0**	**0**	**866,627**
Total Funding:	**716,627**	**150,000**	**0**	**0**	**0**	**866,627**
Balance*:	**0**	**0**	**0**	**0**	**0**	**0**

*Note: Balance is funded by NCC or Fund Balance.

Summary of Countywide Capital Projects

15D Countywide and Non-General Funds Capital Projects

Summary of Countywide Capital Projects	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
General Fund - Capital Projects						
Expense Total	27,021,562	22,028,742	17,524,499	14,375,499	14,249,330	**95,199,632**
Revenue Total	14,887,631	9,894,811	5,390,568	2,241,568	2,115,399	**34,529,977**
Net County Cost	**12,133,931**	**12,133,931**	**12,133,931**	**12,133,931**	**12,133,931**	**60,669,655**
Non-General Funds - Capital Projects						
Expense Total	373,703,443	325,904,557	287,657,404	383,123,385	309,128,340	**1,679,517,129**
Revenue Total	373,703,443	325,904,557	287,657,404	383,123,385	309,128,340	**1,679,517,129**
Balance	**0**	**0**	**0**	**0**	**0**	**0**
Total County Expense Total	**400,725,005**	**347,933,299**	**305,181,903**	**397,498,884**	**323,377,670**	**1,774,716,761**
Total County Revenue Total	**388,591,074**	**335,799,368**	**293,047,972**	**385,364,953**	**311,243,739**	**1,714,047,106**
Total County Balance	**12,133,931**	**12,133,931**	**12,133,931**	**12,133,931**	**12,133,931**	**60,669,655**

NCC Capital Project Requests

Summary of Countywide Capital Projects - NCC Request	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Expense Total	53,756,611	42,573,396	30,493,797	27,219,413	39,325,677	**193,368,894**
Revenue Total	460,000	920,000	920,000	920,000	1,170,000	**4,390,000**
Total County Balance	**53,296,611**	**41,653,396**	**29,573,797**	**26,299,413**	**38,155,677**	**188,978,894**

Note: The table above represents capital projects that do not have identified funding sources. The County Executive Office will work with departments to review and identify strategies and potential funding sources, other than NCC, for implementation of these projects.

Five-Year Information Technology Plan

Introduction

The five-year Information Technology (IT) Plan is a compilation of significant IT projects and is divided into two sections. For the purposes of the SFP, the first section focuses on projects funded by the General Fund Data Systems Development Projects, Budget Control 038, through Countywide IT Projects Non-General Fund 15I and the second section focuses on IT projects with no identified funding.

The IT Plan serves as an assessment tool to assist in the evaluation of funding commitments, as well as potential project overlap. Moreover, the plan provides a roadmap for future IT projects while maintaining long-term financial stability. The assessment is an ongoing process influenced by many changing factors such as service needs, available resources, Board priorities, legal mandates, age and condition of existing IT infrastructure, and considerations for changes in technology and IT data security.

The five-year IT Plan provides information about IT projects in excess of $150,000 per project. The IT plan is not a budget document, but rather a planning tool to be used in conjunction with the budget development process for FY 2025-26 through FY 2029-30.

The County has an established IT Governance Policy to ensure alignment of IT strategies and planned expenditures with the County's strategic objectives. Compliant with this policy, all new IT projects costing $150,000 or more are to be reviewed and approved by the County's IT Investment Review Committee and the IT Executive Council prior to inclusion in the following year's budget requests.

This document is updated annually to reflect the changing needs and fiscal outlook of the County.

IT Projects – Countywide IT Projects Non-General Fund 15I

The Net County Cost (NCC) limit for Data Systems Development Projects is set at $4.0 million for each fiscal year of the five-year plan, which is transferred to the Countywide IT Projects Non-General Fund. This NCC along with other funding sources provide potential funding for the IT project requests included in this SFP. As of October 31, 2024, appropriations in the IT Projects Non-General Fund total $73.5 million for FY 2024-25. This includes allocation for various significant countywide IT projects currently underway. The closing fund balance reserve line in the table below includes funding for IT projects that are in the planning phase. Funds will be appropriated for use as more projects are reviewed and approved. The five-year IT projects cost summarized in the Countywide IT Projects Non-General Fund includes $65.5 million in appropriations. This is funded by $20.0 million in transfers from General Fund and $45.5 million decrease to reserves held for IT projects.

These IT projects (and those subsequently identified) will be evaluated for funding during the FY 2025-26 annual budget development process. Project needs and related costs are reviewed again during the next SFP cycle which will begin in August 2025.

IT Project Proposal Summary

Description	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
Appropriations						
BC 026 - OC District Attorney (OCDA)						
C Case Management System	4,333,500	3,000,000	1,500,000	0	0	**8,833,500**
BC 003 - Auditor-Controller (A-C)						
C CAPS+ Replacement/Upgrade	17,223,833	16,917,698	16,525,692	0	0	**50,667,223**
N Property Tax System Upgrade	650,000	0	0	0	0	**650,000**
Fund 15I - Countywide IT Projects Non-General						
C Physical Identity and Access Management (PIAM)	1,743,816	0	0	0	0	**1,743,816**
C eDiscovery Platform Upgrades	940,000	0	0	0	0	**940,000**
N Identity Protection	650,000	0	0	0	0	**650,000**
N Privileged Access Management System Migration	641,250	15,000	15,000	0	0	**671,250**
N Network Detection and Response Tool	400,000	0	0	0	0	**400,000**
N Legacy Application Restoration	378,081	0	0	0	0	**378,081**
N AI-driven Natural Language to SQL Platform	350,000	0	0	0	0	**350,000**
N Access Control Conversion to Genetec	256,833	0	0	0	0	**256,833**
Total Appropriations:	**27,567,313**	**19,932,698**	**18,040,692**	**0**	**0**	**65,540,703**
Revenue Sources						
Funding from IT Projects General Fund (BC 038)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	**20,000,000**
Total Revenue:	**4,000,000**	**4,000,000**	**4,000,000**	**4,000,000**	**4,000,000**	**20,000,000**
Beginning Fund Balance Reserves:	**62,795,613**	**39,228,300**	**23,295,602**	**9,254,910**	**13,254,910**	**62,795,613**
Inc/(Dec) to Fund Balance Reserves:	(23,567,313)	(15,932,698)	(14,040,692)	4,000,000	4,000,000	**(45,540,703)**
Closing Fund Balance Reserves:	**39,228,300**	**23,295,602**	**9,254,910**	**13,254,910**	**17,254,910**	**17,254,910**

Legend: C = Continuing IT Project, N = New IT Project

Note: The above SFP requests do not commit the County to funding. The funding is committed through the annual budget process and the above information is subject to change at that time.

- **Case Management System** (CMS) – OCDA proposes continuing efforts to replace the current CMS which would include new features and functions such as improved productivity and reliability and a more user friendly, stable, resilient, and modern system to securely maintain and preserve all OCDA case files. The new CMS would utilize an updated computer language framework which would improve staff efficiency and further business continuity. Remaining implementation costs are estimated at $8.8 million and this project would be completed in FY 2027-28 if funding were available. Annual ongoing costs are still to be determined.

- **CAPS+ Replacement/Upgrade** – A-C proposes continuing efforts to identify an Enterprise Resource Planning system that leverages cutting-edge features while relying on mature and well-established technology. The County's financial, procurement, human resources, and payroll information system, collectively known as the County-wide Accounting and Personnel System+ (CAPS+), is a vital component of the County's IT infrastructure and provides a variety of functions such as maintaining financial records, generating financial statements, issuing vendor payments, managing and administering personnel records and more. This project is currently underway and is anticipated to be completed in FY 2027-28 if funding were available. Implementation costs are estimated at $50.7 million, and CAPS Program, Budget Control 014, would charge $4.0 million annual ongoing costs to users beginning in FY 2028-29.

  Property Tax System (PTS) Upgrade – A-C proposes upgrading the County's PTS to implement a suitable tool to process the apportion of property taxes and special assessments to the County, cities, school districts, community colleges, redevelopment trust funds, and special districts. This project is in the early planning stages and a technological analysis of the current PTS version, including system design and report development would be completed in FY 2025-26 if funding were available. The analysis, system design and report development costs are estimated at $650 thousand and the report would serve as the road map for the PTS upgrade. The PTS upgrade project implementation timeline and cost is yet to be determined.

- **Physical Identity and Access Management (PIAM**) – This continuing OCIT solution provides a policy-driven workflow system that automates badge access management by interfacing with Microsoft Identity Manager and existing badge systems to establish a central portal for provisioning, de-provisioning, reporting, and auditing access to County assets. Implementation costs are estimated at $1.7 million and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund

289, would charge $300 thousand annual ongoing costs to users beginning in FY 2026-27.

- **eDiscovery Platform Upgrade** – OCIT proposes enhancing the eDiscovery tracking platform to include search and delivery of eDiscovery cases which is currently a manual process. This will improve efficiency, consistency, and security by delivering results, which include Public Records Act requests, legal searches and holds, and Human Resources investigations directly from the system. Implementation costs are estimated at $940 thousand and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund 289, would charge $273 thousand annual ongoing costs to users beginning in FY 2028-29.

- **Identity Protection** – OCIT proposes implementing a new identity protection system to safeguard against unauthorized access by managing and monitoring the entire lifecycle of digital identities. Implementation costs are estimated at $650 thousand and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund 289, would charge approximately $525 thousand annual ongoing costs to users beginning FY 2026-27.

- **Privileged Access Management (PAM) System Migration** – OCIT proposes upgrading the PAM system to ensure secure access to all County's systems through various techniques such as secure data storage, require password updates, and session time-outs due to inactivity. Implementation costs are estimated at $671 thousand and this project would be completed in FY 2027-28 if funding were available. OCIT, Fund 289, would charge $199 thousand annual ongoing costs to users beginning in FY 2028-29.

- **Network Detection and Response Tool** – OCIT proposes enhancing County systems to help identify threats by analyzing network traffic to reduce the likelihood of undetected intrusions and cyber incidents. Implementation costs are estimated at $400 thousand, and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund 289, would charge $265 thousand annual ongoing costs to users beginning in FY 2026-27.

- **Legacy Application Restoration** – OCIT proposes continuing efforts to develop a recovery solution to enable the County to quickly recover critical County legacy applications in the event of a ransomware attack. Efforts to develop a solution are currently underway and this project would be completed in FY 2025-26 if funding were available. Implementation costs are estimated at $378 thousand and OCIT, Fund 289, would charge $500 thousand annual ongoing costs to users beginning in FY 2026-27.

- **AI-driven Natural Language to SQL Platform** – OCIT proposes implementing an AI-driven project that would address the County's growing demand for data analysis. This project would replace the current data analysis process which is primarily manual and managed through contracted staff. Implementation costs are estimated at $350 thousand and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund 289, would charge $125 thousand in annual ongoing costs to users beginning in FY 2026-27.

- **Access Control Conversion to Genetec** – OCIT proposes transitioning the County's badge system software to the Genetec platform to integrate the badge readers and security cameras to a single system, increasing security of County's facilities. Implementation costs are estimated at $257 thousand and this project would be completed in FY 2025-26 if funding were available. OCIT, Fund 289, would charge $35 thousand annual ongoing costs to users beginning in FY 2026-27.

IT Projects – NCC Requests

The County monitors and strategizes for department-specific IT projects that are significant in cost, may have significant community impact, or may have long-range impact on the County and the community. These projects are considered essential by departments and may require General Fund support if other funding sources are not available. The County Executive Office will work with departments to review and identify strategies and potential funding sources, other than NCC, for implementation of these projects.

Departments are requesting $17.9 million in General Fund support for IT projects which are summarized in the section below.

These projects (and any subsequently identified) will be evaluated for funding during the FY 2025-26 annual budget process. Project needs and related costs will be reviewed again during the next Strategic Financial Planning cycle which will begin in August 2025.

IT Project Proposal Summary
NCC Requests

IT Projects	FY 25-26 Forecast	FY 26-27 Forecast	FY 27-28 Forecast	FY 28-29 Forecast	FY 29-30 Forecast	SFP Total Forecast
OC Sheriff's Department (OCSD)						
ServiceNow System Expansion	1,300,000	1,800,000	2,200,000	2,300,000	2,400,000	**10,000,000**
Health Care Agency (HCA)						
Environmental Health Data Management System	3,539,136	2,232,468	708,557	730,087	736,647	**7,946,895**
Total Expense:	**4,839,136**	**4,032,468**	**2,908,557**	**3,030,087**	**3,136,647**	**17,946,895**
Total Revenue:	**0**	**0**	**0**	**0**	**0**	**0**
Total NCC Request:	**4,839,136**	**4,032,468**	**2,908,557**	**3,030,087**	**3,136,647**	**17,946,895**

Note: The above SFP requests do not commit the County to funding.

- **ServiceNow System Expansion** – OCSD proposes expanding the use of the ServiceNow Platform that would enhance and integrate multiple modules beyond the current IT Service Management module and include HR Service Delivery, Security Operations, and Customer Service Management creating one centralized hub to route and track service requests. The project implementation timeline has yet to be determined. Total costs are estimated at $10.0 million and funding for project implementation cost has not been identified.

- **Environmental Health Data Management System** – HCA plans to implement a new database for Environmental Health that would provide streamlined workflows for more efficient inspections, cloud-based data with platform agnostic capability, customizable reports, data transparency, appropriate fee collection, and offer a range of dashboards for customers, staff and the general public to conduct county business with ease. In addition, this new database system would provide data interface with other County and HCA-approved software to provide for better output reporting to County end-users and stakeholders with access to data, information, and reporting that provides transparency. Total costs are estimated at $7.9 million and funding for project implementation cost has not been identified.

Strategic Priorities Table of Contents

Strategic Priorities

One of the primary functions of the Strategic Financial Plan (SFP) is identification of major programmatic and infrastructure-related initiatives which are not currently addressed in the baseline operations of the County's departments, or which have high community awareness. These initiatives are referred to as Strategic Priorities and may include existing programs, new programs, program expansion, innovative partnerships with the community, new facilities, and major technology enhancements. As a companion to Strategic Priorities, the County Executive Office developed a sub-category, referred to as Emerging Initiatives, for requests that require additional information and analysis related to scope, timing, or funding requirements before being presented as Strategic Priorities.

Strategic Priorities submissions are characterized by the following basic criteria:

- **Significant in Cost Impact** – items at or exceeding $1 million in any one year, particularly those that would require County General Purpose Revenue (Net County Cost)
- **Of Community Awareness** – items that have or may have significant community impact
- **Measurable Outcomes** – measurable results have been identified so items can be evaluated from time to time on the basis of objective results
- **Personnel Impact** – may impact current work activities and/or require new positions
- **Efficient** – achieves the desired results in a sensible and cost-effective manner
- **Strategic** – may have a long-range impact on County government and the community it serves

The process of identifying Strategic Priorities involves the County's Department Heads, their staff, the County Executive Office and the Board. Departments submitted 20 Strategic Priorities (Priorities) and it was determined that 15 more closely fit the definition of Emerging Initiatives. The remaining five Priorities, all continuing priorities, represent a total Net County Cost (NCC) of $49.2 million over the first five years with a yearly NCC of approximately $9.9 million. The aggregate ten-year cost of the Priorities is estimated to be $98.5 million. All Priorities are standardized into a ten-point format designed to capture all significant and relevant factors considered when making funding recommendations.

The primary focus of the SFP is on programs and resources funded from General Purpose Revenues (NCC); however, some Strategic Priorities may be funded from dedicated revenue sources (e.g. State and Federal grants). The County Executive Office will work with departments to review and identify strategies and potential funding sources, other than NCC, for implementation of the priorities. At this time, no funding is recommended for implementation of Strategic Priorities. Any funding of Strategic Priorities will be recommended as part of the FY 2025-26 budget process due to increasing ongoing operating costs beyond General Purpose Revenue growth and the need to maintain department current levels of service to the community to the extent possible.

The following have been identified as Emerging Initiatives and the County Executive Office will work with the respective departments to review and refine the requests and identify strategies and possible funding sources, other than NCC, for potential future inclusion as Strategic Priorities:

<u>OC District Attorney, OC Sheriff's Department, and Public Defender</u>

- Body Worn Camera (BWC) – Requests for recognition of future resource needs, including requests for additional staffing, to address the BWC increasing workload demands as the number of law enforcement agencies using BWC technology grows.

<u>OC Sheriff's Department (OCSD)</u>

- Expand OCSD Staffing – Request for additional staffing to address anticipated increasing workload in the OC Crime Lab, Information Technology, Coroner, and Research & Development Divisions.
- New Jail Complex – Request for additional resources to construct a new jail complex to replace the existing Central Men's Jail and Central Women's Jail buildings.
- New Records Storage Location – Request for a new open warehouse building within the secure perimeter of the James A. Musick Facility to store property, records, and evidence for OCSD.
- Replacement Incident Command Post – Request to replace OCSD's mobile incident command post, Samantha I (SAM I), which is over 21 years old, to ensure OCSD has access to critical technology when responding to incidents of civil unrest, protests, special events, and mutual aid requests.
- Southeast Operations New Location – Request for a new location for the Sheriff Station serving the residents of Lake Forest, Mission Viejo, Rancho Santa Margarita, and Southeast unincorporated communities.

<u>Health Care Agency</u>

- Correctional Health Services (CHS) Pharmacy Relocation – Request for relocation of the current CHS in-house pharmacy to accommodate increased operational and space needs and to address higher volume of medications processed for the incarcerated adults and detained youth.

- In-Custody Hospital Facility Improvements – Request additional resources for facility improvements to expand the number of available in-custody hospital beds and inpatient hospital services for incarcerated adults and detained youth.
- Expand Lanterman-Petris-Short (LPS) Services – Request for additional resources to address the impacts of Senate Bill 43, which changed the definition of qualifying LPS Act clients and makes it possible for adults with a severe substance use disorder to be put on a hold for personal safety or necessary medical care.

OC Public Libraries

- New Library in the City of Laguna Niguel – Request for relocation of the current Laguna Niguel library and new facility space as part of the Laguna Niguel Town Center development.
- New Library in the City of Rancho Mission Viejo – Request for additional staffing, equipment and collection materials for a new library in the City of Rancho Mission Viejo. The developer of the Rancho Mission Viejo master plan will construct the new library.

OC Public Works

- South Orange County Water Quality Improvement Plan – Request for additional resources to implement the South Orange County Water Quality Improvement Plan and achieve stormwater runoff pollutant load reductions. All municipalities, wastewater special districts, and stakeholders of South Orange County will fund this 30-year project. The National Pollutant Discharge Elimination System (NPDES) Storm Water Permit Implementation agreement governs contributions from each agency.

Assessor

- Assessment Tax System (ATS) – Request for additional resources to upgrade or replace the current ATS which is used to assess Orange County property values and produce assessment rolls of value in accordance with State laws and regulations.

Registrar of Voters (ROV)

- Voting Equipment – Request to replace voting equipment which is five years old and is approaching the end of its useful life expectancy, to ensure ROV continues to provide quality, responsive, and timely election services.

OC Fleet Services

- Electric Vehicle Charging Infrastructure – Request for additional resources to support OC Fleet Services electrification and decarbonization objectives as part of the County's preliminary Climate Action Plan, increasing availability of chargers at new and existing County parking locations.

The following is a summary of the 2024 Strategic Priorities and the NCC request by program and department.

2024 STRATEGIC PRIORITIES

C/N	Department	Strategic Priority Title	10-Year NCC Request	5-Year NCC Request	ANNUAL NCC REQUEST FY 25-26	ANNUAL NCC REQUEST FY 26-27
	OC CARES					
C	OC CARES Fund (12M)	Housing for Pre-Justice Involved Youth and Transitional Age Youth	9,650,000	4,850,000	1,010,000	960,000
C	OC CARES Fund (12M)	Permanent Supportive and Affordable Housing Access	TBD	TBD	TBD	TBD
		OC CARES Subtotal	**9,650,000**	**4,850,000**	**1,010,000**	**960,000**
	Program I - Public Protection					
C	Sheriff-Coroner (060)	Theo Lacy Facility Additional Staffing	88,848,870	44,373,790	8,881,804	8,791,772
		Program I Subtotal	**88,848,870**	**44,373,790**	**8,881,804**	**8,791,772**
	Program II - Community Services					
C	OC Community Resources (012)	Master Plan for Aging	TBD	TBD	TBD	TBD
		Program II Subtotal	**TBD**	**TBD**	**TBD**	**TBD**
	Program IV - General Government Services					
C	Real Estate Development Program (135)	County Facilities Master Plan	0	0	0	0
		Program IV Subtotal	**0**	**0**	**0**	**0**
		Total NCC Request	**98,498,870**	**49,223,790**	**9,891,804**	**9,751,772**

Legend: C = Continuing Strategic Priority, N = New Strategic Priority

2024 STRATEGIC PRIORITIES

(COST LESS REVENUE OR OTHER SOURCES)						
FY 27-28	**FY 28-29**	**FY 29-30**	**FY 30-31 to FY 34-35**	**Strategic Priority Title**	**Department**	**C/N**
				OC CARES		
960,000	960,000	960,000	4,800,000	Housing for Pre-Justice Involved Youth and Transitional Age Youth	OC CARES Fund (12M)	**C**
TBD	TBD	TBD	TBD	Permanent Supportive and Affordable Housing	OC CARES Fund (12M)	**C**
960,000	**960,000**	**960,000**	**4,800,000**	**OC CARES Subtotal**		
				Program I - Public Protection		
8,867,456	8,937,742	8,895,016	44,475,080	Theo Lacy Facility Additional Staffing	Sheriff-Coroner (060)	**C**
8,867,456	**8,937,742**	**8,895,016**	**44,475,080**	**Program I Subtotal**		
				Program II - Community Services		
TBD	TBD	TBD	TBD	Master Plan for Aging	OC Community Resources (012)	**C**
TBD	**TBD**	**TBD**	**TBD**	**Program II Subtotal**		
				Program IV - General Government Services		
0	0	0	0	County Facilities Master Plan	Real Estate Development Program (135)	**C**
0	**0**	**0**	**0**	**Program IV Subtotal**		
9,827,456	**9,897,742**	**9,855,016**	**49,275,080**	**Total NCC Request**		

Legend: C = Continuing Strategic Priority, N = New Strategic Priority

OC CARES

The County of Orange has prioritized the coordination of programs and services focused on the needs of the adults and youth populations across departments and community providers to establish five County Systems of Care, referenced as OC CARES.

1. Behavioral Health
2. Healthcare
3. Community Corrections
4. Housing
5. Benefits and Support Services

The OC CARES system links the various systems of care in the County of Orange to provide full care coordination and services for individuals to address immediate and underlying issues and work towards self-sufficiency. This innovative approach was developed building on the County's efforts as part of the nationwide Stepping Up Initiative and locally developed Integrated Services Strategy. With Stepping Up, an overall strategy that focused on reducing the number of individuals with mental illness in custodial care was developed that required the integration of services from disparate county departments and community partners. This strategy was then expanded and used to create the Integrated Services – 2025 Vision (2025 Vision) implementation plan, which has been updated to serve as OC CARES.

The 2025 Vision was adopted by the Board on October 22, 2019, and links the County criminal justice system and our systems of care to provide inmates and at-risk-individuals with the services they need to become self-determined and facilitate successful reentry. The 2025 Vision is maintained quarterly to ensure the direction remains relevant with County goals and objectives. As of June 30, 2024, the 2025 Vision had an overall completion of 82% and is on target to be substantially completed by December 31, 2025.

The 2025 Vision addresses the expansion or implementation of projects that may be considered Strategic Priorities or Emerging Initiatives for each System of Care. There are eight projects previously identified as an Emerging Initiative or Strategic Priority which have either been implemented or are currently in progress:

- Be Well Campus Expansion
  Identified as a Strategic Priority in the 2016 through 2023 Strategic Financial Plans, this project is being implemented. The priority identified two behavioral health (Be Well) campuses, one in the city of Orange and the other in the city of Irvine. Be Well Orange began operations in April 2021 and includes crisis stabilization services for adults and juveniles, residential substance use treatment services, crisis residential treatment services and a sobering station with linkages to community and support services. Be Well Irvine is currently in the construction phase and anticipated to be completed in March 2025, with services beginning in May 2025. Services planned at

the Be Well Irvine campus consist of clinical withdrawal management for adults; co-occurring residential treatment for adults; residential substance use treatment for adults, adolescents and perinatal; crisis stabilization for adults and children; and a sobering center with linkages to community and support services.

- Coordinated Case Management Program
  Identified as an Emerging Initiative in the 2021 through 2023 Strategic Financial Plans, this project was to plan for and address the needs of individuals involved in the County's various Systems of Care, especially those identified as high-utilizers under the County's OC CARES initiative through outreach and engagement services, discharge plans, and referrals and resources to encourage self-sufficiency and provide overall support for the individual. Coordinated case management has been implemented through the use of multi-disciplinary teams working through the System of Care Data Integration System to identify, coordinate care and address the needs of high-utilizers and individuals referred through a partnership with full-service and specialized providers.

- Coordinated Reentry System
  Identified as a Strategic Priority in the 2016 through 2023 Strategic Financial Plans, this priority is being implemented and establishes a comprehensive reentry system accessible by all individuals released from County jails or state prison. This project includes a central reentry center, regional reentry success centers, a workforce reentry center, mobile reentry services and transportation services that provide linkages to support services or programs with "warm hand-offs" at each point in the reintegration process. Currently, one regional reentry success center has been implemented in Laguna Hills, with another anticipated to be completed in the city of Orange by June 2025. Mobile reentry services are pending implementation once the vehicles are properly equipped. Renovations of the central reentry center is anticipated to begin in early 2025 with a target completion in 2026.

- Expand Adult Specialty Courts
  Identified as a Strategic Priority in the 2016 through 2023 Strategic Financial Plans, the expansion of the Adult Specialty Courts was completed in June 2024. The Adult Specialty Courts provide hyper-supervision, intensive programming and coordination of care between the Courts, County and community providers to meet current and anticipated demands of identified offenders. The expansion was based on identified demand and included the Mental Health Diversion Court, Homeless Outreach Court, and Misdemeanor Drug Court; a new Collaborative Courts facility which is being planned by the State; and future plans for further expansion of the Mental Health Diversion Court and Military Diversion Courts.

- Housing for Transitional Aged Youth (TAY)
  Identified as a Strategic Priority in the 2022 and 2023 Strategic Financial Plans and as an Emerging Initiative in the 2021 Strategic Financial Plan, this project is in

progress to establish transitional and permanent supportive housing and placement services for youths involved in the juvenile justice system. Treatment and support services for substance use and mental health issues will be provided, with little to no disruption to services received while in custody. Preliminary design work has been completed and construction is anticipated to begin in 2025.

- Juvenile Corrections Campus
  Identified as a Strategic Priority in the 2021 through 2023 Strategic Financial Plans, this project is to establish a comprehensive juvenile corrections campus that fully utilizes existing space to provide a new Youth Transition Center with camp programing, education services, health and mental health services, housing for juvenile offenders and transitional aged youth, including those realigned from the State Correctional System. This phase of the project is currently in the construction phase to renovate and replace the remaining older structures and is anticipated to be completed in 2027. Preliminary assessments continue to provide estimates and aid in the planning and implementation of Phase 2 of this project.

- Pre-Trial Intervention Program
  Identified as a Strategic Priority in the 2021 through 2023 Strategic Financial Plans, the Pre-Trial Intervention Program is currently in the planning phase and facility renovations to accommodate a new arraignment court are anticipated to begin in 2025. The additional arraignment court will allow for coordination between the courts, defending and prosecuting attorneys, behavioral health services and contracted service providers to assess the feasibility of diversion into a treatment or program rather than jail, to address underlying issues contributing to the criminal behavior. Full implementation is anticipated in 2026.

- System of Care Data Systems
  Identified as a Strategic Priority and later as an Emerging Initiative with an expanded scope in the 2016 to 2023 Strategic Financial Plans, this project initially addressed care coordination surrounding individuals experiencing or at risk of becoming homeless. The expansion of the project included the System of Care Data Integration System as well as various data and operational systems to compliment or feed into the system and allow for more coordination of services and robust data and metrics reporting. This project is currently in progress with plans to include the correctional system of care and Master Plan on Aging population.

The following provides a brief summary of the remaining Strategic Priorities identified for the County's Systems of Care.

- Housing for Pre-Justice Involved Youth and TAY
  This is a continuing Strategic Priority, first identified in the 2022 Strategic Financial Plan, to provide temporary and long-term housing for foster youth 13 years of age and older who have experienced child maltreatment and who also have a history or

propensity for engaging in delinquent behaviors that put them at risk of involvement with the juvenile justice system. This program would provide safe and supportive housing for these youth in a manner that enhances accessibility to treatment regardless of the youth's complexity of needs, such as homelessness, mental illness, substance use, gang affiliation or Commercial Sexual Exploitation of Children involvement.

- Permanent Supportive and Affordable Housing Access
  This is a continuing Strategic Priority, previously identified in the 2017 through 2023 Strategic Financial Plans, involving multiple departments, aligned with the County's Housing Funding Strategy to create subsidized housing units that combine affordable housing assistance with voluntary support services to address the needs of those who are chronically homeless. Given the commonality across the Systems of Care, an integrated approach in the implementation of these programs provides opportunities to leverage the services, funding and data collection to more effectively and efficiently deliver these services.

Housing for Pre-Justice Involved Youth and TAY

1. **Program Area**
   Public Protection and Community Services

2. **Involved Agencies and Departments**
   Social Services Agency (SSA)
   Probation

3. **New or Continuing Strategic Priority**
   This is a continuing Strategic Priority, previously identified in the 2022 and 2023 Strategic Financial Plans under the current and former title, "Housing for Justice Involved Youth and Transitional Age Youth."

4. **Description of Strategic Priority**
   The County's Housing System of Care has limited options for both temporary (emergency) and long-term housing (placement) for Crossover Youth, defined as foster youth 12 years of age and older who have experienced child maltreatment and who also have a history or propensity for engaging in delinquent behaviors that put them at risk of, or lead to involvement with, the juvenile justice system. In certain instances, these Crossover Youth fall under the jurisdiction of both Dependency (WIC § 300) and Wardship (WIC §§ 601 or 602).

   In addition, youth 12 years of age and younger involved in criminal behavior also present a unique challenge for housing options. Per statute, these youth are not adjudged a ward of the juvenile court and cannot be housed with any other minor who has been adjudged a ward of the juvenile court. WIC § 602 (b) states that a minor under the age of 12 can be within the jurisdiction of the juvenile court only for specific serious charges. Furthermore, youth 12 years of age and younger may or may not be within the foster care system.

   Youth exiting the juvenile correctional facilities also experience barriers to housing specifically when there are conditions present which indicate it is unsafe for the youth to reside in their family's home, Orangewood Children & Family Center (OCFC) or another foster care placement setting. Youth who have been adjudged a dependent child of the juvenile court cannot be housed at OCFC due to Community Care Licensing regulations. WIC § 16514 outlines additional factors that may limit the capacity of congregate care settings accessible to Crossover Youth. In accordance with state law (WIC § 16501.1),

Housing for Pre-Justice Involved Youth and TAY

whenever possible the County's preference is to secure housing for youth in the safest, least restrictive environment that is best suited to address the youth's individual needs.

Given that Crossover Youth requiring foster care placement typically experience co-occurring issues (e.g., homelessness, mental health challenges, incarceration, substance use vulnerabilities, gang affiliation, Commercial Sexual Exploitation of Children involvement, etc.), there is a need for a program to provide safe and appropriate supportive housing, in a manner that enhances accessibility to treatment regardless of the youth's complexity of needs. This need is also applicable to youth aged 12 years or younger involved in criminal activity. Solutions include County contracted services that will provide beds in a variety of treatment settings across Orange County's placement continuum or establishment of a County program to achieve the same objectives.

5. **Personnel Impacts**

Contracted services or additional staff and County resources would be utilized to provide the housing and supportive services. SSA and Probation would continue to evaluate staffing needs.

6. **Cost Impact**

Based on a contracted services model, the one-time startup costs are estimated at $200 thousand in FY 2025-26. Additionally, it is estimated that throughout the year an average of three youth would be housed in a high-need environment ($720 thousand per year), six youth would be housed in a short-term residential therapeutic program ($2.4 million per year) and three youth would be housed in a shelter or respite environment in lieu of secure housing ($720 thousand per year). Ongoing costs are estimated at $3.8 million in FY 2025-26 and beyond.

7. **Funding Sources**

A majority of youth and Transitional Age Youth (TAY) clients identified in this initiative are eligible for Title IV-E funding, which is capped by statute, and/or State realignment funding. General Fund support is requested due to limited federal and state funding.

Funding Sources			
Federal	**State**	**General Fund**	**Other**
50%	25%	25%	0%

Housing for Pre-Justice Involved Youth and TAY

8. **Stakeholders**
Juveniles and transitional age youth involved in foster care, OCFC and/or the corrections system, their families, Health Care Agency, SSA and Probation.

9. **Mandated or Discretionary Program/Project?**
Discretionary: This project is discretionary but is a critical component in the County's OC CARES initiative for the various Systems of Care.

10. **Implementation Period if Funding Were Available**
This Strategic Priority is currently in the planning and assessing phase to determine the best options available. Implementation could begin once this phase is completed and resources identified.

11. **Sustainability if Funding Were Available**
N/A

Housing for Pre-Justice Involved Youth and TAY					
	FY 25-26	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
I. Cost					
Services & Supplies	4,040,000	3,840,000	3,840,000	3,840,000	3,840,000
Total Cost	**4,040,000**	**3,840,000**	**3,840,000**	**3,840,000**	**3,840,000**
II. Non-General Fund Revenue					
Intergovernmental Revenues	3,030,000	2,880,000	2,880,000	2,880,000	2,880,000
Total Revenue	**3,030,000**	**2,880,000**	**2,880,000**	**2,880,000**	**2,880,000**
III. General Fund Requirement	**1,010,000**	**960,000**	**960,000**	**960,000**	**960,000**
IV. Staffing					
No Positions	0	0	0	0	0
Total Positions Funded Per Fiscal Year	**0**	**0**	**0**	**0**	**0**

Housing for Pre-Justice Involved Youth and TAY

FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	
					I. Cost
3,840,000	3,840,000	3,840,000	3,840,000	3,840,000	Services & Supplies
3,840,000	**3,840,000**	**3,840,000**	**3,840,000**	**3,840,000**	**Total Cost**
					II. Non-General Fund Revenue
2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	Intergovernmental Revenues
2,880,000	**2,880,000**	**2,880,000**	**2,880,000**	**2,880,000**	**Total Revenue**
960,000	**960,000**	**960,000**	**960,000**	**960,000**	**III. General Fund Requirement**
					IV. Staffing
0	0	0	0	0	No Positions
0	**0**	**0**	**0**	**0**	**Total Positions Funded Per Fiscal Year**

Permanent Supportive and Affordable Housing Access

1. **Program Area**
   Community Services

2. **Involved Agencies and Departments**
   County Executive Office
   Health Care Agency
   OC Community Resources
   OC Public Works
   Social Services Agency

3. **New or Continuing Strategic Priority**
   This is a continuing Strategic Priority, previously identified in the 2017 to 2023 Strategic Financial Plans.

   In June 2018, the Board received the County's Housing Funding Strategy (HFS) which identified the plan for producing 2,700 units of permanent supportive housing throughout Orange County. In March 2019, the Board approved the Joint Powers Authority Agreement for the establishment of the Orange County Housing Finance Trust (OCHFT) with the purpose of funding housing specifically designated to assisting the individuals and families experiencing homelessness, and individuals and families of low income within Orange County.

   In December 2022, the Board received and filed the HFS: 2022 Update (HFS Update). The HFS Update is based on the 2022 Point In Time (PIT) Count and outlines recommendations for a strategic approach to achieve an updated goal of developing 2,396 permanent supportive housing units from 2022 to 2029. The updated goal reflects the progress under the 2018 HFS, as well as the additional permanent supportive housing units needed over the next seven-year period based on the 2022 PIT count.

   Of the 2,700 units of permanent supportive housing identified in the 2018 HFS, 1,676 units of permanent supportive and affordable housing have been built, 664 units are under construction, and 103 units are in progress of funding. Another 824 units of permanent supportive and affordable housing are in progress of funding under the HFS Update. As of October 31, 2024, a combined total of 3,267 supportive and affordable housing units are in the current pipeline, which does not include 124 units completed/built when the County's 2018 HFS was received and filed by the Board.

Permanent Supportive and Affordable Housing Access

4. Description of Strategic Priority

Housing represents the fundamental solution to addressing and ending homelessness in Orange County; however, Orange County has one of the least affordable housing markets in the nation. The shortage of affordable housing and the accompanying high rent burdens not only contribute to homelessness, but have also put a growing number of Orange County residents at-risk of homelessness. Furthermore, the existing inventory of affordable and permanent supportive housing resources remain insufficient to meet the current need within the County.

With the addition of emergency shelter beds and other shelter and interim housing programs, the County has created a significant safety net to stabilize those experiencing a housing crisis, allow a path for many to transition to self-sufficiency and pursue permanent housing stability. However, due to an insufficient supply of permanent supportive housing and affordable housing, the length of stay in emergency and transitional shelters and interim housing can be prolonged. The overall effectiveness of the shelter programs is contingent upon development of permanent housing options; the goal of the System of Care is to reduce length of stay in emergency and transitional shelters and interim housing programs and ensure high retention rates in permanent housing programs and long-term housing stability.

Permanent supportive housing is subsidized housing that combines affordable housing assistance with voluntary supportive services to address the needs of those experiencing chronic homelessness. Supportive services are designed to ensure long-term housing stability, build independent living and tenancy skills, and provide an overall better quality of life by connecting individuals with community-based health care, social services, and employment resources. This type of housing with community integrated supportive services has proven effective for individuals who have experienced prolonged periods of homelessness and barriers to housing due to their disabling conditions and/or other challenges.

This Strategic Priority continues to focus on the creation of needed housing for Orange County residents of all income levels.

5. Personnel Impacts

No additional staffing is required.

Permanent Supportive and Affordable Housing Access

6. Cost Impact

The 2022 Update identified a funding gap estimated at $953 million, representing $458 million in funding needed for capital expenses to develop the properties, in addition to $495 million in rental and operating subsidies to ensure the permanent supportive housing units are affordable to people with histories of chronic homelessness. It is estimated that the funding gap for the supportive services needed for the 2,396 unit goal is $350 million.

This Strategic Priority continues to evolve, and multiple unknown variables remain regarding potential opportunities, including the type of housing, location, and number of units. Preliminary funding sources have been identified and will be utilized as eligible projects emerge.

7. Funding Sources

Funding is project-specific; however, potential funding sources identified may include the following:

Low Income Housing Tax Credits and Tax-Exempt Bonds
Community Development Block Grant
HOME Investments Partnership Program
Housing Successor Agency
Project-Based Housing Choice Vouchers
Project-Based Mainstream Vouchers
Project-Based Veterans Affairs Supportive Housing (VASH) Vouchers
Housing and Urban Development (HUD) Continuum of Care
Mental Health Services Act
Behavioral Health Services Act
Orange County Housing Finance Trust
Orange County Housing Trust
Cal-Optima Health
Various State Programs and Funding Sources, including Homekey+, Multi-Family Housing Program, Infill Infrastructure Grant Program, Veterans Housing and Homelessness Prevention Program, Affordable Housing and Sustainable Communities Program and Permanent Local Housing Allocation.

Permanent Supportive and Affordable Housing Access

Funding Sources			
Federal	**State**	**General Fund**	**Other**
30%	35%	25%	10%

8. Stakeholders
Individuals and families experiencing homelessness or at-risk of homelessness who would benefit from the necessary support services and resources to become stably housed and achieve self-sufficiency in our community.

9. Mandated or Discretionary Program/Project?
Discretionary: This project is discretionary, but is a critical component to the County's OC CARES initiative for the Housing System of Care, City and County Housing Element progress, HFS, and to the Commission to End Homelessness.

10. Implementation Period if Funding Were Available
Implementation is contingent upon continued funding and identification of feasible projects eligible for funding. The County has an ongoing request for projects and is working with cities and developers to identify opportunities for potential projects and partnerships. This is an ongoing initiative.

11. Sustainability if Funding Were Available
Most existing affordable housing programs include requirements and incentives for reduction of the environmental footprint, green and energy efficient efforts and closer proximity to amenities to reduce reliance on vehicles.

Permanent Supportive and Affordable Housing Access					
	FY 25-26	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
I. Cost					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Cost	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
II. Non-General Fund Revenue					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Revenue	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
III. General Fund Requirement	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
IV. Staffing					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Positions Funded Per Fiscal Year	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**

Note: Although preliminary sources have been identified, this Strategic Priority continues to evolve, and multiple unknown variables remain regarding potential opportunities, including type of housing, location, and number of units.

Permanent Supportive and Affordable Housing Access					
FY 30-31	**FY 31-32**	**FY 32-33**	**FY 33-34**	**FY 34-35**	
					I. Cost
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Cost**
					II. Non-General Fund Revenue
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Revenue**
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**IV. Balance**
					IV. Staffing
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Positions Funded Per Fiscal Year**

Theo Lacy Facility Additional Staffing

1. **Program Area**
   Public Protection

2. **Involved Agencies and Departments**
   OC Sheriff's Department (OCSD)

3. **New or Continuing Strategic Priority**
   This is a continuing Strategic Priority, previously identified in the 2021 to 2023 Strategic Financial Plans.

4. **Description of Strategic Priority**
   The County, along with OCSD and Health Care Agency (HCA) Correctional Health Services (CHS), are committed to implementation of the projects identified in the OC CARES 2025 Vision Report. One of the main objectives is to increase and enhance programming, treatment and services for those in-custody to better prepare them for post custody services or reentering the community upon release. Additionally, there is a commitment to ensuring inmates have continued access to medical and mental health care. This has been addressed as part of the OC CARES 2025 Vision and Sabot Consulting Report from August 7, 2020. There are also federal, state and departmental policies guaranteeing inmates' access to care. These include the American with Disabilities Act, 28 CFR § 35.152, Unruh Civil Rights Act, and Title 15 of the California Code of Regulations (CCR).

   In recent years, CHS added over 170 positions to enhance in-custody behavioral health treatment which was identified in previous Strategic Financial Plans. Additionally, the Theo Lacy Facility (TLF) implemented various new programs to address inmate mental health and provide enhanced reentry programs. The increased CHS staffing and new programs implementation creates a need for additional staffing to provide security and supervision when inmates receive treatment for medical and mental health services and transportation to hospitals for advanced treatment. There is also an increased need to provide general security for the medical office and security and supervision in the new specialty housing units.

   <u>CHS Staff Security (20 Deputy Sheriff Is):</u>
   In FY 2021-22, CHS completed their expansion of an additional 170 positions over a three-year period with no corresponding increases to OCSD staffing at the Deputy level.

Theo Lacy Facility Additional Staffing

The additional 20 positions are requested to provide appropriate staffing levels in conjunction with the increased medical and mental health staffing. Deputies would be assigned to each of the eleven housing locations at TLF, which has a capacity of 3,430 inmates, to provide security where medical and mental health staff respond and provide care to inmates.

Medical Office Security (10 Deputy Sheriff Is):
The additional deputies would enhance the safety and security of the medical office by ensuring adequate coverage of staff and inmates, providing additional safety checks and general security services to the medical providers working inside the medical office and providing escort services for inmates transferring from housing to medical offices for treatment.

Inmate Transportation and Emergency Room Treatment (four Deputy Sheriff Is):
Inmates often require medical treatment that cannot be provided by the CHS medical staff. Once it is determined that an inmate needs to be transported to a hospital, deputies are assigned to travel with the inmate in the ambulance. The number of deputies assigned to the inmate is based on the inmate’s housing classification. As TLF is a maximum-security jail complex, many inmates require two or more deputies in attendance any time the inmate moves outside of their normal housing assignment. The deputies ensure the safety of the medical staff during transportation and that the inmate does not attempt to escape from custody. The deputies escorting the inmate are reassigned from various other duties at TLF. Over the last five years, the number of inmates requiring transportation and treatment in the Emergency Room has increased.

New Specialized Housing Units and Programming (two Deputy Sheriff Is):
TLF has implemented new programs and specialty housing units. These include specialized housing units for the mentally ill, in- custody substance use treatment and enhanced reentry programs. These programs and specialized housing units include the Housing Unit for Military Veterans (HUMV), Transitional Aged Youth (TAY), Phoenix House, Cell Dog and a Step-Down program. These programs and specialized housing units require escort of inmate movements and supervision of classes.

5. Personnel Impacts

For strategic planning purposes, 36 additional Deputy Sheriff I positions would be needed to enhance safety and security of the medical offices at TLF.

Theo Lacy Facility Additional Staffing

6. **Cost Impact**
Annual ongoing staffing costs are estimated at $8.9 million in FY 2025-26 and beyond.

7. **Funding Sources**
General Fund support is requested.

Funding Sources			
Federal	**State**	**General Fund**	**Other**
0%	0%	100%	0%

8. **Stakeholders**
OCSD, HCA CHS, Advocacy Groups and Disability Right California (DRC).

9. **Mandated or Discretionary Program/Project?**
Discretionary: This project would help fulfill the County's commitment to the 2025 Vision plan for inmates to successfully reenter society after their period in the correctional system has concluded and to provide inmates' access to the most integrated and least restrictive setting possible. The additional staffing would ensure OCSD and CHS staff continue to operate in a safe and secure environment.

10. **Implementation Period if Funding Were Available**
Implementation can begin as early as FY 2025-26, if funding and resources are identified.

11. **Sustainability if Funding Were Available**
N/A

Theo Lacy Facility Additional Staffing					
	FY 25-26	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
I. Cost					
Salaries & Benefits	8,881,804	8,791,772	8,867,456	8,937,742	8,895,016
Total Cost	**8,881,804**	**8,791,772**	**8,867,456**	**8,937,742**	**8,895,016**
II. Non-General Fund Revenue					
No Revenue	0	0	0	0	0
Total Revenue	**0**	**0**	**0**	**0**	**0**
III. General Fund Requirement	**8,881,804**	**8,791,772**	**8,867,456**	**8,937,742**	**8,895,016**
IV. Staffing					
Deputy Sheriff I	36	36	36	36	36
Total Positions Funded Per Fiscal Year	**36**	**36**	**36**	**36**	**36**

Theo Lacy Facility Additional Staffing					
FY 30-31	**FY 31-32**	**FY 32-33**	**FY 33-34**	**FY 34-35**	
					I. Cost
8,895,016	8,895,016	8,895,016	8,895,016	8,895,016	Salaries & Benefits
8,895,016	**8,895,016**	**8,895,016**	**8,895,016**	**8,895,016**	**Total Cost**
					II. Non-General Fund Revenue
0	0	0	0	0	No Revenue
0	**0**	**0**	**0**	**0**	**Total Revenue**
8,895,016	**8,895,016**	**8,895,016**	**8,895,016**	**8,895,016**	**III. General Fund Requirement**
					IV. Staffing
36	36	36	36	36	Deputy Sheriff I
36	**36**	**36**	**36**	**36**	**Total Positions Funded Per Fiscal Year**

Master Plan for Aging

1. **Program Area**
   Community Services

2. **Involved Agencies and Departments**
   OC Community Resources (OCCR)
   Social Services Agency (SSA)
   Health Care Agency (HCA)
   County Executive Office (CEO)

3. **New or Continuing Strategic Priority**
   This is a continuing Strategic Priority previously identified in the 2021 to 2023 Strategic Financial Plans.

4. **Description of Strategic Priority**
   California's Master Plan for Aging (MPA) was released in January 2021 and includes a person-centered, data driven, ten-year plan to prepare the State for coming demographic changes and continue California's leadership in aging, disability, and equity. The plan includes five overarching goals in the areas of Housing, Health, Inclusion, Caregiving, and Affordability, along with a Playbook to guide counties on how to approach developing their own plans. The purpose of the MPA is to provide counties with a framework to identify gaps in services and to establish programs to better meet the needs of the aging population. The MPA aligns with the County's overall vision of integrating services to ensure the health and safety of Orange County residents. With the senior population (ages 60+) expected to grow to 28% by 2030 in Orange County, there is a recognition of the need for broader and more integrated services to this demographic. COVID-19 also highlighted the vulnerability of this population and the service gaps within the scope of and continuity in services that the County provides.

   In January 2023, the Board commissioned a comprehensive, countywide older adults needs assessment. A multi-agency task force consisting of OCCR Office on Aging, SSA, HCA, and CEO, was established to work with the County's consultant on the assessment. The assessment will consider input from older adults, people with disabilities, caregivers, community organizations, and existing programs and service providers servicing those age 55+. The information gathered will help the County understand the holistic needs of the aging population and help identify the areas of greatest need, barriers to accessing

Master Plan for Aging

services, and more precisely gaps in services. Additionally, this effort will guide the development of the County's MPA.

In September 2023, two surveys were launched to seek input from Orange County's older adults. One Community Survey which targeted individuals 55+ and one Caregiver Survey which targeted unpaid caregivers providing care for family members, neighbors or friends. The survey period ended on December 30, 2023 and the data is being tabulated with a final report anticipated to be presented to the Board in FY 2024-25.

The intent of the surveys is to provide data on quality-of-life issues such as housing, transportation, safety at home and caregiving to help the County provide better programs and quality services for older adults and their caregivers.

5. Personnel Impacts

For strategic planning purposes no additional staffing has been identified. However, it is uncertain if additional positions would be requested, as departments will continue to evaluate staffing needs.

6. Cost Impact

This Strategic Priority continues to evolve and multiple unknown variables remain regarding potential opportunities to establish new MPA programs and more integrated services to this demographic. Preliminary estimated costs will depend on the survey results and it is anticipated that ongoing financial support may be needed to carry out implementation of the local MPA.

7. Funding Sources

Specific funding sources are not known at this time; however, the Governor has committed to providing funds to broaden MPA services. As more information becomes available, updates will be provided.

Funding Sources			
Federal	**State**	**General Fund**	**Other**
50%	50%	0%	0%

8. Stakeholders

Stakeholders from multiple County departments including OCCR, SSA, HCA, CEO, OC District Attorney and County's senior population and community based-organizations.

Master Plan for Aging

9. **Mandated or Discretionary Program/Project?**
Discretionary: While the MPA framework is not mandated, components within the plan are and may become legislatively required. Many of the goals will require legislative action that the Governor and Legislature have indicated an interest in changing. The MPA allows broad discretion as to how counties and partners will implement. There are many active advocate groups, community-based partners and stakeholders that have already begun working on concepts within the MPA and have met with the Board.

10. **Implementation Period if Funding Were Available**
Full implementation spans over five years and is anticipated by FY 2029-30.

11. **Sustainability if Funding Were Available**
N/A

Master Plan for Aging					
	FY 25-26	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
I. Cost					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Cost	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
II. Non-General Fund Revenue					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Revenue	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
III. General Fund Requirement	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
IV. Staffing					
To Be Determined	TBD	TBD	TBD	TBD	TBD
Total Positions Funded Per Fiscal Year	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**

Note: This Strategic Priority continues to evolve and multiple unknown variables remain regarding potential opportunities to establish new MPA programs and more integrated services to this demographic. Preliminary estimated costs will depend on the survey results and it is anticipated that ongoing financial support will be needed to carry out the planning and development of the local MPA.

Master Plan for Aging					
FY 30-31	**FY 31-32**	**FY 32-33**	**FY 33-34**	**FY 34-35**	
					I. Cost
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Cost**
					II. Non-General Fund Revenue
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Revenue**
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**III. General Fund Requirement**
					IV. Staffing
TBD	TBD	TBD	TBD	TBD	To Be Determined
TBD	**TBD**	**TBD**	**TBD**	**TBD**	**Total Positions Funded Per Fiscal Year**

County Facilities Master Plan

1. **Program Area**
General Government Services

2. **Involved Agencies and Departments**
County Executive Office (CEO)
Health Care Agency (HCA)
OC Community Resources (OCCR)
OC Flood Control District (OCFCD)
OC Public Works (OCPW)
OC Sheriff's Department (OCSD)
OC Waste and Recycling (OCWR)
Probation Department

3. **New or Continuing Strategic Priority**
This Strategic Priority is a recurring annual update to the prior year's Strategic Financial Plan.

4. **Description of Strategic Priority**

I. <u>In Progress Real Estate Projects:</u>

a. Laguna Niguel Parcel (Former South County Justice Center):
This project involves the redevelopment of an approximately 23-acre County-owned parcel located in the City of Laguna Niguel. The County-owned property includes a now-vacant County Vehicle Maintenance Yard, the former South County Justice Center, undeveloped land, and an Orange County Public Library branch.

On June 4, 2019, the Board approved an option and lease agreement for the site with Laguna Niguel Town Center Partners (LNTCP). The approved 79-year term lease agreement, which will be executed if LNTCP fulfills the conditions in the option, provides for the development of a new mixed-use project consisting of approximately 158,600 square feet (sq. ft.) of commercial space (retail shops, restaurants, office space), a new community library (approximately 16,250 sq. ft.), 275 residential apartment units, parking structure, and extensive walkable open spaces, paseos, and plazas.

County Facilities Master Plan

The approved option agreement has a one-year initial term for an Option Price of $75 thousand, plus two one-year extensions for the sum of $37.5 thousand each. The County and LNTCP entered into a tolling amendment to the Option in order to toll deadlines from the start of the County's State of Emergency on March 3, 2020, through February 28, 2023, the end of the emergency. The initial option term ended on June 2, 2023, and LNTCP has since exercised both its first and second one-year option term extensions. The second and final extended option period will end on June 2, 2025.

LNTCP received entitlements for the project including an Environmental Impact Report (EIR), a General Project Amendment, Zone Change, and Vesting Tentative Tract Map (VTTM 19024) from the City Council on June 21, 2022. LNTCP continues to perform due diligence on the project. Discussions with LNTCP are ongoing and potential changes may be included in a restated option and lease agreement, which will be presented to the Board for consideration, as appropriate.

It is anticipated that the total lease rent payments to the County over the term of the lease will be approximately $190 million. This Strategic Priority includes $0.5 million in staffing costs offset by $4.0 million in revenue from the development of the site, resulting in an anticipated $3.5 million in net revenue available to the County General Fund for FY 2025-26 through FY 2034-35.

b. El Toro Parcels (100 Acres and West Alton):
The County owns, or will own, two parcels at the former Marine Corps Air Station El Toro, one approximately 108 acres along Marine Way (100AP) and one approximately 32 acres along West Alton Parkway (WAP). The 100AP is located between the Orange County Great Park and the Orange County Transportation Authority Metrolink railroad tracks and will be bound by the planned realignment of Marine Way to the north, the existing Ridge Road and Interstate 5 (I-5) to the west, the Southern California Regional Rail Authority/Metrolink rail line to the south, and two warehouse buildings to the east, which are not part of the parcel.

Since 2011, the County has pursued viable development options, which to date have not proven successful. The County continues to engage with the City of Irvine and FivePoint, the master developer of the Great Park, regarding long-term planning for WAP. CEO Real Estate has been collaborating with OCCR in drafting a Request for Proposal (RFP) for a potential Public-Private Partnership (P3) in the development of

County Facilities Master Plan

WAP. The RFP is being finalized and will be ready for Board review and approval by the first quarter of 2025 prior to its release. The City of Irvine and FivePoint have also taken interest and are in discussions on possible partnerships and next steps, which could impact the timing of the RFP's release.

In 2020, CEO Real Estate received Board approval for the Be Well Irvine Campus expansion located in the eastern 40 acres of the 100AP on approximately 22 acres of County property. Be Well Irvine will expand and enhance Orange County's shared system of behavioral health care and support by providing a second location for residents of Orange County to access countywide behavioral health and substance use disorder and other related services as part of the OC CARES initiative. The first phase, which is anticipated to be completed in May 2025, will house crisis stabilization units for adults and adolescents, a sobering center, adult residential treatment services, and an outpatient clinic for children, youth and families. This phase of the Be Well Irvine capital improvement project is funded from various federal and state funding.

Phases 2 and 3 would include the development of additional outpatient mental health and wellness services, additional short stay "residential" programs, and a community wellness and support services hub. At build out, the project would result in the demolition of most existing onsite buildings and the construction of approximately 300,000 sq. ft. of health care and wellness support services, including the Wellness Discovery Center, the Be Well Center, and the Community and Family Center.

Also located in the eastern 40 acres of the 100AP, is HCA's public health and emergency response facility, an $80 million project which will include a public health lab, administrative offices, and an Emergency Management Center. In addition, a portion of Marine Way that borders the 100AP on the north, from Skyhawk east, is being improved by FivePoint. Construction is antipated to be completed and a Temporary Certificate of Occupancy issued around December 2024 with a final Certificate of Occupancy anticipated by June 2025, after which time occupancy is expected to occur. The County anticipates incurring $1.4 million in FY 2024-25 for internal utility connections from 100AP to Marine Way.

Marine Way roadway improvements are needed to help support the HCA facility and other County supported developments within the 100AP property. As set forth in Implementation Agreement No. 2, the County's "Fair Share" contribution is $15.6

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million for the Marine Way roadway and utility improvements. This cost will be offset by approximately $1.2 million credit for estimated storm drain expenses incurred by the County, for a revised contribution of $14.4 million. The El Toro Improvement Fund 15T is anticipated to contribute $12.7 million from reserves for the County's Fair Share contribution, leaving $1.7 million to be offset by revenue from the existing Ground Lease.

On June 23, 2020, the Board approved an interim 5-year ground lease with OC Storage, LLC, for a 20-acre site to provide vehicle storage at the 100AP. The commencement date for rent and the 5-year term began on April 1, 2022. The lease revenue is currently $158 thousand per month and will continue at this rate for the duration of the term. On August 23, 2022, the Board approved an amended and restated ground lease with R & S Soil Products, Inc. for the operation of green recycling, nursery, and equipment parking, within approximately 31 acres at WAP. The term of this ground lease is six months with an option to extend month-to-month and currently generates $53 thousand per month in revenue.

For the duration of this Strategic Priority, both 100AP and WAP projects are anticipated to incur a combined $15.3 million in expenses offset by $12.7 million from El Toro Improvement Fund 15T reserves and $3.5 million in revenue. This revenue is comprised of $0.2 million of License Fee revenue and $3.3 million of Ground Lease revenue, resulting in an anticipated $0.9 million net revenue available to the County General Fund for FY 2025-26 through FY 2034-35.

c. Civic Center Facilities Strategic Plan:

On April 25, 2017, the Board approved the 2017 Civic Center Facilities Strategic Plan (CCFSP) as a long-term framework for development and long-term use of the County's Civic Center and surrounding areas within the City of Santa Ana. The CCFSP comprised of four development phases. Phases 1 and 2, which included the construction of the County Administration South (CAS) and County Administration North buildings, have been successfully completed. With the completion of these phases, the 2017 CCFSP required refinement and updating due to the passage of time, obsolete information and shifting County needs. In June 2023, after a competitive bid process, the Board approved a $0.5 million five-year contract with Griffin Structures, Inc. to update the CCFSP to strategically implement the remaining phases in a manner that reflects the County's current needs, priorities and goals for the Civic Center and associated buildings and facilities. The draft CCFSP, completed in 2024, achieved and

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will be used to guide a future RFP for developing any underutilized properties, either through a P3 or other approaches. The 2024 plan was approved by the Board on October 22, 2024.

The 2024 CCFSP outlines three proposed phases for future development. These phases offer flexibility in implementation, allowing them to be combined, executed sequentially, or completed in non-sequential order. For purposes of the future RFP, CEO Real Estate will coordinate with the Board and affected departments to determine which of these phases will be included in the RFP, and which may be included in future RFPs. This approach seeks to consolidate County operations while exploring opportunities to incorporate non-County uses in certain phases to enhance community benefits and generate revenue.

With the approval of the 2024 CCFSP, CEO Real Estate will draft an RFP to identify potential P3 partners to design, develop, and manage the implementation of the selected phases. This RFP will be developed in close collaboration with the Board and will align with the County's strategic goals for the Civic Center. The draft RFP, along with required findings consistent with Government Code Section 25515, et seq., which specifically permits P3 partnerships, will be presented to the Board for comment and approval prior to issuance. The implementation of the 2024 CCFSP will then be guided by Board direction, insights from the selected P3 partner, and market conditions to optimize both financial outcomes and project success.

d. Fruit Street Assessment, County Operations Center Plan:
The Fruit Street Complex is an approximate twelve-acre collection of County-owned properties located near the intersection of Santa Ana Blvd and the I-5 and bounded on the east by the Santa Ana Regional Transportation Center (SARTC). OCPW occupies the Fruit Street Property, including Fleet Management Services. The complex of buildings on this site consists of approximately 111,048 sq. ft. of space some of which was originally built in 1929.

The total gross square footage, including storage space is 165,000 sq.ft. Building uses include Construction and Architecture & Engineering (32,092 sq. ft.), Transportation Vehicle Repair (36,728 sq. ft.) and Facilities Operations (42,228 sq. ft.). Because of the facility age and condition, efforts have been made over the years to relocate the existing users to other sites in the County and/or build out the empty space at the south side of the Construction and Architecture & Engineering site for some of the current

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Fruit Street users. Property located near the County Operations Center at 1300 S. Grand Ave, Santa Ana, has been identified as a replacement property for the Fleet Operations and other Fruit Street operations.

The Fruit Street Property has tremendous potential value as a transit-oriented development given its adjacency to the SARTC, but the County will need to relocate these existing facilities to identied County facilities. The City of Santa Ana would like the County's future development to integrate into the SARTC.

The Fruit Street Property is located in the City's Transit Village District Center, which includes substantial development for residential units. The City and the County are currently meeting on a quarterly basis to discuss joint development of the area, and the City is reviewing a Memorandum of Understanding (MOU) that was drafted by the County. For the duration of this Strategic Priority, the project is anticipated to incur $250 thousand in staffing and consultant expenses related to planning for future development. Revenue projections are currently unknown, resulting in an anticipated $250 thousand Net County Cost for FY 2025-26 through FY 2034-35.

e. Ninety-Five Acre Industrial Development Opportunity in Chino (Prado Dam Mountains):

The OCFCD owns approximately 95 acres of vacant real property at the southeast corner of Mountain and Bickmore in the City of Chino. The property was originally acquired by OCFCD as required by the United States Army Corps of Engineers (USACE) for furtherance of the Santa Ana River Mainstem Project. The property represents an opportunity to create a dependable, long-term revenue stream by establishing a ground lease and developing a state-of-the-art logistics center. The Board approved an Option Agreement with Majestic Realty on October 25, 2016, which included direction to form a ground lease for the property. On September 11, 2018, the Board approved an amendment to the Option Agreement providing an additional three years for Majestic to process entitlements for this project. The Option Agreement term was additionally extended by five subsequent amendments approved by the Board.

On December 20, 2023, the Assistant Secretary of the Army, issued a memo which reconsidered the requirement for the project to receive a Section 408 permit and directed the USACE to complete certain actions for the project to move forward. Due to recent updates, on February 27, 2024, the Board granted its sixth extension of

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Majestic's option term, through August 27, 2024, to continue coordination efforts between the Corps and County/OCFCD staff. Both sides worked diligently to satisfy the memo conditions and Majestic exercised its option on August 27, 2024, by entering into the ground lease.

For the duration of this Strategic Priority, the project is anticipated to incur $1.0 million in staffing expenses offset by $34.4 million in revenue, resulting in an anticipated $33.4 million in net revenue. Net revenue generated from this project will be shared between OCFCD and the County at a rate of 35% and 65%, respectively, resulting in an anticipated $11.7 million in net revenue available to OCFCD and $21.7 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35. OCFCD and CEO Real Estate will enter into a Cooperative Agreement with each other when the project is closer to completion.

f. Prado – San Bernardino County:
On May 7, 2024, the Board approved an Option and Master Ground Lease Agreement with San Bernardino County for the development of a parking lot, park/recreation, and outdoor entertainment area on 65.64 acres of OCFCD property in City of Chino. The two-year option, executed on May 28, 2024, included a one-time payment of $15 thousand for administrative fees and $1 for the option price, split 60% to Fund 400, OC Flood and 40% to Fund 135, Real Estate Development Program.

The Master Ground Lease will begin after meeting all option requirements, with an initial rent of $32 thousand increasing 3% annually, plus 20% of gross receipts from activities. The term of the Master Ground Lease is 10 years, with two 10-year extension options. For the duration of this Strategic Priority, the project is anticipated to incur $155 thousand in staffing expenses offset by $320 thousand in revenue, resulting in an anticipated $165 thousand in net revenue. Net revenue generated from this project will be shared between OCFCD and the County at a rate of 60% and 40%, respectively, resulting in an anticipated $99 thousand in net revenue available to OCFCD and $66 thousand in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

g. HCA 17th Street Clinic, Santa Ana, CA:
On September 20, 2021, CEO Real Estate issued an RFP for qualified and experienced development teams interested in entering into a P3 partnership with the County, to plan, design, entitle, finance, construct, operate, manage and maintain a mixed-use development with two components, comprised of a new County Health Care

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Facility and potential private uses determined by the successful proposer, on 9.3 acres of County owned land located at 1725 West 17th Street, Santa Ana (Property).

In response to the RFP, CEO Real Estate received three proposals which were evaluated by a three-member evaluation panel that reviewed and ranked the written proposals and conducted oral interviews. On August 9, 2022, the Board considered the item and directed staff to work with 17th Street Partners to sharpen their proposal. As directed, County staff worked diligently with the 17th Street Partners to revise their site plan and financial offer to the County, but in January 2023, the 17th Street Partners notified the County that they were withdrawing from the RFP process. As a result, the Board directed staff to coordinate with the Second District Supervisor on a new RFP.

CEO Real Estate is collaborating with OCPW, Gensler Architects, and HCA staff to define HCA's clinical and functional programming needs for the new 17th Street Clinic development. Gensler Architects has completed the essential programming to guide the new RFP for the project. This includes the Architectural Basis of Design (BOD), which establishes the framework for the clinic's programmatic and functional requirements. The BOD provides a comprehensive overview of project goals, existing conditions, key considerations, and a detailed description of the clinic's programs and services. It also outlines departmental space requirements and identifies opportunities for shared space utilization.

The new clinic, including its administrative support functions, is projected to require approximately 67,000 Department Gross Square Feet (DGSF) and around 80,000 Building Gross Square Feet (BGSF). Recent updates from HCA call for the addition of a methadone clinic while downsizing the dental and child clinics. Despite these adjustments, the overall space requirements remain unchanged. The successful proposer will collaborate with the County to refine and finalize the BOD for approval and implementation.

Additionally, CEO Real Estate is assessing the feasibility of relocating the clinic from the 17th Street property to a proposed new site. This move would allow the existing facility to remain operational during construction, ensuring continuous patient care and enabling uninterrupted construction at the current site, potentially speeding up the process and reducing costs. Relocating the clinic would free up the entire 17th Street property for revenue-generating development. This could generate additional revenue

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to help offset the costs of the new clinic, reducing the financial burden on the County and potentially minimizing the need for external funding or debt.

CEO Real Estate is also coordinating with the Second District on the development of the new RFP. The revised RFP is expected to be issued by the end of 2024, with a draft presented to the Board prior to its release. It is important to note that no funding or revenue is currently allocated for the 17th Street Clinic project under this Strategic Priority.

h. Coyote Canyon Development Opportunity in Newport Beach, CA:
Coyote Canyon is located in the City of Newport Beach and is a closed landfill encompassing 361 acres. Initially, the Board selected a golf course developer/operator to develop the property, but the developer withdrew from negotiations in June 2018 citing inexperience in developing on and around a closed landfill. The Board then directed CEO Real Estate to enter into negotiations with Tait Development LLC (Tait) since the Board had previously selected Tait as the secondary respondent.

On October 8, 2019, the Board approved an option agreement with Tait, to conduct due diligence and pursue entitlements required for a 75-year ground lease to construct, operate and manage a planned golf course and other potential improvements. The option agreement provides for a four-year term for an option price of $100 thousand and up to five additional years available (with an initial extension of two years and a fee of $35 thousand, followed by three subsequent one-year extensions for fees of $45 thousand, $55 thousand and $60 thousand, respectively). Tait is currently still in the original four-year option term which ended in October 2024 due to one-year of tolling as a result of the COVID-19 pandemic.

Tait has begun working with OCWR, while also actively working with the City of Newport Beach on future entitlements. The City has requested that Tait consider affordable housing units on the site, and has included 1,530 units (ranging from extremely low to above moderate income) in the City's updated Housing Element. The County has also included Coyote Canyon in its draft Housing Element. The number of units would be determined through negotiations with the City of Newport Beach. The City has updated their General Plan and has included the rezoned portion of the property to residential. The General Plan was approved by the Newport Beach City Council on July 23, 2024.

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For the duration of this Strategic Priority, the project is anticipated to incur $0.3 million in staffing expenses offset by $2.2 million in revenue, resulting in an anticipated $1.9 million in net revenue. Net revenue generated from this project would be shared between OCWR and the County at a rate of 35% and 65%, respectively, resulting in an approximately $0.7 million in net revenue available to OCWR and $1.2 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

i. Joplin Property in Trabuco Canyon, CA:

The Joplin property in Trabuco Canyon, located in unincorporated Orange County, is being prepared for sale through a public bid process. CEO Real Estate anticipates presenting an agenda item to the Board by mid-2025 seeking approval to proceed with a Request for Offers soliciting the public sale of the property. The property encompasses approximately 338 acres across three parcels of primarily undeveloped open space, but also includes former youth facility structures. It is currently zoned for public or quasi-public uses, such as juvenile detention or educational facilities; any alternative uses would require amendments to the specific plan. The property will be offered for sale "as-is" and interested buyers will be responsible for conducting due diligence on environmental conditions, zoning restrictions, and necessary infrastructure improvements.

For the duration of this Strategic Priority, the project is anticipated to incur $5.1 million in staffing and maintenance expenses. Revenue projections cannot be anticipated at this time, resulting in an anticipated $5.1 million Net County Cost for FY 2025-26 through FY 2034-35.

j. Workforce Reentry Center in Orange, CA:

In 2018, OC Animal Care vacated the approximately 3.75-acre property located at 561 The City Dr. S, Orange and relocated to its new animal shelter facility in Tustin. The property has since been identified as the project site for a proposed Workforce Reentry Center (WRC). The WRC is a critical component of the County's 2025 Vision for OC CARES, Justice through Prevention and Intervention. The goal of the WRC is to establish a business-based program which will utilize select justice-involved individuals, or any of the County's various systems of care, to be trained to develop, produce and provide the goods and/or services to be delivered as part of the business operation. The WRC and the development would establish forward-facing retail and/or

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a service-based business(es) that provide hands-on job training and employment to those in the workforce reentry program. The development of on-site or off-site housing for program participants, with on-site housing being the preferred option, has also been identified as a need for the success of the program.

On February 27, 2024, the Board, adopted a Resolution approving a RFP and selected the team comprised of Griffin/Swinerton LLC and Medlin Workforce & Reentry Solutions LLC as the Primary Respondents to the County's competitive solicitation for development and operation of the WRC. On this same date, the Board also approved an Exclusive Negotiation Agreement (ENA) with Griffin/Swinerton LLC and Medlin Workforce & Reentry Solutions LLC, allowing time for the County and these companies to develop programming and negotiate the form of a subsequent agreement for the development and operation of the WRC.

Since execution of the ENA, the parties have worked together to develop programming, a conceptual site design, and a preliminary budget for development. The preliminary building program for the WRC is comprised of an approximately 36,000 sq.ft., two-story vocational/operations building, an approximately 16,000 sq.ft., one-story retail/culinary building, and an approximately 26,000 sq.ft., two-story housing building. The vocational/operations building is anticipated to include a large training warehouse, multi-purpose room, classrooms, and offices for operations and management. The retail/culinary building is anticipated to include various kitchens for training and production, a grab-n-go style café, and other retail space where program participants will develop, produce, and provide goods and/or services to the public as part of the vocational training program. The housing building is anticipated to provide on-site housing for approximately 50 selected program participants. The site is also conceptually planned to include approximately 200 surface level parking spaces, an outdoor pet training/relief area, an outdoor activity/garden area for program participants, and a new security block wall between the property and the adjacent Theo Lacy Facility.

On June 25, 2024, the Board adopted an Ordinance authorizing contracts facilitating the development and operation of the WRC and approved a Pre-Development Agreement with the developer to provide preconstruction and design services for the development of the WRC. Once a final site plan, schematic design, design development and a Guaranteed Maximum Price for development of the WRC are

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completed and/or established, a Development Agreement will be brought to the Board for approval. Additionally, any lease or management/operator agreement with the Operator will also be presented for Board approval at a future date.

Funding for the construction of this project is included in the Countywide Capital Projects Non-General Fund 15D.

II. Completed Real Estate Projects:

a. Long-Term Lease of OC Flood Control District Property at 1100 Bristol Street, Costa Mesa:

Due to the ground lease between the OCFCD and Ganahl Lumber Company, this Strategic Priority includes $6.9 million in revenue offset by less than $5 thousand in staffing expenses and $2.4 million in revenue sharing with OC Flood, resulting in an anticipated $4.5 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

b. Green River Golf Course

As a result of the 20-year lease with Orange County Golf, LLC, for the duration of this Strategic Priority, the project is anticipated to generate $0.7 million in revenue offset by $0.1 million in staffing expenses and $0.6 million in revenue sharing with OC Flood, resulting in an anticipated $0.4 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

c. Atwood – Placentia Veterans Village

As a result of a 65-year ground lease with Placentia Veterans Village, L.P. (Mercy Housing), for the duration of this Strategic Priority, the project is anticipated to generate $0.7 million in revenue offset by $11 thousand in staffing expenses and $0.7 million in revenue sharing with OC Flood, resulting in an anticipated $0.4 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

d. Gothard Landfill in Huntington Beach, CA:

As a result of a ground lease for the development and operation of an outdoor vehicle storage facility with Surf City Auto Group Inc., this Strategic Priority includes $0.3 million in staffing expenses offset by $3.0 million in revenue, resulting in an anticipated $2.7 million in net revenue. Net revenue generated from this project will be allocated

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entirely to OCWR until the Coastal Sage Scrub mitigation costs are fully reimbursed by August 2027. Afterward, starting in August 2027, net revenue will be shared between OCWR and the County at a rate of 35% and 65%, respectively. This project is anticipated to generate $1.3 million in net revenue available to OCWR and $1.4 million in net revenue available to the County General Fund during FY 2025-26 through FY 2034-35.

e. The Crossroads at Washington, Santa Ana, CA:
As a result of a 65-year ground lease with Washington Santa Ana Housing, L.P., a subsidiary of The Related Companies of California, LLC (Related), The Crossroads at Washington, an 86-unit affordable housing development at 1126 and 1146 E. Washington Avenue in the City of Santa Ana was completed on September 26, 2024. For the duration of this Strategic Priority the project is anticipated to incur $135 thousand in staffing and consultant expenses without generating any revenue. This will result in an anticipated $135 thousand Net County Cost for FY 2025-26 through FY 2034-35.

5. Personnel Impacts
These projects will be managed by existing staff and consultants hired for specific projects.

6. Cost Impact
The following $23.1 million in costs are for staff and consultant time and materials and do not include offsetting revenues.

Fiscal Year	Costs (in millions)
2025-26	$15.5
2026-27	1.1
2027-28	0.9
2028-29	1.0
2029-30	1.0
2030-31	0.8
2031-32	0.7
2032-33	0.7
2033-34	0.7
2034-35	0.7
Total	**$23.1**

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7. Funding Sources

The following $68.4 million gross revenue included in the Strategic Priority stems from various real estate initiatives. Some Facilities Master Plan projects propose requests for General Fund, but each project will be discussed separately with the CEO and the Board for possible alternate funding.

Fiscal Year	Revenue (in millions)
2025-26	$18.0
2026-27	5.0
2027-28	4.3
2028-29	4.6
2029-30	4.9
2030-31	5.5
2031-32	5.9
2032-33	6.3
2033-34	6.8
2034-35	7.1
Total	**$68.4**

Funding Sources			
Federal	**State**	**General Fund**	**Other**
0%	0%	0%	100%

8. Stakeholders

Residents and leadership of the City of Costa Mesa, the City of Huntington Beach, the City of Irvine, the City of Laguna Niguel, the City of Placentia, the City of Santa Ana, unincorporated Trabuco Canyon, the City of Chino and the City of Highland in San Bernardino County (Greenspot and Prado), the City of Corona in Riverside County (Green River), and residents served by CEO, HCA, OCCR, OCFCD, OCPW, OCWR, Probation and other County agencies and departments.

9. Mandated or Discretionary Program/Project?

Discretionary: All projects are discretionary and would be implemented as directed by the Board.

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10. Implementation Period if Funding Were Available

This is a continuing Strategic Priority since 2006 based on prior Board directives and is updated annually to reflect input from Board members and CEO Executives.

This Strategic Priority is projected to provide $45.3 million in net revenue, of which $28.7 million will be distributed to the County General Fund to address one-time capital investments and other obligations in the ten-year plan and may provide net revenue contributions to the General Fund as follows:

Fiscal Year	Revenue (in millions)
2025-26	$ 2.5
2026-27	4.0
2027-28	3.4
2028-29	3.6
2029-30	3.9
2030-31	4.7
2031-32	5.2
2032-33	5.6
2033-34	6.0
2034-35	6.4
Total	**$45.3**

These amounts are the net revenue to the County after deducting $16.6 million for FY 2025-26 through FY 2034-35 revenue sharing with OC Flood ($14.6 million) and OC Waste & Recycling ($2.0 million). In addition to these projects, the County has aging infrastructure, such as its central jail and Probation facilities that may require substantial infrastructure investments in the future. The County will use its Computerized Maintenance Management System (CMMS), in the identification of pending capital and deferred maintenance projects and infrastructure needs for all County facilities.

11. Sustainability if Funding Were Available

These projects will seek to utilize green building or sustainable construction, operations, or maintenance techniques where required, appropriate, or feasible, including resource conserving technology such as energy efficient HVAC systems, LED lighting, as well as water and electrical conserving systems.

County Facilities Master Plan					
	FY 25-26	**FY 26-27**	**FY 27-28**	**FY 28-29**	**FY 29-30**
I. Cost					
Services & Supplies	15,544,933	1,050,227	923,783	972,867	1,029,053
Total Cost	**15,544,933**	**1,050,227**	**923,783**	**972,867**	**1,029,053**
II. Non-General Fund Revenue					
Other Financing Sources	17,992,497	5,016,713	4,272,351	4,603,249	4,930,755
Total Revenue	**17,992,497**	**5,016,713**	**4,272,351**	**4,603,249**	**4,930,755**
III. Reserves					
Reserves	2,447,564	3,966,486	3,348,568	3,630,382	3,901,702
Total Reserves Inc/(Dec)	**2,447,564**	**3,966,486**	**3,348,568**	**3,630,382**	**3,901,702**
IV. Balance	**0**	**0**	**0**	**0**	**0**
V. Staffing					
No Positions	0	0	0	0	0
Total Positions Funded Per Fiscal Year	**0**	**0**	**0**	**0**	**0**

County Facilities Master Plan					
FY 30-31	**FY 31-32**	**FY 32-33**	**FY 33-34**	**FY 34-35**	
					I. Cost
799,875	705,326	701,539	715,569	729,881	Services & Supplies
799,875	**705,326**	**701,539**	**715,569**	**729,881**	**Total Cost**
					II. Non-General Fund Revenue
5,524,257	5,903,695	6,277,690	6,752,846	7,138,564	Other Financing Sources
5,524,257	**5,903,695**	**6,277,690**	**6,752,846**	**7,138,564**	**Total Revenue**
					III. Reserves
4,724,382	5,198,369	5,576,151	6,037,277	6,408,683	Reserves
4,724,382	**5,198,369**	**5,576,151**	**6,037,277**	**6,408,683**	**Total Reserves Inc/(Dec)**
0	**0**	**0**	**0**	**0**	**IV. Balance**
					V. Staffing
0	0	0	0	0	No Positions
0	**0**	**0**	**0**	**0**	**Total Positions Funded Per Fiscal Year**

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Our Commitment.

COUNTY OF ORANGE

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Visit the County website at www.ocgov.com for more information about County programs and Board meeting dates and agendas.