

El Dorado County grappling with millions of dollars in cuts

By Kathryn Reed



El Dorado County is looking to adopt a budget for 2010-11 that has \$49 million less than the current one. Property taxes are projected to be down by 4 percent, sales tax off by 11 percent, and vehicle license fees reduced by 4 percent.

To attain the balanced budget for the fiscal year that begins July 1 there may be a reduction of 70 full-time positions, or 3.8 percent of the workforce.

In the \$410,246,922 budget, 48 percent, or \$195,248,053, is general fund dollars. This is the discretionary part of the budget. The bulk of the budget is money with strings attached that the county has no say in how it's spent.

The recommended budget is likely to be voted on June 22 or June 29. Any revisions based on what the state comes forward with will likely be adopted in September. With the state wrestling with a nearly \$20 billion shortfall, the impact to all counties and cities could be more dire than what the governor came out with in his May revise.

The Board of Supervisors begins budget workshops June 7 at 9am, with another one June 9 at 9am and a third, if necessary, on June 10 at 9am. All are in Placerville.

“People are not purchasing as many goods that are taxable. That is a double whammy for us because a lot of state revenue is based on sales tax,” said Mike Applegarth, senior administrative analysis for El Dorado County. “If the money is not there, we cannot spend it.”

When it comes to property tax, people are having property reassessed at a lower rate as well as buying at lower values. This means less coming into the county coffers.

El Dorado County Economic Snapshot

| Median Housing Price (March) Family Permits Issued | Unemployment | Single |
|---|---------------------|---------------|
| 2006: \$515,000 percent | 701 | 4.6 |
| 2007: \$479,000 percent | 405 | 5.1 |
| 2008: \$359,000 percent | 205 | 6.9 |
| 2009: \$335,000 percent | 72 | 11.3 |
| 2010: \$294,950 percent (March) n/a | | 13.6 |

Unbalanced departments

All but the District Attorney’s Office and Sheriff’s Department have come forward with a balanced budget. The DA needs to trim about \$250,000 and the sheriff \$460,000 to make the numbers work that Chief Administrative Officer Gayle Erbe-Hamlin has come up with.

Law related expenses, including these departments as well as public defender and courts, account for 65 percent of the

general fund.

For the upcoming fiscal year the DA's office has been asked to cut \$539,000. It is more than half way there.

Jody Albin, fiscal administrative manager for the DA's office said, it's possible three or four prosecutors will lose their jobs if the CAO gets her way with the cuts. Placerville has 15 active prosecutors, while South Lake Tahoe has six.

"It becomes a balancing act between what we are able to handle," Albin said.

She said District Attorney Vern Pierson plans to tell the board again that certain crimes will not be prosecuted if more cuts come down on his department.

"Aid to fire" is a phrase that is likely to be heard a lot next week during the budget hearings. It's an issue with the DA, sheriff and assessor. Fire departments in the county are supposed to be self-sustaining, but that has not always been the case. The current budget calls for \$1.3 million from the general fund to go to various fire agencies.

This in turn means there are fewer dollars in the general fund to go to the District Attorney's, Sheriff's and Assessor's offices.

Sheriff Fred Kollar is being told to trim an additional \$460,000 from the upcoming budget year.

It's possible supervisors will pass the working budget this month without the DA and sheriff issues resolved. The final figures may not be realized until July, county officials said.

As for timing of things to be discussed on Monday, an internal email from Erbe-Hamlin says, "I am putting the DA's discussion down as first Policy Issue for discussion. This will come after the Overview, Structural Deficit discussion. Cannot tell for sure the time needed for those items since that will be

the opportunity for the board to ask questions and provide input. Policy Issue discussion could be late morning June 7 or sometime right after lunch.”

Kollar said three scenarios are being talked about for his department. They include eliminating vacant positions, restructuring the department (he doesn't have specifics on that yet) or contracting out food services at the South Lake Tahoe and Placerville jails.

The sheriff's department has 377 employees. It was at 400 2.5 years ago.

For 2010-11, the Sheriff's Department budget is about \$53.4 million. Of that, about \$41.5 million is from the general fund and the rest comes from the state, feds and grants. The total budget in 2008-09 was \$55.4 million.

“We are doing less things. We are not doing the nice to have stuff,” Kollar said. “About two years ago we eliminated the DARE program in grammar schools. About a year ago we eliminated school resource officers. We used to have four deputies and a sergeant assigned to special events detail.”

The department handled 85,000 service calls with 80 patrol officers last year.

Kollar said the public probably hasn't noticed the cuts made to his department, but he doesn't know how much longer it will go unnoticed.

But another thing that may go unnoticed is the 10 percent raise many in Kollar and Pierson's departments have gotten in the last two years under Measure 504. The Charter Review Committee recommended to supervisors they take the issue to the voters in November. The board said no and the automatic raises stayed on the books, though it's not a countywide raise, just for certain departments – like the sheriff's and DA.

Looking forward

Even after the Board of Supervisors finishes with the 2010-11 budget, the reality is the forecast is bleak for future years. Erbe-Hamlin is projecting a deficit of \$15 million for fiscal year 2011-12 based on today's forecasts.

For the last three years the general fund has gone backward. The trend before the financial crisis hit was for a growth of 4 percent to 7 percent.

"All indications are that the fiscal situation will continue to worsen over the next year or more. Property taxes continue to decline; there are potential increases of 2-4 percent in our PERS rates, and there is still much uncertainty in regards to state actions," Erbe-Hamlin says in her staff report.