

SLT budget banks on more tourists, furlough days



South
Tahoe is
banking on
more
tourists
in its
proposed
budget.

By Kathryn Reed

Interim City Attorney Patrick Enright is investigating whether South Lake Tahoe could force its employees to take furlough days even if the unions say no to the proposal that is being negotiated.

To come up with a balanced budget for the fiscal year that begins Oct. 1, the city needs to close a nearly \$3.5 million gap in a \$72 million budget. Having city employees take 24 furlough days in the next fiscal year would save about \$1.4 million. This equates to a salary reduction of 9.23 percent.

Positions are being frozen and departments reduced as well.

“The biggest line item we have is personnel costs,” said Councilman Hal Cole, who with Mayor Jerry Birdwell make up the city’s finance committee. Cole described the deficit situation as the city “hemorrhaging.”

Police and fire personnel are not expected to endure traditional furlough days. Crews clearing snow are also exempt in the proposal.

Councilman Bill Crawford brought up the fact that the budget calls for two city attorneys. Resolution on the Jacqueline Mittelstadt issue was not reached Tuesday even though it was an item on closed session.

City Finance Director Christine Vuletich on Tuesday explained the numbers to the council during a special budget hearing. The council could approve the budget as soon as Oct. 6.

To compensate for projected expenses being greater than revenues, the 2009-10 proposed budget calls for using \$1.5 million in reserves. It's anticipated another \$1.6 million from reserves would be used across the next three years.

Property taxes, hotel tax and sales tax account for the largest sources of income for South Lake Tahoe, at 23, 16 and 12 percent, respectively.

Just like in the 2008-09 budget, the city is projecting an increase in the transient occupancy tax. That backfired the first time, with TOT being down by 26 percent in 2008-09 or about \$1 million from projections.

Still, Vuletich said after the meeting that budgeting for a \$400,000 increase for total of \$4.5 million in TOT is reasonable.

"We looked at data from the hotel industry forecasts nationwide," Vuletich said. She said unemployment figures for the drive-up market (Bay Area-Sacramento) are lower than the state average, which is a good indicator people have money to spend on trips to Tahoe.

Her department also looked at the average TOT take for the city in the last seven years – \$5.4 million – when coming up

with projected revenue.

Sales and property taxes are projected to be flat in the next fiscal year.

"Tourism is our No. 1 industry," Vuletich said during meeting. "TOT and sales tax are extremely volatile."

The bright spot is city campgrounds generated \$90,000 more income than anticipated.

"They aren't staying in lodging facilities, that's for sure," said Birdwell, who owns the Black Bear Inn.