

El Dorado County Investment Plan

Limit Government.
Enhance Services.

Problem: Ongoing Shortfalls

- New Economic Era
 - Discretionary revenue will no longer keep pace with operating cost increases in foreseeable future

Ongoing Shortfalls

More Conservative Assumptions

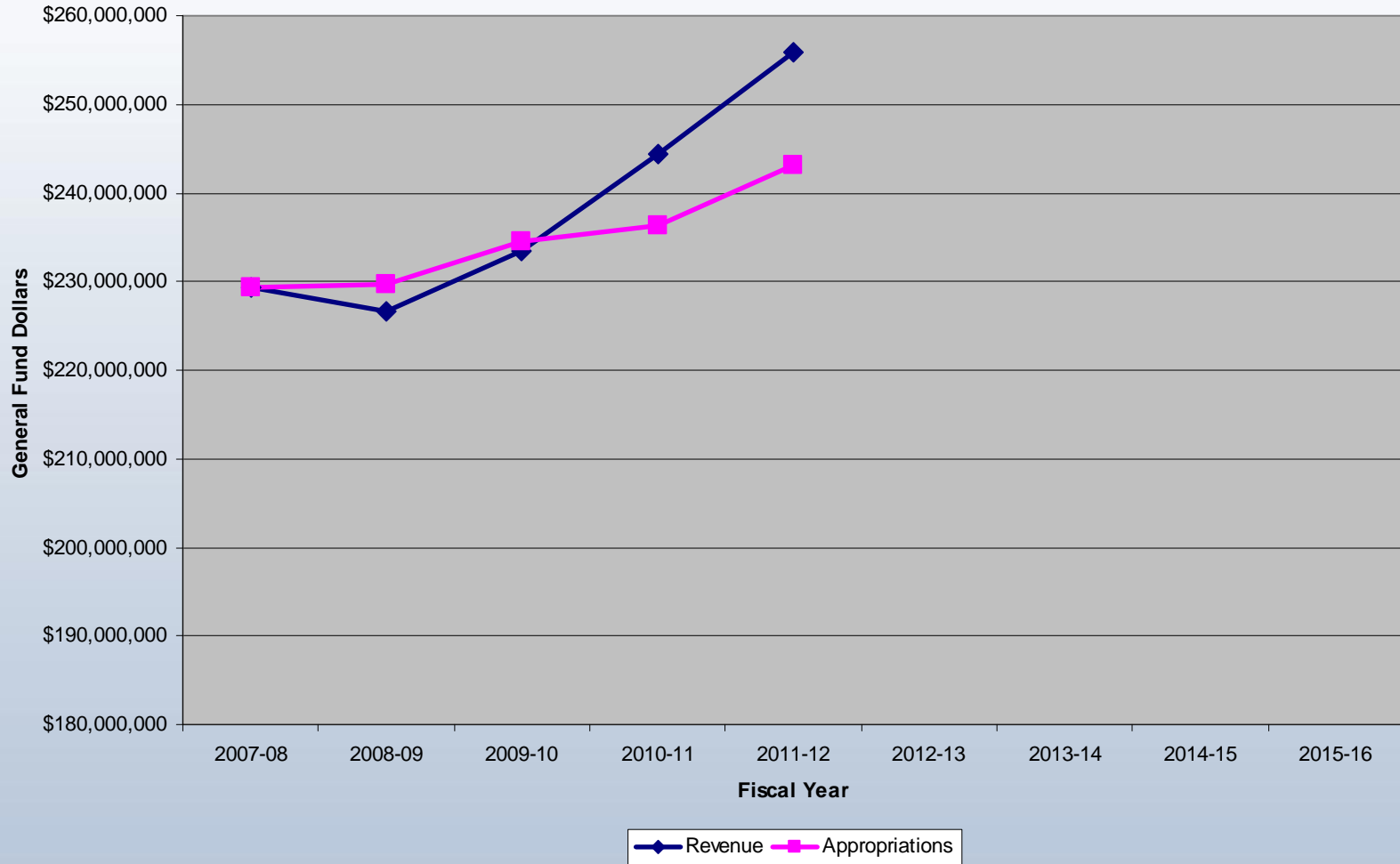
| | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|---------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| Revenue | \$ 204,350,380 | \$ 193,853,190 | \$ 195,901,723 | \$ 197,970,441 | \$ 200,161,732 |
| Appropriations | \$ 204,350,380 | \$ 202,481,347 | \$ 209,665,535 | \$ 217,059,999 | \$ 224,723,536 |
| Suplus/(Shortfall) | \$ - | \$ (8,628,157) | \$ (13,763,812) | \$ (19,089,558) | \$ (24,561,804) |

Less Conservative Assumptions

| | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 |
|---------------------------|----------------|----------------|----------------|-----------------|-----------------|
| Revenue | \$ 204,350,380 | \$ 195,853,190 | \$ 197,901,723 | \$ 199,970,441 | \$ 202,161,732 |
| Appropriations | \$ 204,350,380 | \$ 201,119,998 | \$ 206,695,065 | \$ 212,445,009 | \$ 218,414,690 |
| Suplus/(Shortfall) | \$ - | \$ (5,266,808) | \$ (8,793,342) | \$ (12,474,568) | \$ (16,252,958) |

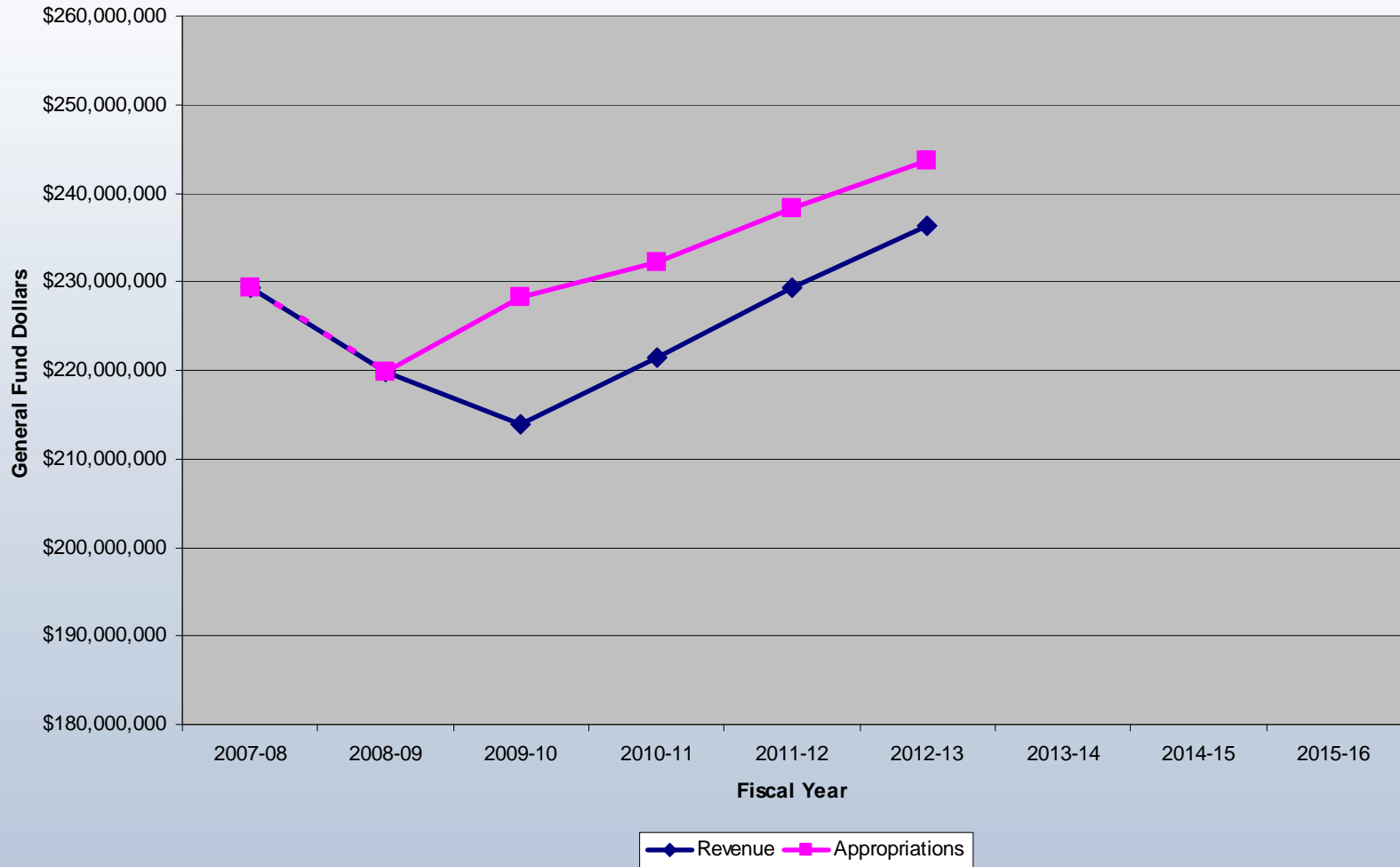
FY 2007-08

Five Year Forecast



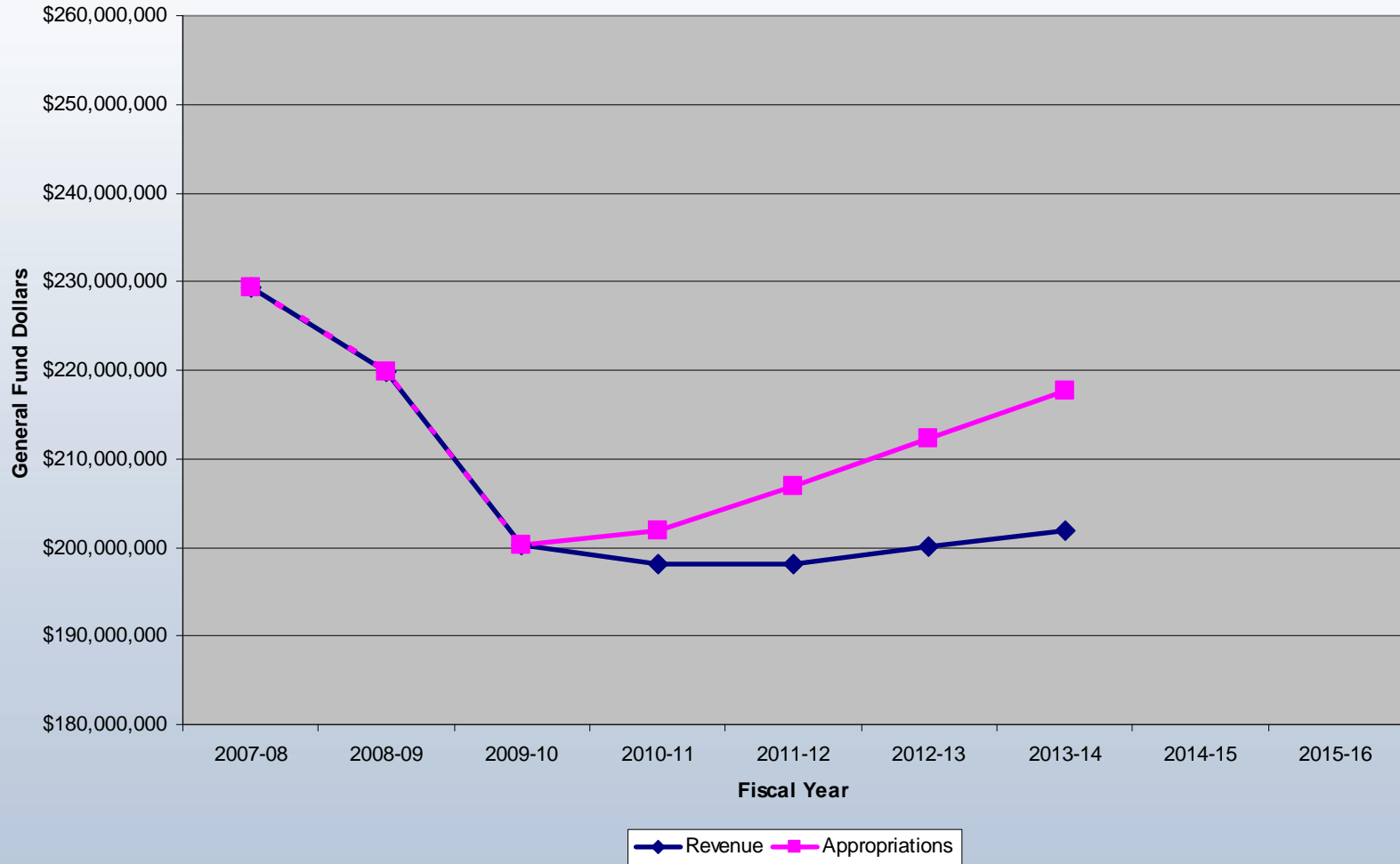
FY 2008-09

Five Year Forecast



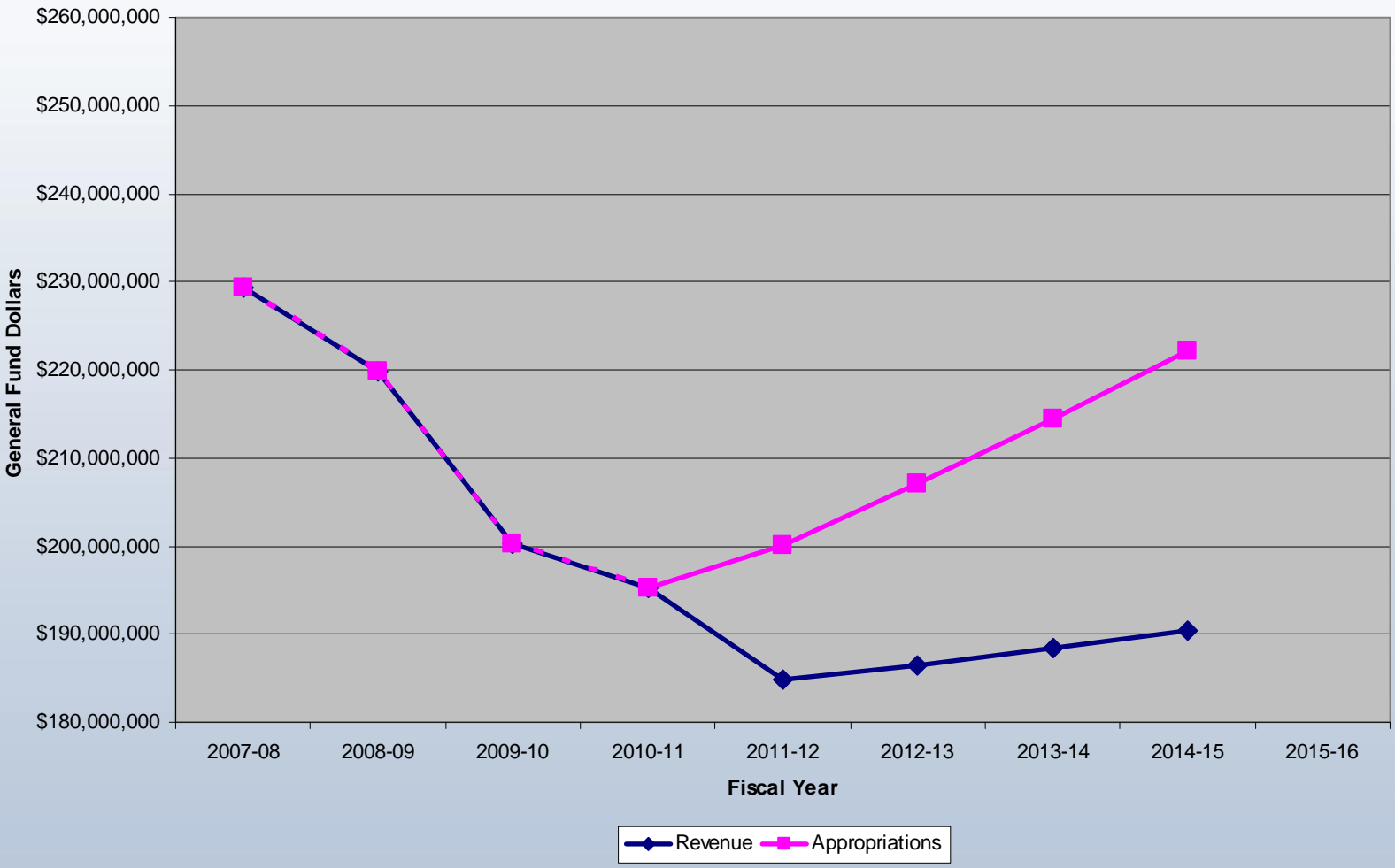
FY 2009-10

Five Year Forecast



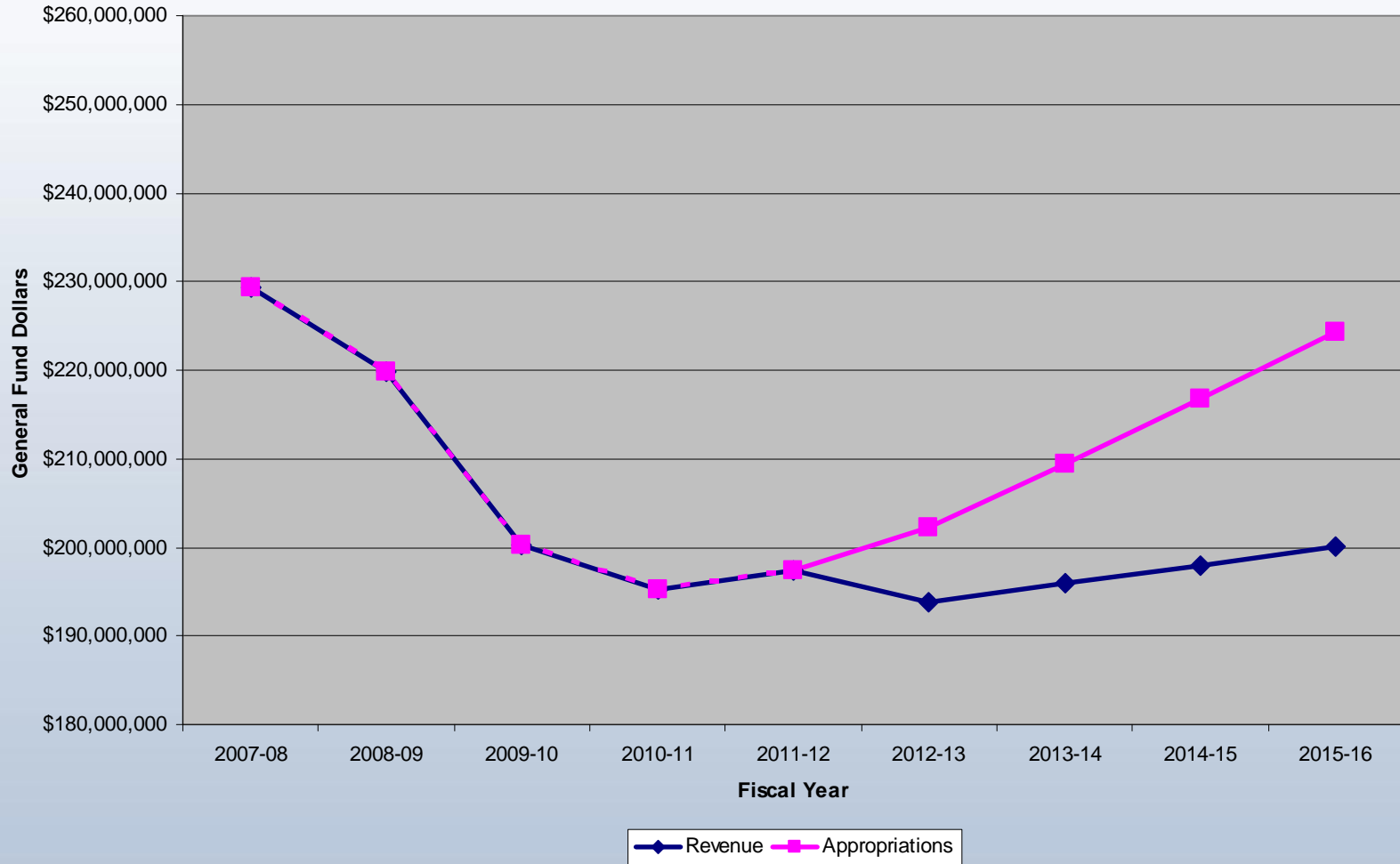
FY 2010-11

Five Year Forecast



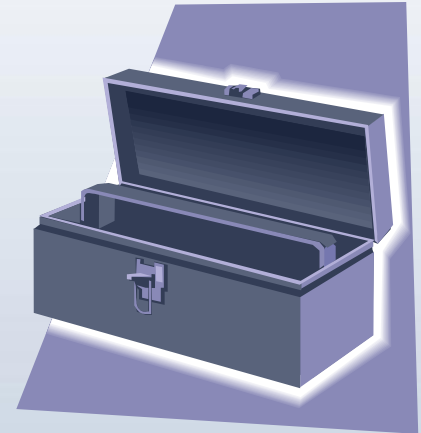
FY 2011-12

Five Year Forecast



What's Been Our Solution?

- Fund Balance
- Delete Vacant Positions
- Furloughs
- Other One-time Funds
- Position Reductions



Short Term Strategies

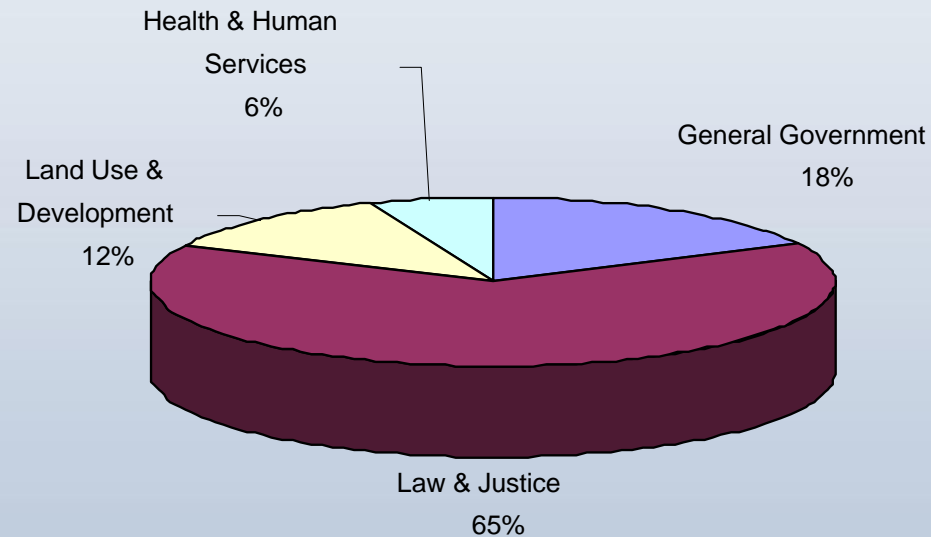
What will be the impact?

- Short term strategies only buy time
 - Can no longer cut our way out of persistent structural deficits
- Diminishing Levels of Service
 1. Do more with less people
 2. Do the same with less people
 3. Do less with less people
 - Every \$1,000,000 equates to approximately 10 positions

Where will the impact occur?

- Most impact will be in Law & Justice

Share of County Discretionary Revenue



What is Our Goal?

- Merely balance the budget?
 - Address shortfalls as they come?
 - Be content with diminishing service levels?
- Position organization to avoid, minimize and manage shortfalls

Long Term Strategy Needed

- Long term strategy must:
 - Limit Government
 - Replace costly, antiquated, inefficient systems that require more and more people to maintain
 - Enhance Services
 - Reduce operating costs
 - Turn savings into services
 - Allow employees to become more efficient
- Invest
 - Maximize every dollar

Investment Plan Strategy

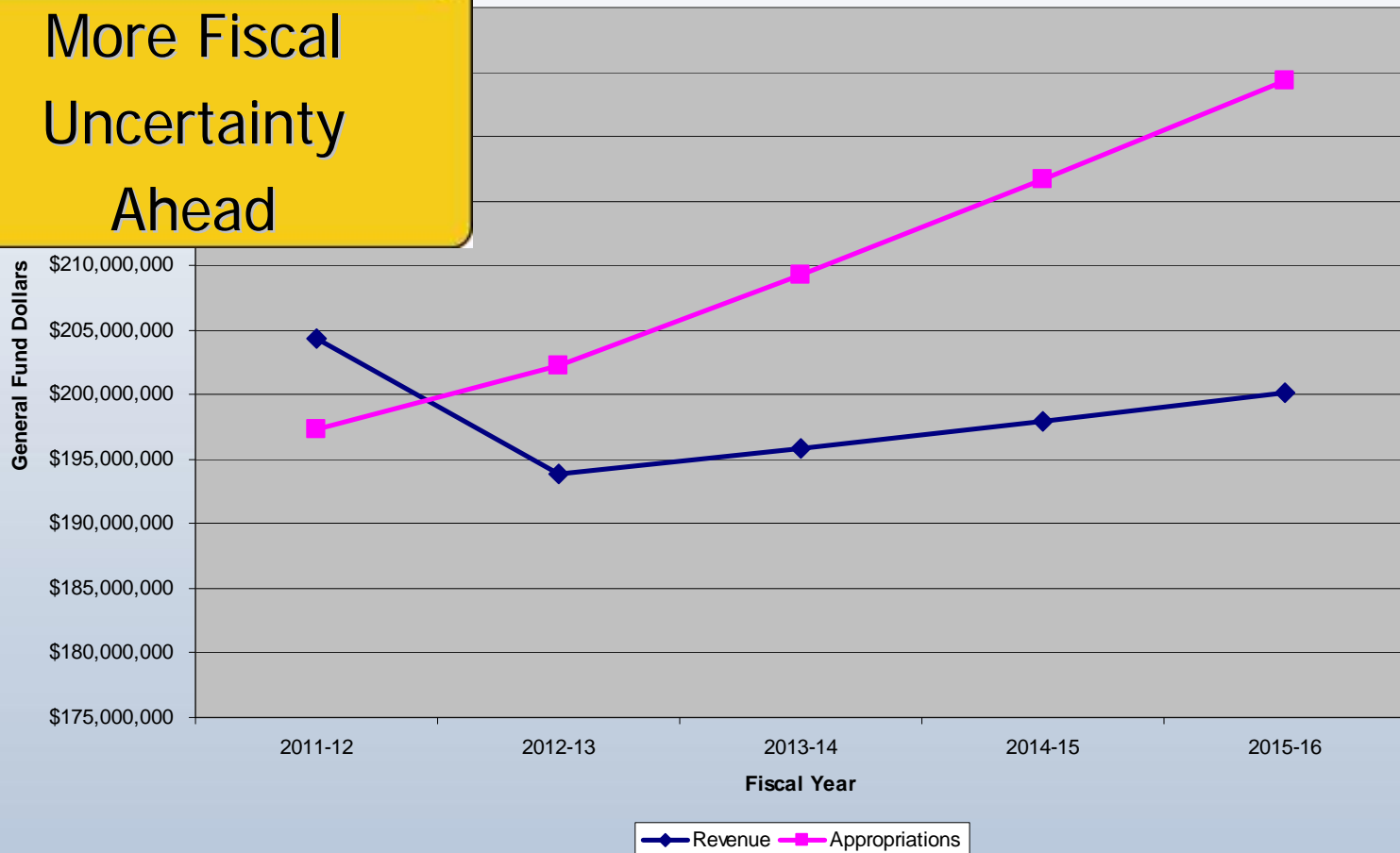
- Spend Conservatively
- Invest Wisely
- Be Flexible and Ready to Act

Spend Conservatively

CAUTION

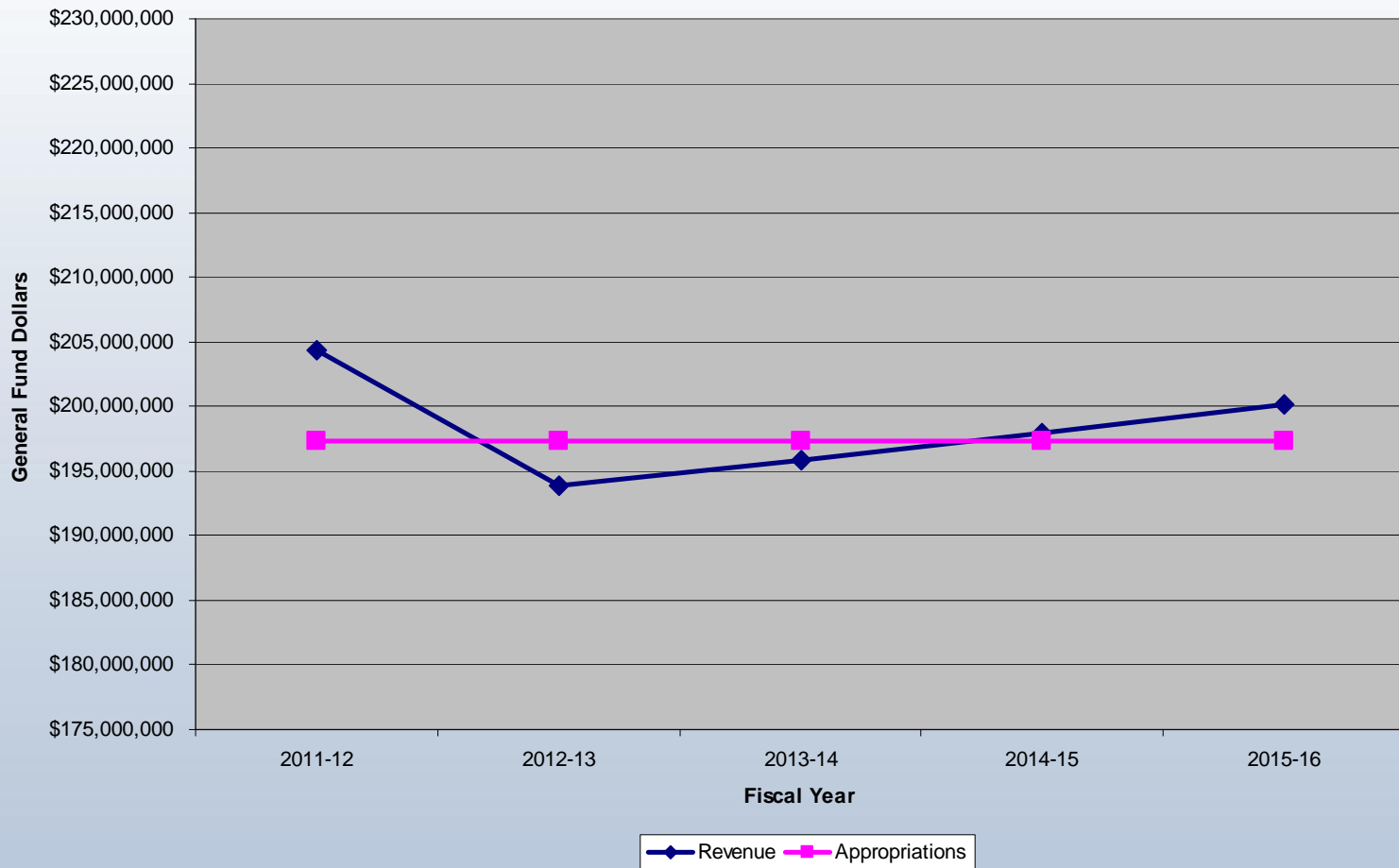
More Fiscal
Uncertainty
Ahead

FY 2011-12 Five Year Forecast



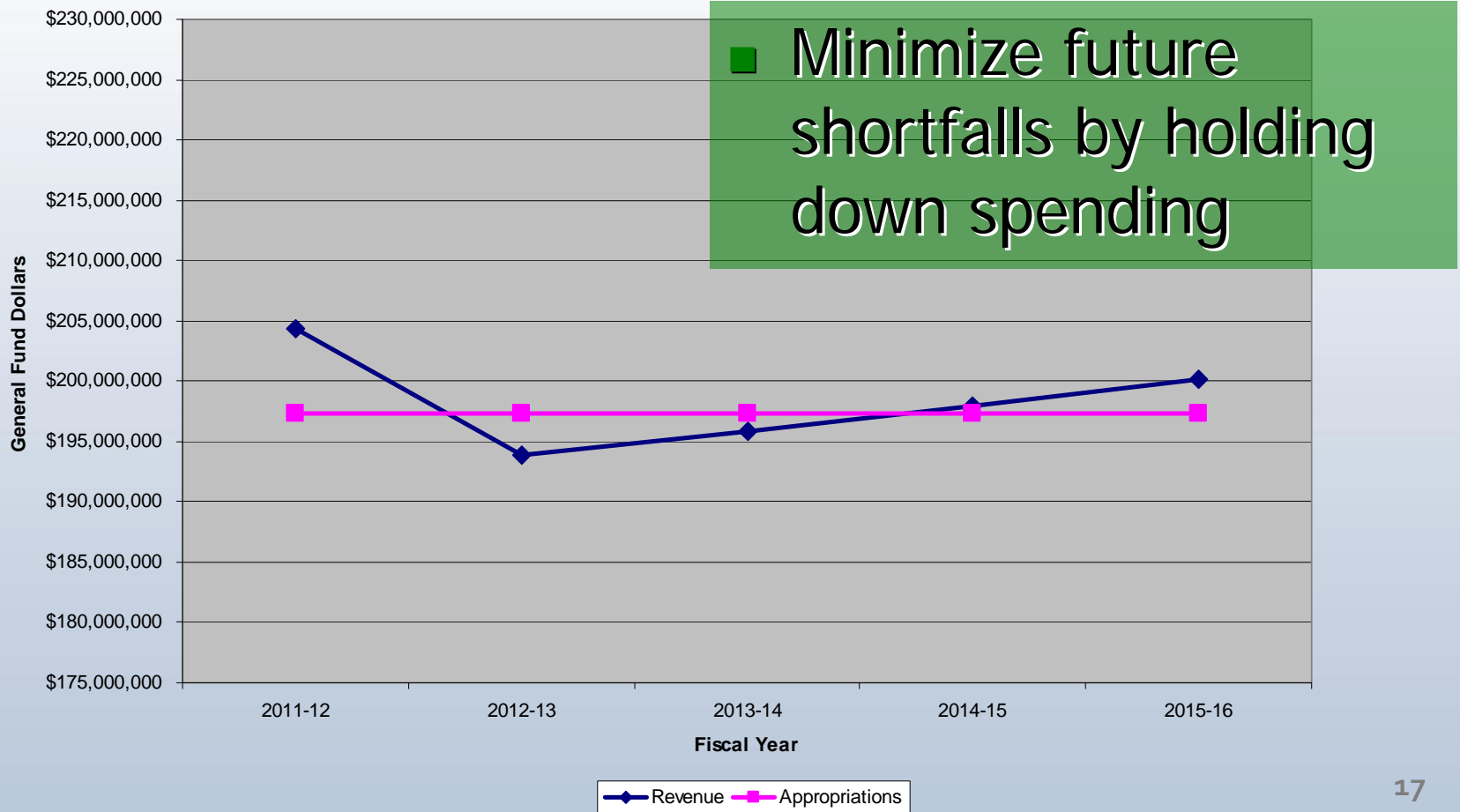
Spend Conservatively

Five Year Forecast (No Spending Growth)



Spend Conservatively

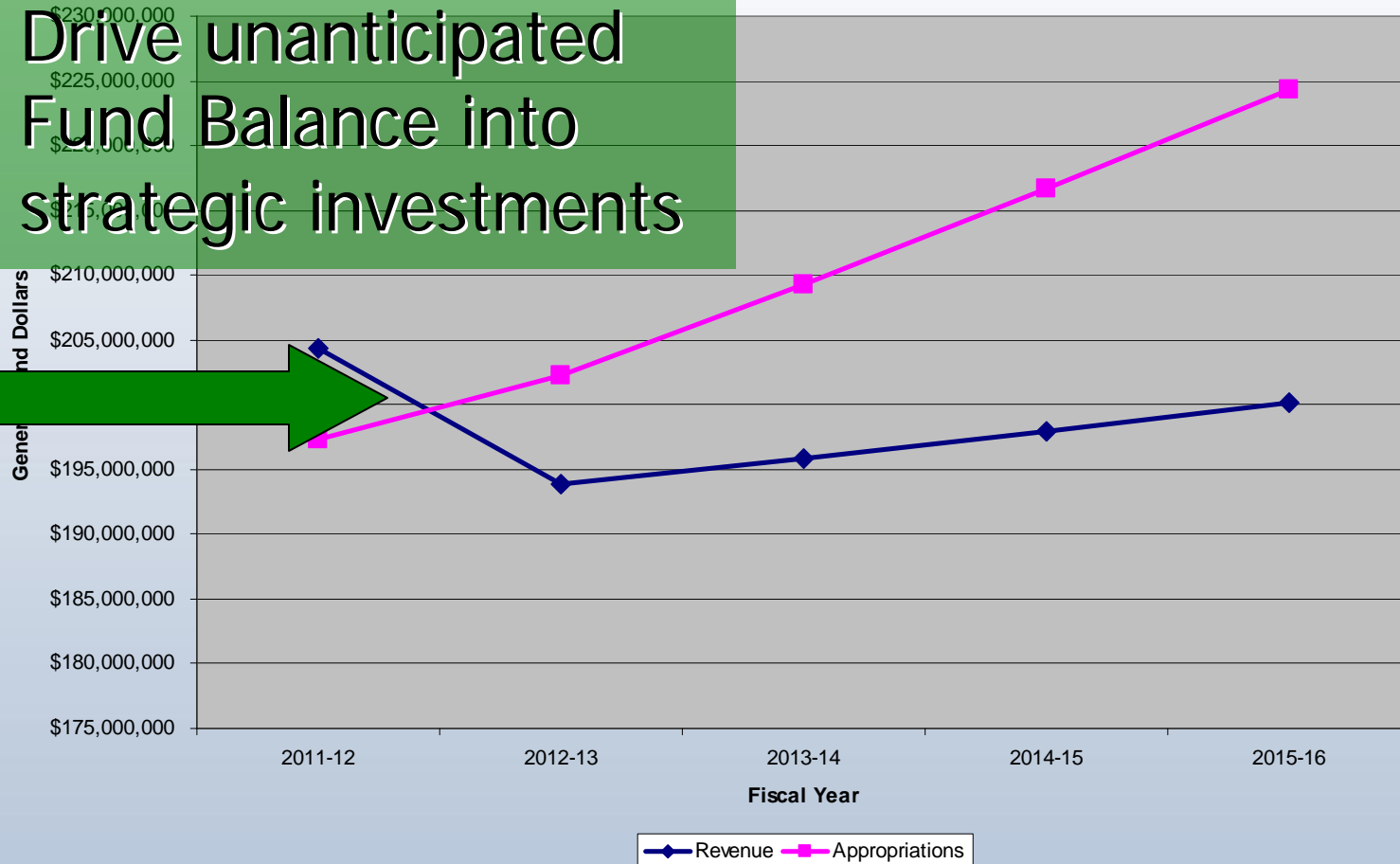
Five Year Forecast (No Spending Growth)



Invest Wisely

FY 2011-12 Five Year Forecast

■ Drive unanticipated Fund Balance into strategic investments



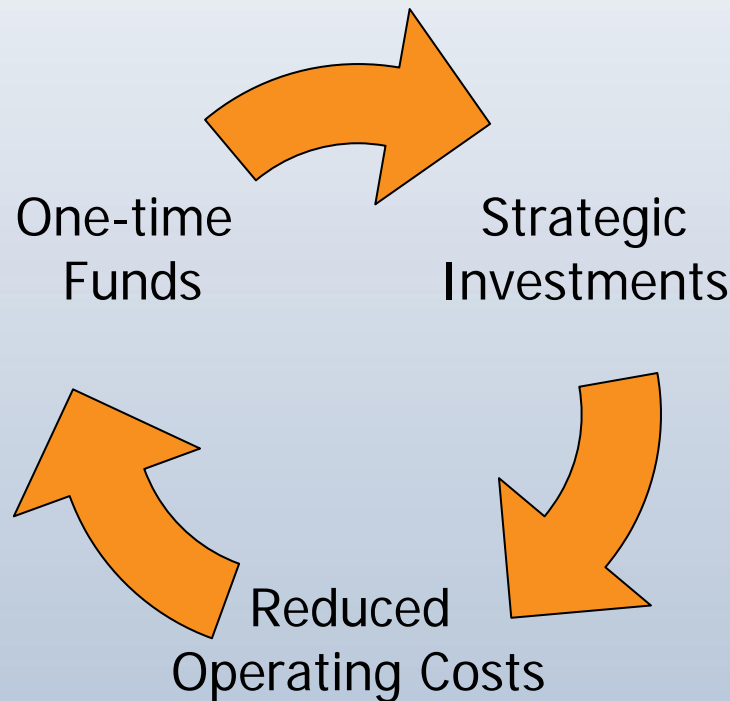
Investments

- Accounting System
- HR/Payroll System
- Property Tax System
- Land Management Information System
- E-mail
- Legistar Utilization
- Improved Standards
 - Customer Service
 - Financial Operations
- Property Management
- Improved Procedures
 - Risk Management
 - Records Storage
 - Labor Relations
 - Contracts/Purchasing
- Proactive business attraction/retention
- Staff/Management Training
- Legislative/Regulatory
- Communication

\$18,235,000

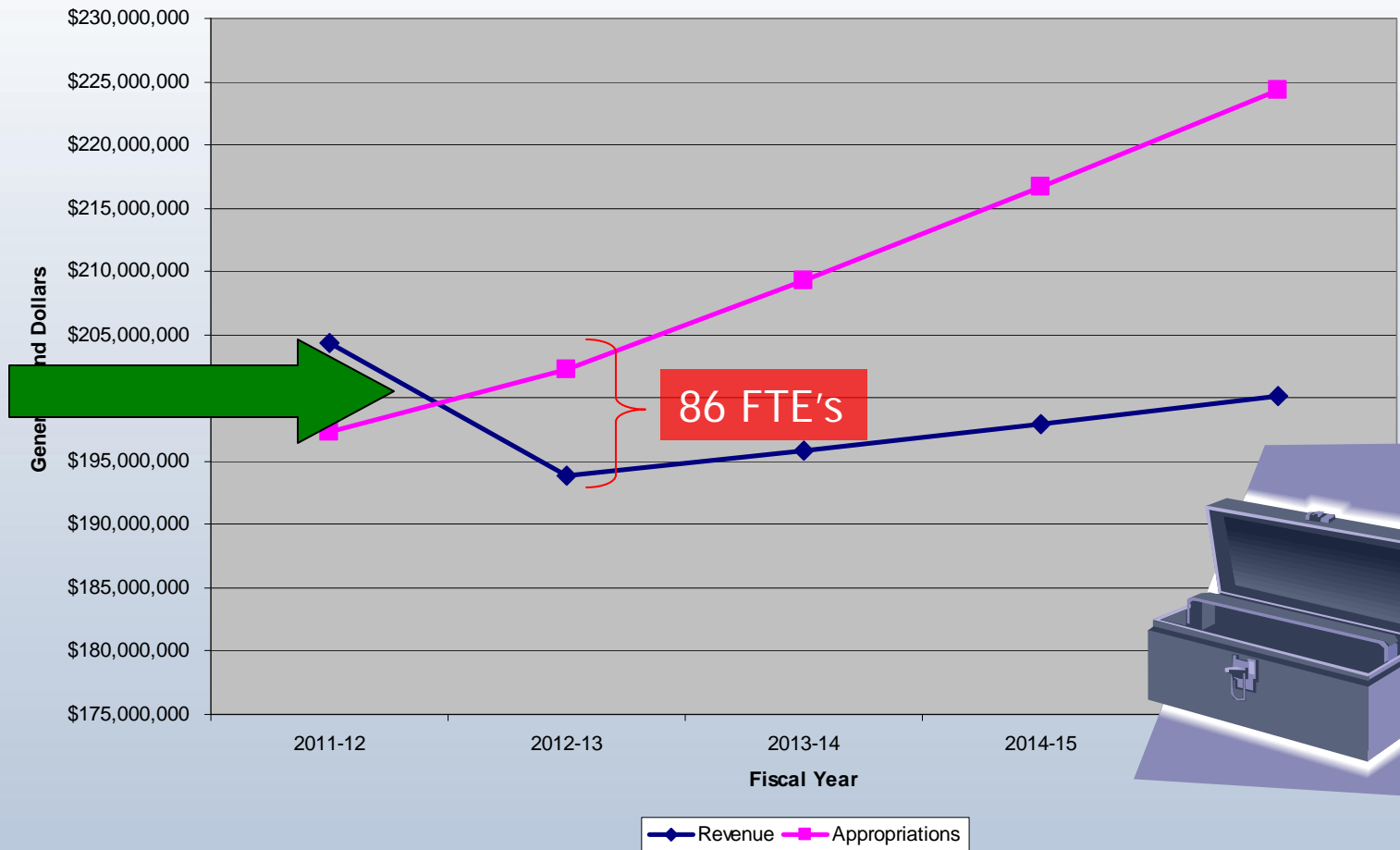
Executive Management Estimates

- ≈\$35 million annually beginning in year five
- Save at least 20% in FTE's



Be Flexible and Ready to Act

FY 2011-12 Five Year Forecast



Next Steps

- Approve Investment Plan (conceptually)
- Remain Flexible
 - Don't cut now
 - Monitor budget
- Expect Executive Management Team to recommend priority investments:
 - Existing resources
 - Cost-effectiveness

“I like the dreams of the future
better than the history of the past.”

Thomas Jefferson