

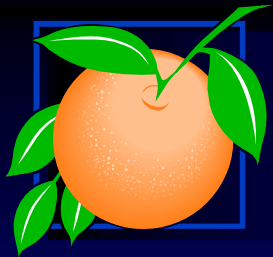
Orange County Fiscal Health Update

April 21, 2020



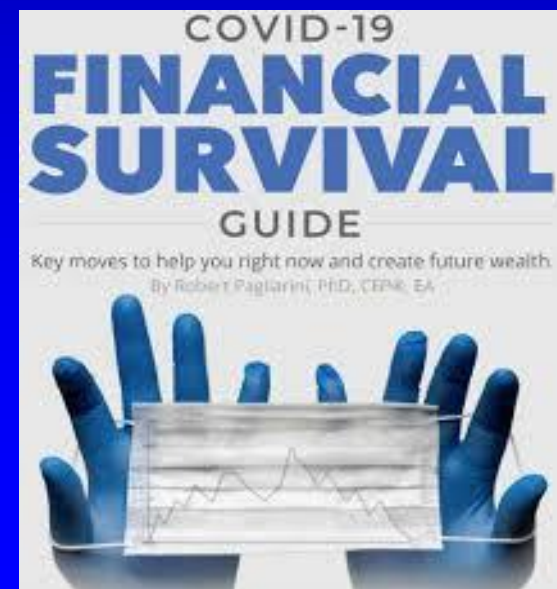
DO YOUR PART,
STAY APART

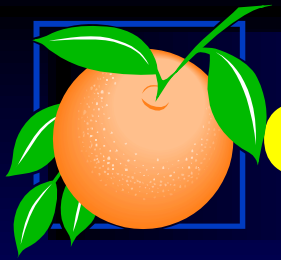




Presentation Outline

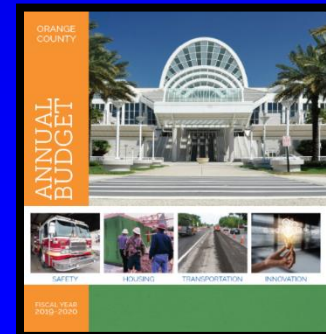
- **Orange County Budget**
- **Current Fiscal Outlook**
- **Impacted Revenues**
- **Financial Strategies**
- **Summary**

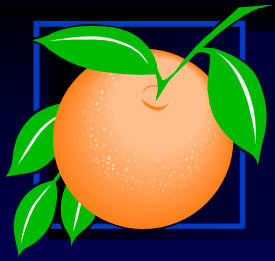




Orange County Budget

- **Must have a Balanced Budget**
- **\$4.8 Billion Current Budget**
- **6 Months of Fiscal Year Completed**
- **Robust Economy for First Half of Fiscal Year**
- **Low Unemployment**
- **Growing Population**

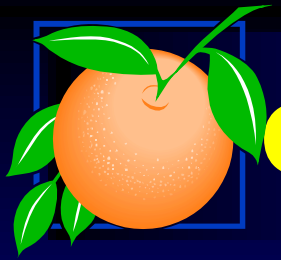




Presentation Outline

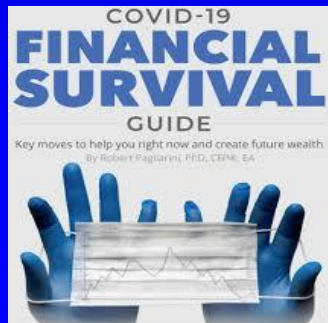
- Orange County Budget
- **Current Fiscal Outlook**
- Impacted Revenues
- Financial Strategies
- Summary

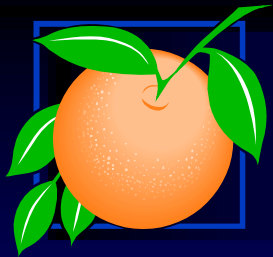




Orange County Outlook

- **County's Fiscal Health is Strong**
- **Limited Area Impacted by COVID-19**
- **Economy is More Problematic**
- **Opportunities for Federal Aid**





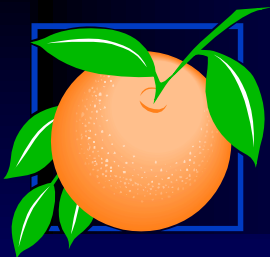
Impacted Revenues



COVID-19 Coronavirus
Visitor Restrictions in Place

- **TDT**
- **State Sales Tax**
- **Gas Taxes**





TDT Uses

- **1-4th %**

- **Uses in TD Plan**

- **OCCC debt and O&M**

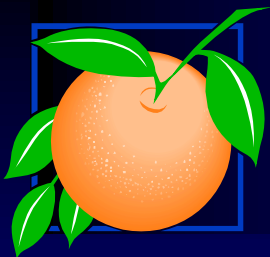
- **Visit Orlando**

- **Sports, Arts & Cultural**



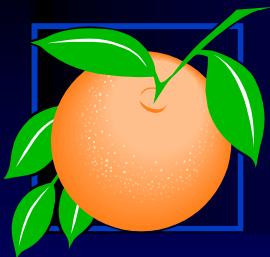
- **5th % for OCCC debt**

- **6th % split for Amway Center and Visit Orlando**



TDT Collections

- **FY2019 TDT collections were \$288 million**
- **FY2020 TDT revenue budget is \$290 million**
- **TDT Collections through the first five months of FY2020 (October 2019 to February 2020) are \$130 million**
- **COVID-19 will impact remaining seven months of FY2020**
- **Revised from \$290 million to \$200 million**
- **\$90 million estimated loss**



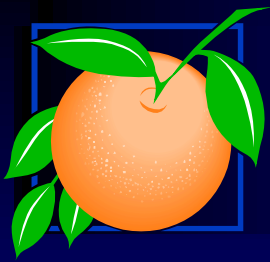
TDT COVID Impacts

Need for increased operating funding for OCCC

Formula percentage TDT funding will decline:

- **Visit Orlando Tourism Promotion**
- **Half of 6th Percent TDT to City for Amway Center**
- **Arts & Cultural Affairs**

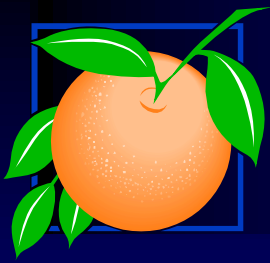




Tourist Development Tax

FY 2020 Original and Revised Uses (in millions):

	Original	Revised
Debt Service	\$ 76.0	76.0
OCCC Operations	10.0	30.0
Visit Orlando	73.0	50.0
Convention Center Capital	35.0	25.0
Arts & Cultural Affairs	7.8	6.0
History Center & Other	4.3	4.3
Sports Incentive Fund	4.0	4.0
Amway Orlando Payment	24.0	16.7
TDT Reserves <i>(Est. Deposit or Draw)</i>	55.9	(-12.0)
Total	\$290.0	\$200.0



TDT ARC Grant Status

BCC Ordinance in 2016

“Available excess” TDT for grants

ARC reviews, TDC recommends, BCC approves

BCC approved 7 ARC grants to date

No grant window currently open

BCC approved 5 ARC funding agreements:

- 1. Ballet: \$4m grant fully expended**
- 2. OnePULSE Museum: \$4m expended for land and design, up to \$3.5m remaining for design costs**
- 3. WP Civic Center: \$3m in 2022 and 2024**



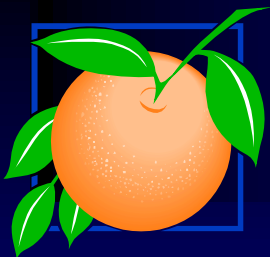
TDT ARC Grant Status

BCC approved 5 ARC funding agreements:

- 4. Philharmonic: fully expended \$3m for City of Orlando to acquire Plaza Live**
- 5. Orlando Science Center: \$1m expended for design, \$500k more to complete design, and up to \$8.5m until 2022 for construction**

2 grants without BCC funding agreements:

- 1. Philharmonic: up to \$7m for Plaza Live renovations until 2023**
- 2. Holocaust Museum: up to \$10m for construction until 2024**

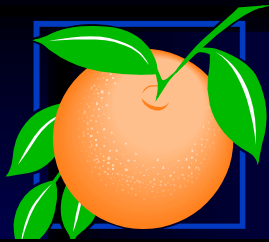


TDT Reserves

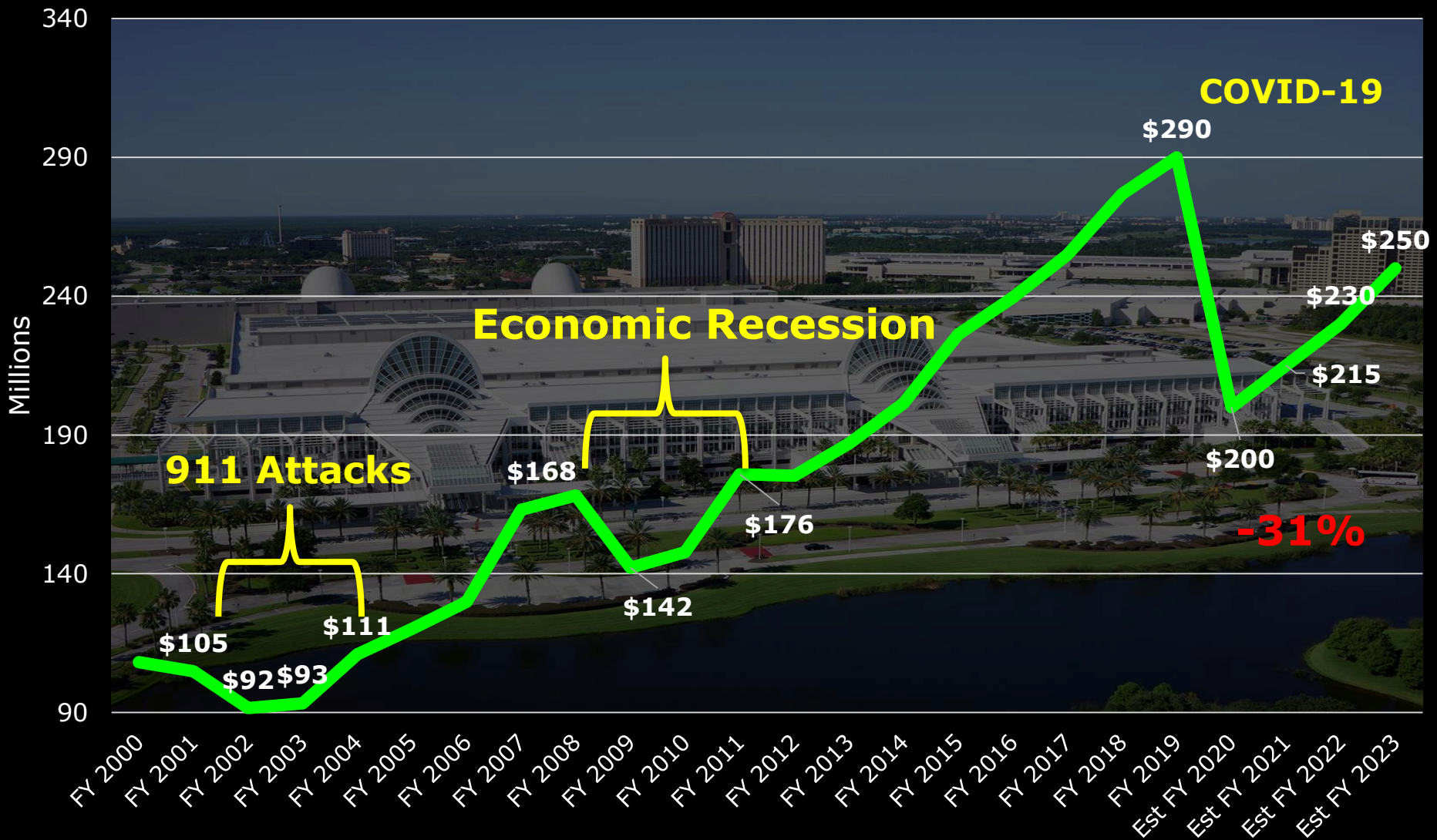
(in millions)

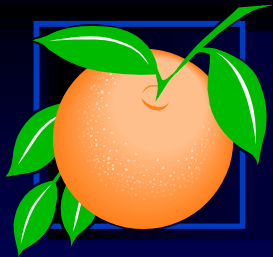
Feb 2020

Total TDT Reserves	\$307
Debt Service Reserve	\$82
Renewal & Replacement Target Reserve	<u>61</u>
Required TDT Reserves	\$143
Excess TDT Reserves (OCCC Master Plan)	\$164



TDT Revenues

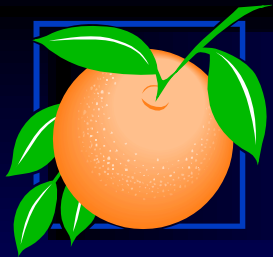




State Sales Tax

- In 1982, the state created a revenue sharing program whereby a certain percentage of state sales tax collections would be returned to the county where the sales tax was generated.
- Currently, 8.9744% of sales tax collections are returned back to counties and shared with all municipalities based primarily on a population formula.



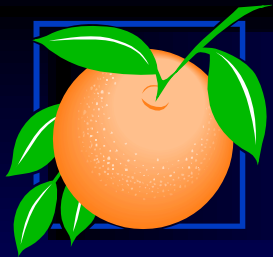


State Sales Tax

- **Funds Used For:**
 - General Fund Services
 - Capital Construction
 - Public Works (Transportation)
 - Debt Service

- **Limited Sales Tax Collections from Internet Sales per current State law collection requirements**

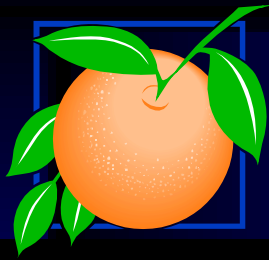




State Sales Tax

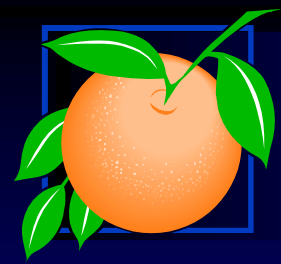
	<u>Revenues</u>
• Last Year Collected	\$197M
• FY 2020 First 6 Months	\$95M
• FY 2020 Full Year Estimate	\$154M
• Estimated FY 2020 Reduction	(\$43M)





Sales Tax Revenues

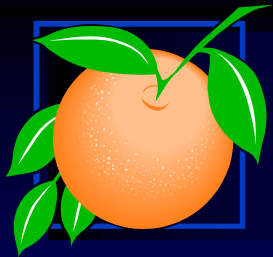




Gas Taxes

- **Gas Taxes are used to fund the transportation program**
 - **Local Option Gas Tax**
 - **The County Gas Tax**
 - **The Ninth Cent Gas Tax**
 - **The Constitutional Gas Tax**

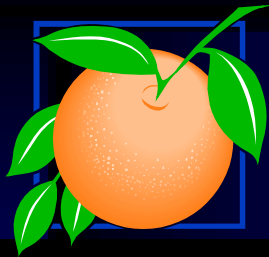




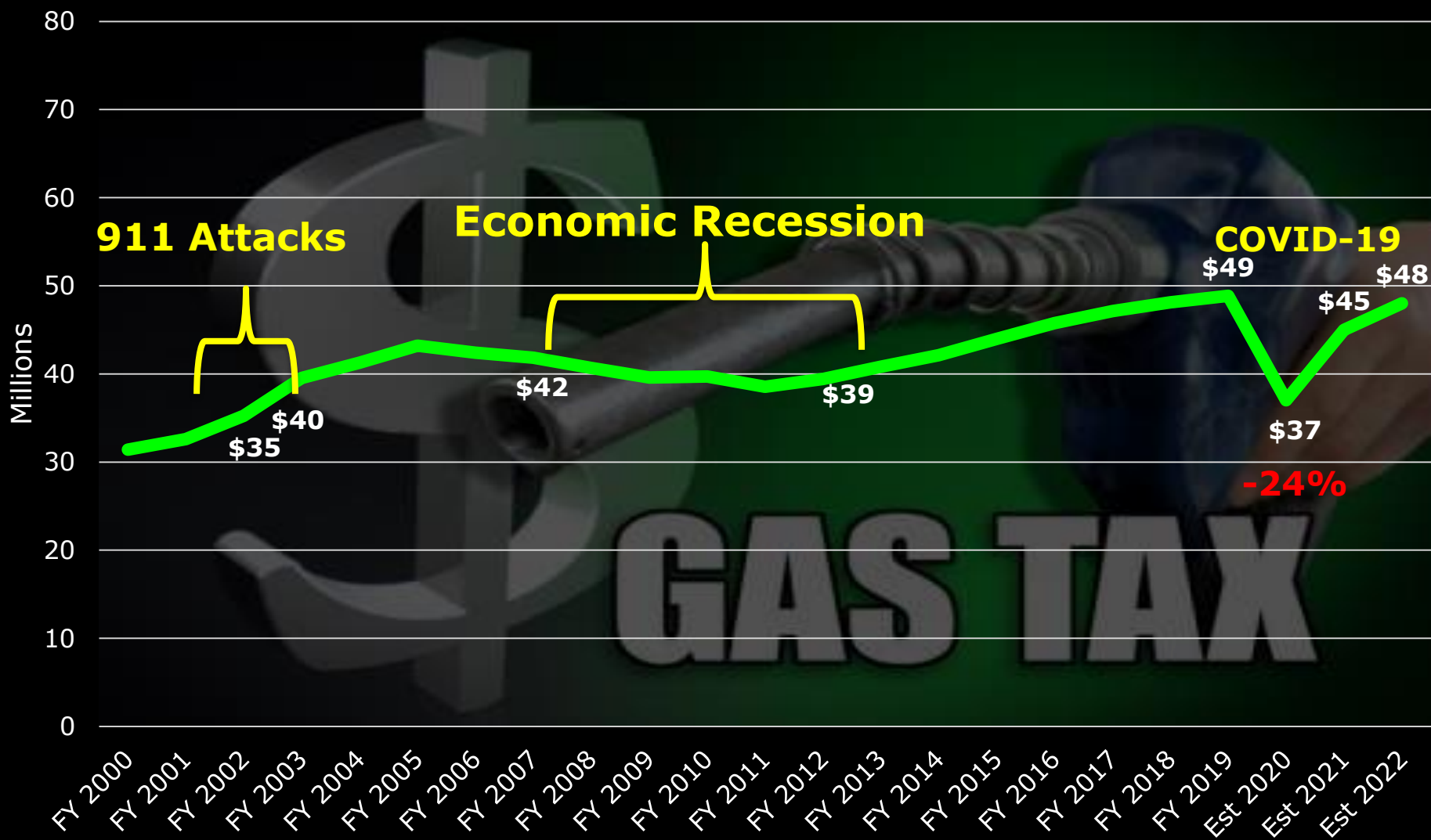
Gas Taxes

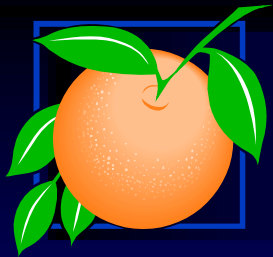
- Last Year Collected **\$49M**
- FY 2020 First 6 Months **\$22M**
- FY 2020 Full Year Estimate **\$37M**
- Total Possible FY 2020 Reduction **(\$12M)**
-24%





Gas Taxes

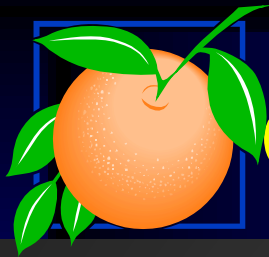




County Property Taxes

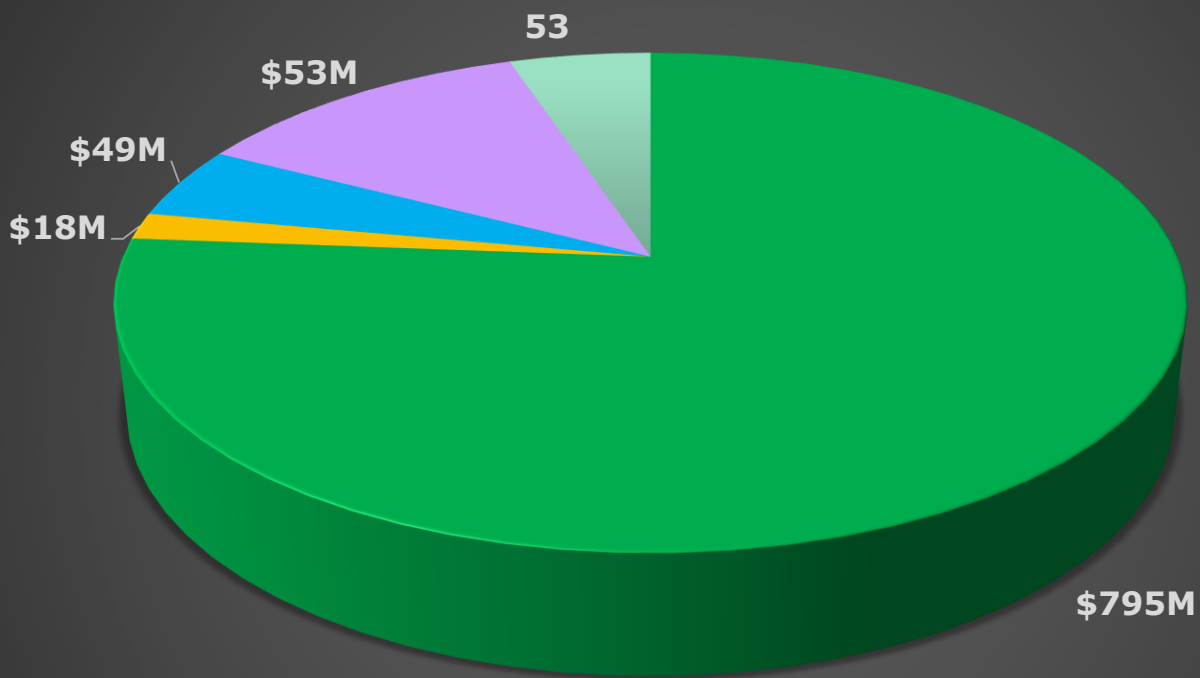
- **No significant short-term impact**
- **FY 2020 property taxes collected by April 15 (extended date from State)**
- **FY 2021 is based on appraisal value date January 1, 2020 before the COVID-19 impact**
- **FY 2022 possible impact to valuations from COVID-19 depending on commercial recovery**





General Fund Revenues

\$1.04 Billion



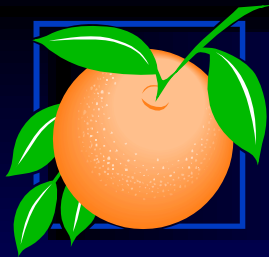
■ Ad Valorem

■ Sales Tax

■ Grants, etc.

■ Fund Balance

■ Service Charges, Interest, Other

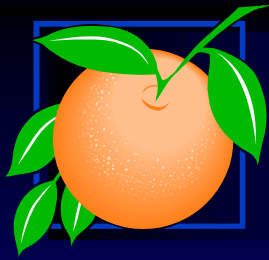


General Fund

General Fund Uses

- **Constitutional Offices**
- **Administration and Fiscal Services**
- **Administrative Services**
- **Community & Family Services**
- **Corrections**
- **Health Services**
- **Office of Emergency Management**
- **Planning, Environmental & Development Services**
- **Arts General Fund Per Capita**
- **LYNX**
- **CRAs**
- **Other Offices**





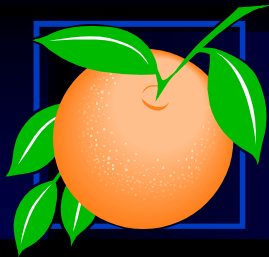
General Fund

Historical Reserves

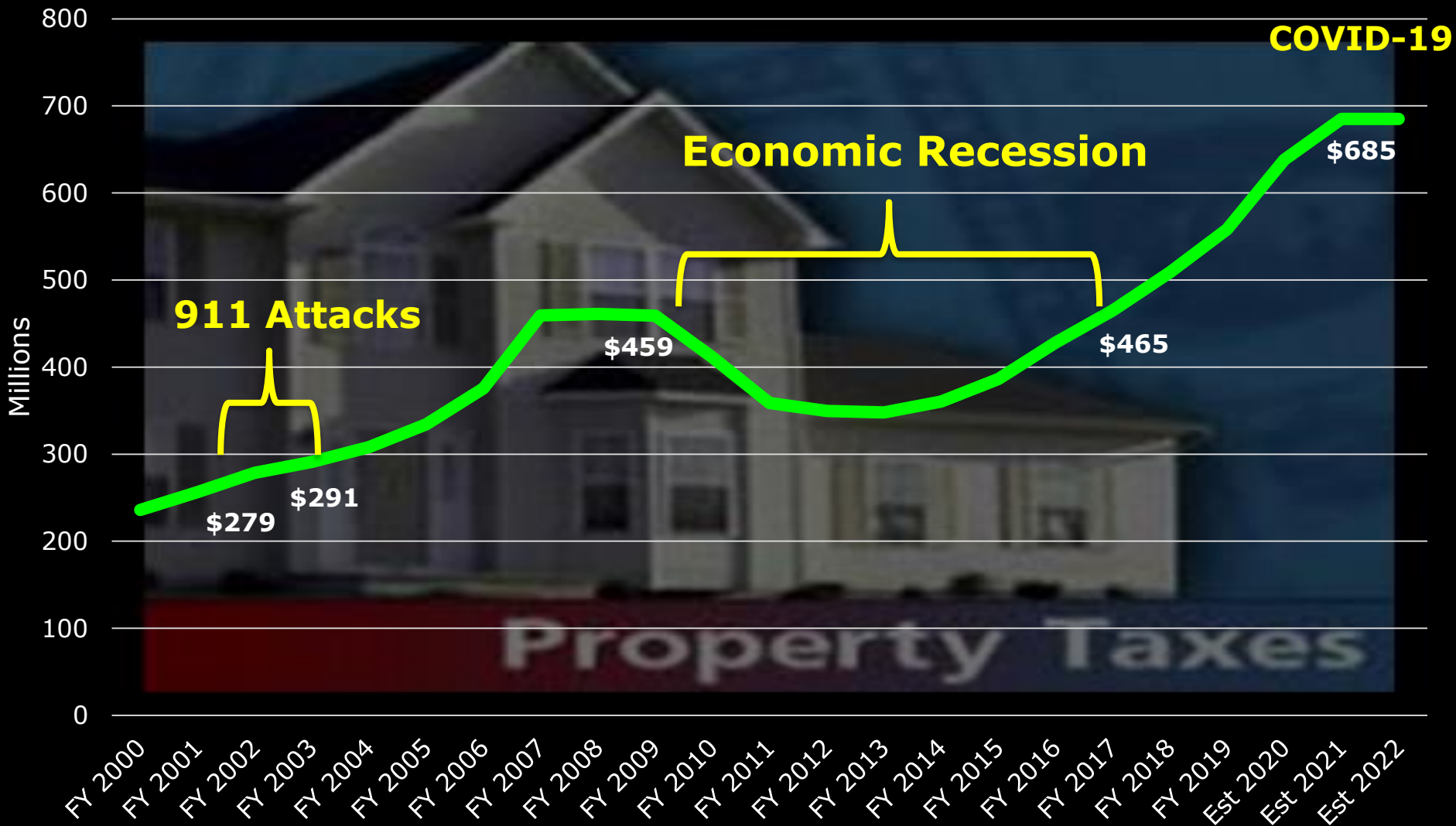


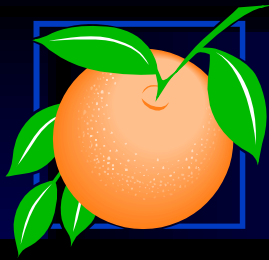
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund	\$749	\$714	\$709	\$721	\$744	\$775	\$815	\$846	\$897	\$964	\$1,041
Reserves	\$52	\$54	\$50	\$50	\$55	\$58	\$61	\$64	\$69	\$67	\$76
% Reserves	6.9%	7.6%	7.0%	7.0%	7.4%	7.5%	7.5%	7.5%	7.6%	7.0%	7.3%

Reserves General Fund



County Property Taxes

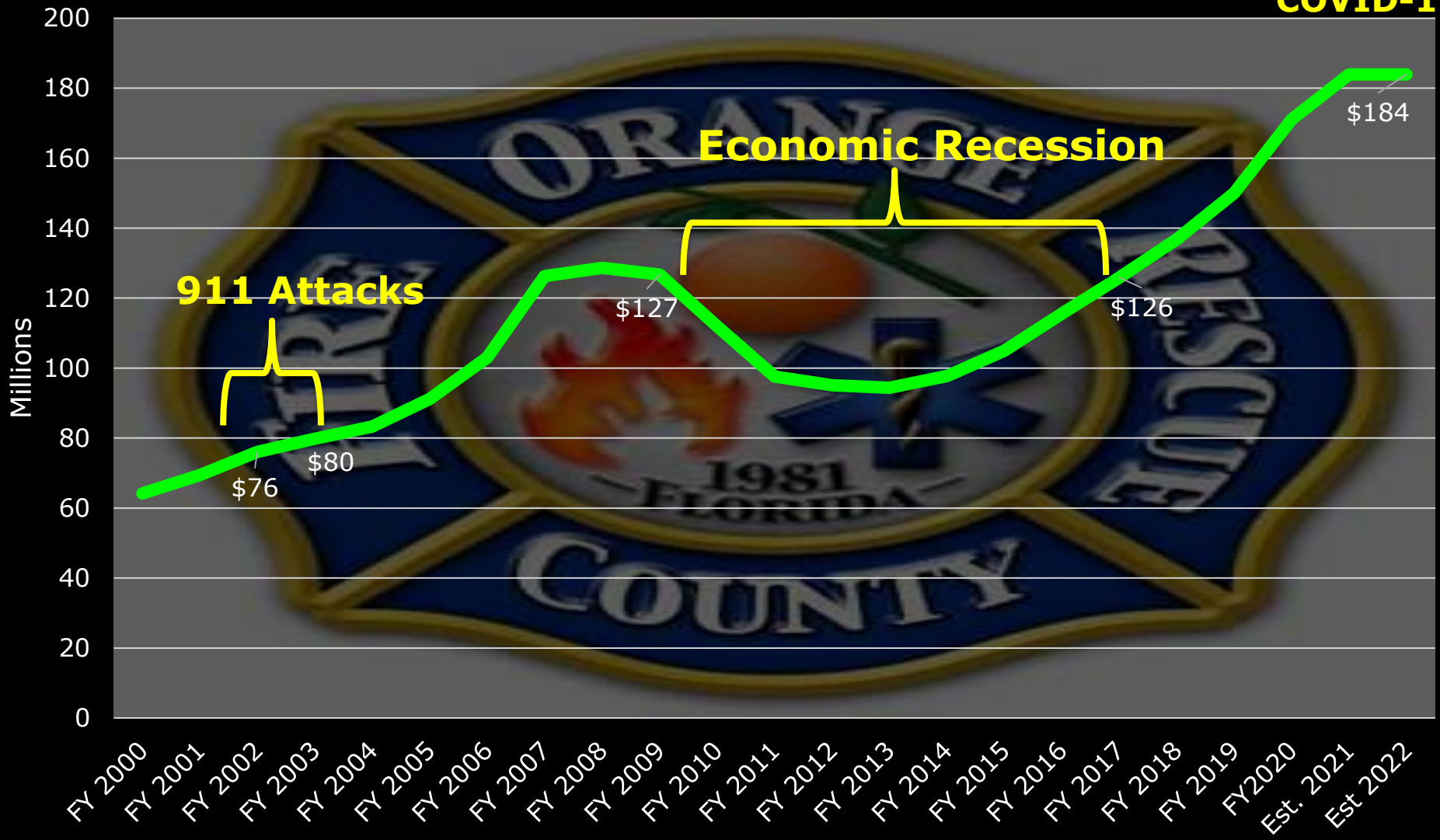


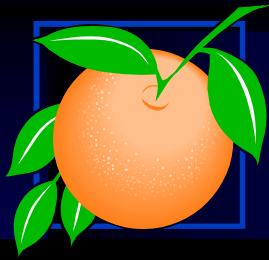


Fire MSTU

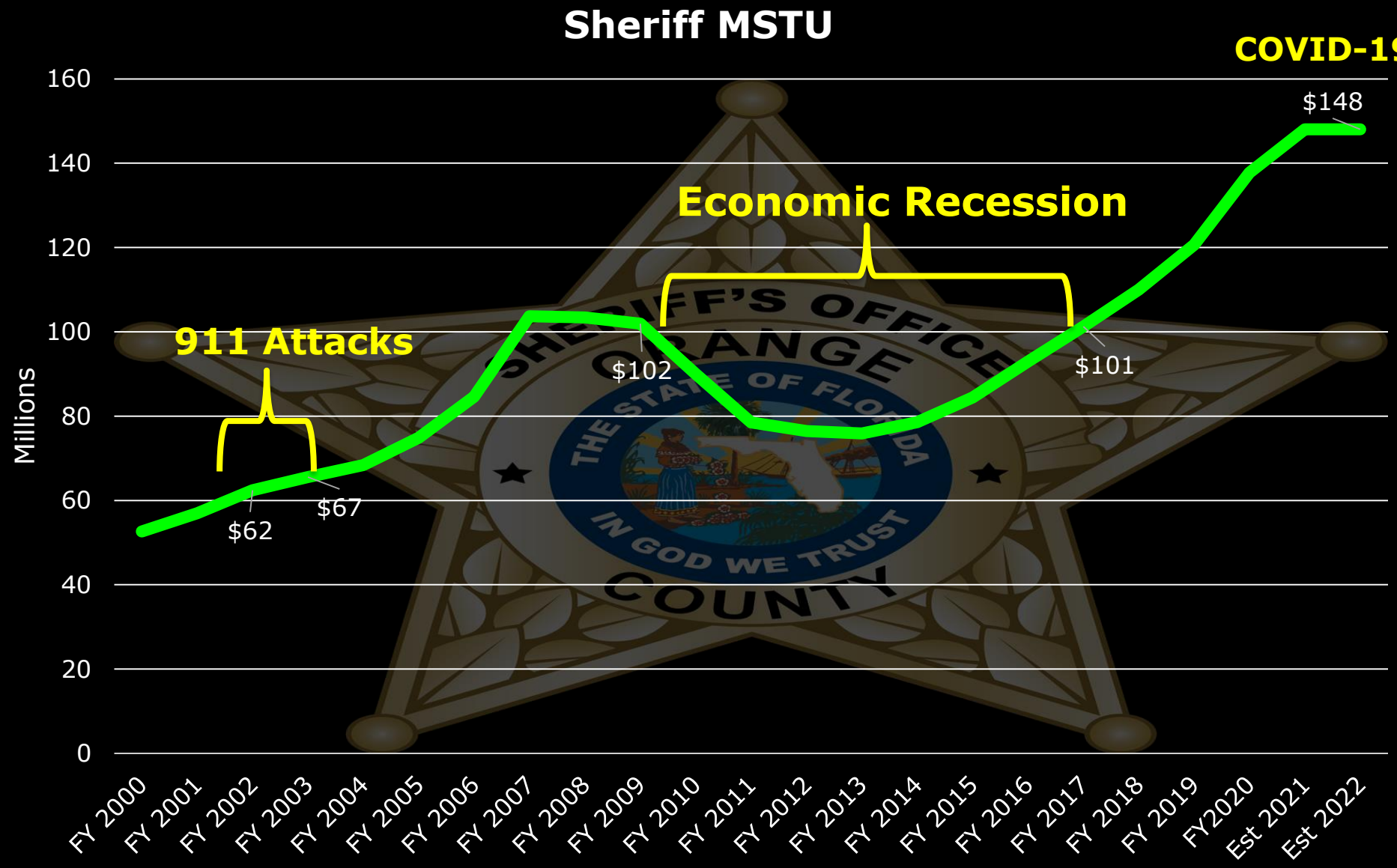
Fire MSTU

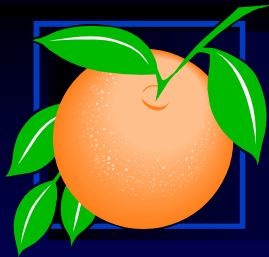
COVID-19





Sheriff MSTU

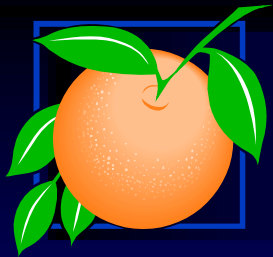




Investments

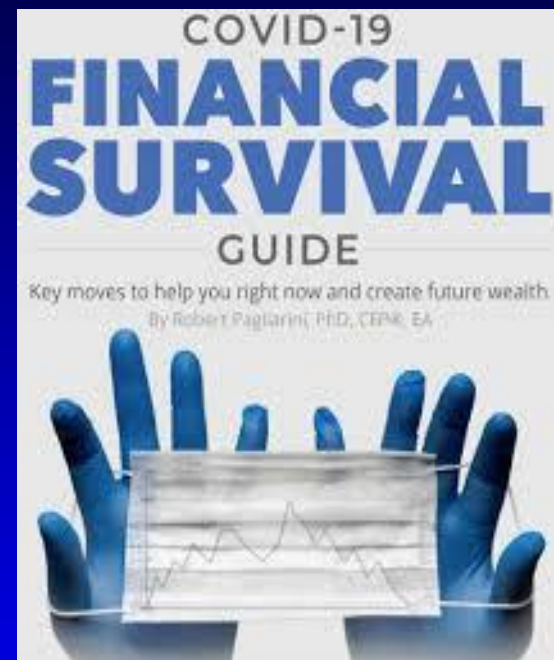
- **Managed by the Comptroller's Office**
- **Approximately \$2 Billion Portfolio**
- **2019 Earning \$49.6 Million or 2.3%**
- **Priorities Safety, Liquidity, Yield**
 - **Approximately 55% of portfolio in Treasuries and money market mutual funds**
 - **Florida PRIME**
 - **Florida CLASS**
 - **Demand and Time Deposit**
- **Match Maturities to cash flows**
- **Anticipate minor impacts to budget for FY 2020**

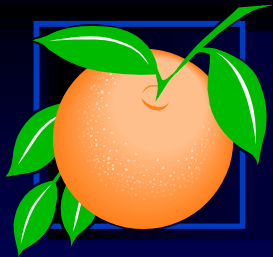




Presentation Outline

- **Financial Strategies & Safety Nets**

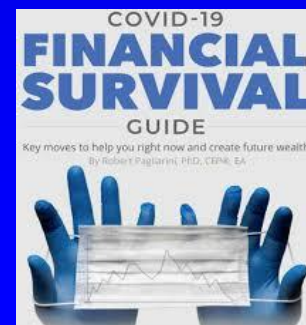


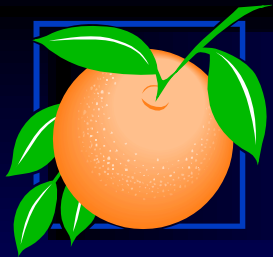


Financial Strategies

Current Fiscal Year Budget

- Freeze all non-public safety vacant positions until further notice with limited exceptions
- Postpone all non-essential operating expenses, such as equipment purchases, vehicles, and other expenditures that are not related to life, health or safety

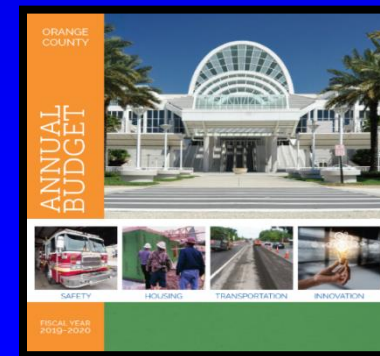


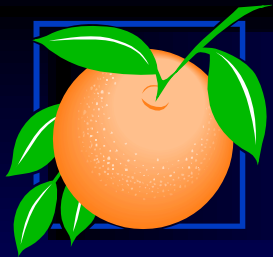


Financial Strategies

Proposed FY 2021 Budget Guidelines

- **No new positions unless related to life, health, safety or to fulfill a program obligation.**
- **Review operating and capital outlay budgets to determine if any expenditures can be postponed or reduced.**
- **Limitations on new capital improvement projects**
- **Current capital improvement projects already planned will be evaluated.**

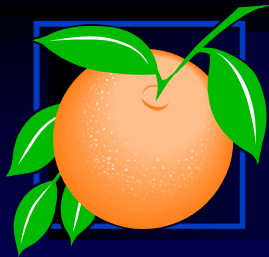




Budget Safety Nets

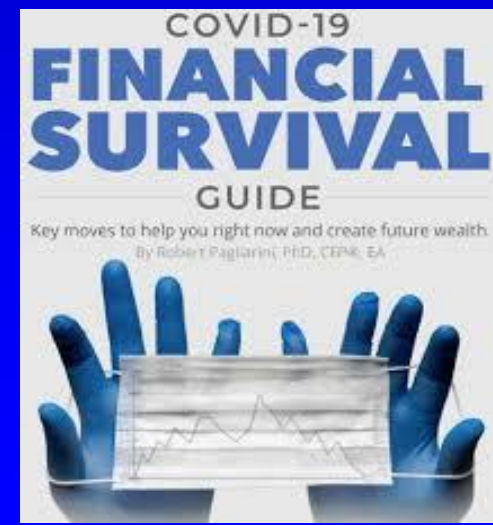
- **Conservative approach to developing budget**
- **Statutory Deduction**
 - Florida law requires that counties budget revenues at 95% of the anticipated amount

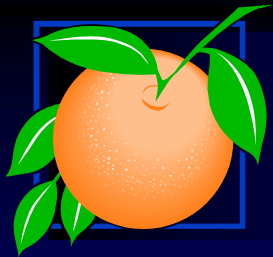




Budget Safety Nets

- **Reserves – Our Final Safety Net**
 - Reserves are Healthy
 - Target is to be no less than 7% of most funds
- **Types of Reserves**
 - **Contingency Reserves**
 - Emergencies, Other Unanticipated Expenses or Opportunities
 - Reserves for Future Capital Outlay
 - Debt Service Reserves
 - Rate Stabilization Reserves
- **Board Controls Reserves**



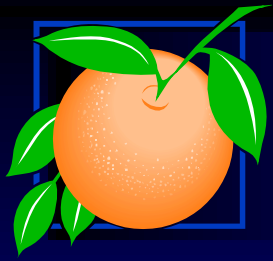


Summary

- **Revenue impact limited to selected areas most notably for TDT and Sales Tax**
- **Budget is being refined and recalibrated to address the current situation**
- **Continue to monitor our fiscal health**
- **Aggressively pursuing Federal Funds to assist with Covid-19 expenses**
- **County's Fiscal Health is in good shape**

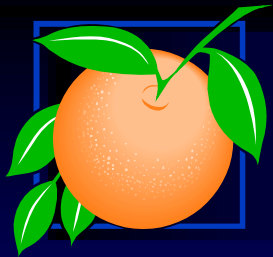
A stylized graphic of orange leaves and a branch, rendered in a lighter shade of blue, is positioned in the upper half of the slide. The leaves are layered and overlap, with a central stem and branch extending from the top right towards the center.

Orange County Federal Funding Overview



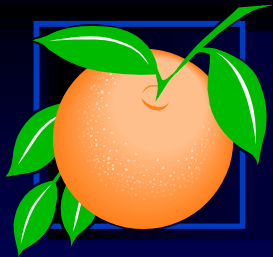
Federal Funding

- **Coronavirus Relief Fund (CARES Act)**
 - **\$150 billion in direct aid to state and local governments**
 - **State of Florida allocation \$8.3 Billion**
 - **Orange County has submitted certification for \$243 million based on the population formula in the CARES Act**
 - **Received email confirmation of Orange County's submission**
"Thank you for your submission. This email confirms receipt of your request. The Treasury Department will review your request as quickly as possible, and will contact the Contact Person listed on the request at the appropriate time."



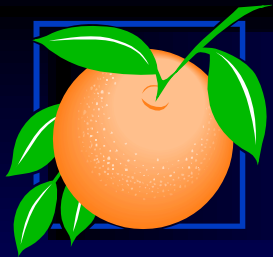
Federal Funding

- **Coronavirus Relief Fund (CARES Act)**
 - A local government population of at least 500,000 may elect to receive aid directly from the Treasury
 - It is assumed that for local government jurisdictions with a population under 500,000 would be eligible sub-grantees to their respective State and its use of its share of allocated funds
 - **Use Of Funds**
 - are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
 - were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and
 - were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.



Federal Funding

- **Coronavirus Relief Fund (CARES Act)**
 - **Additional information on eligible uses of fund disbursements by governments will be posted as it becomes available. (U.S. Treasury Website)**
 - **The Inspector General of the Department of the Treasury shall conduct monitoring and oversight of the receipt, disbursement, and use of funds made available.**
 - **Funds used in violation of subsection shall be booked as a debt owed to the Federal Government.**

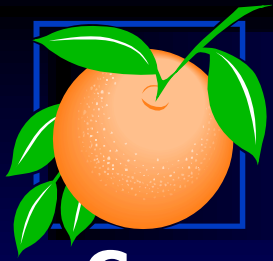


Federal Funding

Head Start Division

- **Head Start CARES Act Quality Improvements - \$408,576**
 - The CARES Act funding is a one-time activity and not added to the total grant
 - Head Start plans to utilize the funding for technology, classroom supplies and materials, enhance network infrastructure in the classrooms and other equipment
 - Federal funds from Health & Human Services

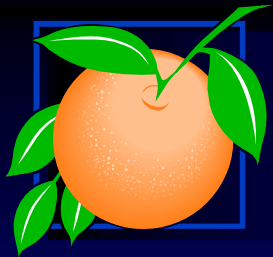
- **Head Start CARES Act Summer Program - \$627,822 Requested**
 - Orange County Head Start also filed an intent to operate Summer Head Start for the month of July
 - The action for Board approval is set for the meeting scheduled on May 5, 2020
 - This money is not guaranteed and is part of a competitive process.
 - This is contingent upon the Florida Department of Education approving students to return to school, however applications must be submitted by May 15, 2020
 - Federal funds from Health & Human Services



Federal Funding

Community Action Division

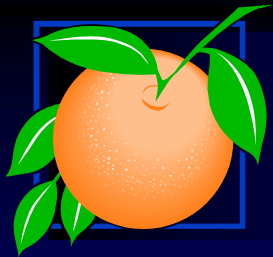
- **Community Services Block Grant (CSBG)**
 - CSBG funds to provide vocational training and tuition assistance (coupled with supportive services: transportation, childcare, rent assistance, utility assistance). The program also assist low income individuals with achieving basic work skills and competencies.
 - Eligible if 125% of the federal poverty guidelines for the household size
 - Specific guidance on the use of the CARES Act CSBG funds will come from the State Department of Economic Activity, the Federal Department of Health and Human Services has provided guidance indicating three categories for COVID-19 expenditures under CSBG
 1. *Coordination and Delivery of Critical Services* (continuation of services)
 2. *Access to Facilities for Urgent Needs* (sanitation supplies, gloves, cleaning services, etc.)
 3. *Connection and Referral* (basic needs, nutrition/food, health and mental health)
 - Amount is unknown at this time



Federal Funding

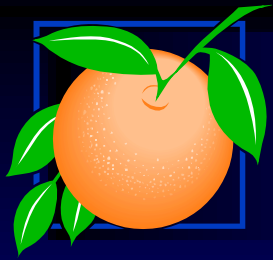
Community Action Division

- **Low Income Home Energy Assistance Program (LIHEAP)**
 - **The Low Income Home Energy Assistance Program (LIHEAP) helps keep families safe and healthy through initiatives that assist families with energy costs. Provide federally funded assistance in managing costs associated with home energy bills.**
 - **Eligible if household income is less than 150% of the federal poverty guidelines.**
 - **The CARES Act provides additional funding in anticipation that there will be far more households that income qualify for services.**
 - **Amount is unknown at this time.**
 - **Federal Funds from Health & Human Services passed thru the State to the County**



Federal Funding

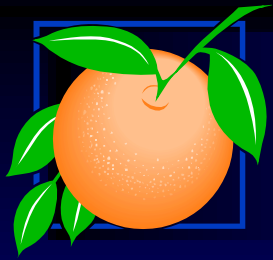
- **US Department Of Justice and Bureau of Justice Assistance – JAG Grant**
 - Orange County eligible for \$1,157,721 to help with COVID-19 expenses.
 - Allowable projects and purchases include, but are not limited to, overtime, equipment (including law enforcement and medical personal protective equipment), hiring, distribution of resources to the most impacted areas), and addressing the medical needs of inmates in state, local, and tribal prisons, jails, and detention centers.
 - Grant Application Due May 29, 2020
- **\$100 million in Assistance to Firefighters Grant (AFG) funds for the purchase of personal protective equipment and related supplies for our nation's first responders. Fire Rescue Evaluating**



Federal Funding

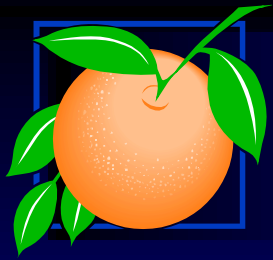
Transit

- **\$25 billion in federal funding allocations to help the nation's public transportation systems respond to the Coronavirus (COVID-19).**
- **\$107 Million (Orlando & Kissimmee)**
 - **\$30 Million SunRail**
 - **\$77 Million LYNX**
 - **\$62M Orlando**
 - **\$13M Kissimmee**
 - **\$1.5M Rural Allocation**
- **Funding through Federal Transit Administration**
- **Anticipated uses are to reimbursement for losses in fare revenue, direct coronavirus expenses, operating expenses, and capital items**



Federal Funding

- **FEMA Funding for COVID-19**
 - **\$45 Billion intended from FEMA to help State and localities including reimbursing eligible costs incurred for medical response and purchase of protective equipment after review and determination of eligibility by FEMA and FDEM.**
 - **Orange County has an approved Request for Public Assistance submitted to the State and FEMA.**
 - **Any approved reimbursement funds flow from FEMA to the State as the Grantee, and from the State FDEM to Orange County as a Sub-grantee.**
 - **As of April 14, 2020, FEMA has not yet assigned a required Program Manager to work with Orange County, and the State FDEM office has not completed development of the Funding Agreement between Orange County and the State.**



Federal Funding

- **Department of Housing and Urban Development (HUD) issued a letter to Orange County on April 2, 2020 allocating \$6.1M in funding to the County under the CARES Act**
 - **\$4.1M in Community Development Block Grant (CDBG) for provision of public services, supplies and materials related to COVID-19**
 - **\$2M in Emergency Solution Grant (ESG) funds to accommodate the COVID-19 response among providers of homeless services**

Board of County Commissioners

**CARES Act Update:
Community Development Programs**

April 21, 2020



Overview

- **U.S. Department of Housing and Urban Development (HUD) allocation to Orange County:**
 - Community Development Block Grant (CDBG-CV)- \$4,147,196
 - Emergency Solutions Grant (ESG-CV)- \$2,024,224
- **The CDBG Program funds neighborhood revitalization activities such as capital improvements, housing rehabilitation, and public services**
- **The ESG Program funds services for homeless individuals and families**
- **Waivers are available but other program requirements still apply**



Available Waivers

▪ For CDBG-CV

- Elimination of 15% cap for public services
- Reimbursement of COVID-19 related expenditures when costs comply with CDBG requirements

▪ For ESG-CV

- Elimination of 60% cap for shelter operations
- Elimination of restrictions limiting rental assistance to only units at or below fair market rents
- Elimination of monthly case management requirements for eligible activities (homeless prevention and rapid re-housing)



Process

- Pending Federal Register notice may include additional waivers and alternative requirements
- HUD recommends amending the current FY 2019-2020 Annual Action Plan and not waiting for the notice to be published
- The County's Request of Applications (RFA) process for nonprofit agencies (public services and homeless services) has been extended to May 1, 2020, to allow for COVID-19 related activities to be submitted for consideration
- Continue ongoing consultations with internal and external stakeholders



Sample Eligible Activities for CDBG-CV

- **New or increased public services (i.e. staffing)**
- **Expansion of health services related to COVID-19**
- **Job retention and employment skills training**
- **COVID-19 related equipment, supplies and materials**
- **Delivery of meals to quarantined individuals or those who need to maintain social distancing due to medical vulnerabilities (such as Meals on Wheels)**
- **Physical expansion of existing food pantries or food banks**



Sample Eligible Activities for ESG-CV

- Shelter meals and food preparation costs
- Increased staffing, cleaning and security costs
- Shelter renovations to expand space (i.e. areas for quarantine or required distancing)
- Shelter equipment and supply needs related to COVID-19 (i.e. rollaway beds)
- Hotel vouchers when a shelter is at capacity
- Expansion of rental assistance activities, to include rapid re-housing and homeless prevention



Next Steps

- **Continue consultations with internal and external stakeholders and community partners**
- **Review proposals submitted during the RFA process and provide funding recommendations to the BCC**
- **Request waivers from HUD and amend FY 2019-2020 Annual Action Plan to include CV funds**
- **Execute agreements with agencies for programs and activities related to the COVID-19 response**