

S. Tahoe paychecks don't shrink; manager perks intact

Publisher's note: *This is the second in a three-part series on South Lake Tahoe's budget.*

By Kathryn Reed

For most municipalities, people are the biggest expense. South Lake Tahoe is no different.

In the 2010-11 fiscal year budget, the city has 205.75 full-time positions; 61 in the police department and 40 in the fire department.



Lake Tahoe News asked the city to provide the total annual amount of money spent on salaries and total allocated for benefits. Finance Director Christine Vuletich said, "... we don't have the ability to respond that quickly to questions that require research or complex calculation."

LTN's financial consultant in 15 minutes figured out the combination of salaries and benefits in the 2010-11 budget is \$32,830,145.

The issue is they are not separate entities in the budget document. El Dorado County's budget does separate out the benefits – which include taxes, medical, retirement – that can be accessed online. What the city is doing is not a universally accepted practice.

Further analysis on Tuesday by *LTN* of the 2010-11 Budget Work Papers-A shows on average about 42 percent (or \$13,788,660.90) of that nearly \$33 million figure is solely for benefits.

Vuletich said it would take her a week to provide *LTN* the

answer.

Furlough days v. salaries

The city claims to be saving money by instituting furlough days. But that really isn't the case because employees have been getting approximately 5 percent annual raises in the last two budgets. It means their paychecks are the same as they were in 2008.

A reason to have a higher salary on the books is so when it comes to retirement those dollars are calculated on the higher rate of pay. Had the city decided to cut pay and keep employees at full-time status, it would have hurt them come retirement.

Instead, it is the 24,000 people who live in the city who are hurt by not having the same city services as they had two years ago because staff isn't there to do the work. But residents are paying the same in taxes – just getting less.

What employees have is more time. They are working less and getting paid the same amount as two years ago.

There are a number of city employees working on their furlough day or beyond eight hours and not getting paid overtime. Those discrepancies are for the state Labor Department to resolve.

Most city employees were mandated to take two days off a month last fiscal year. That switched to three days a month this fiscal year. By closing city offices for two weeks in December and swapping furlough days like what happened last week to make for a four-day weekend with the Veterans Day holiday, the furlough days are an average of three a month, not literally three a month.

City Manager Tony O'Rourke is not a proponent of furlough days.

"We can't be in a constant state of furloughs. That is

postponing the inevitable," O'Rourke said.

He believes, as do most economists, that it's a new day when it comes to finances. It's not about waiting to return to how it was, but learning to operate with less for the indefinite future.

O'Rourke wants to take a look at the structure of the city government to make sure the positions are needed and the appropriate people occupy them. He says most of the staff is competent and an asset, but is recognizing some people are dead weight.

Some positions are at-will employees, while other workers are covered by one of the seven bargaining units. What could hamstring O'Rourke as he tries to get the staff in place he desires is the seniority rule. Eliminating a position means the person who had it can stay employed by bumping the low person on the totem pole onto the unemployment line.

Regarding personnel, an item not identified in the budget is administration time. Beyond the allotted sick days and vacation time, all directors are given 80 hours of what's call "admin time" and managers get 40 hours.

No one tracks these hours. It's not accounted for on time cards.

With revelations about the tiny town of Bell making headlines, one would think all cities – especially in California – would not be having transactions occurring off the books and under the table.

An email from *Lake Tahoe News* to O'Rourke and Finance Director Christine Vuletich said, "Can one of you tell me how the admin time works? I don't see it accounted for in the budget. I know all the directors get those 80 hours and managers get 40 a year. Can you tell me how many people this affects?"

"We will do our best to get this information to you today," Vuletich wrote Tuesday morning. She didn't come through.

Lake Tahoe News has been told by sources that admin time is essentially time-off that is given with a wink and nod. This means these people don't have to use sick time or vacation time. This means those hours on the book are increasing. They can add up to big bucks the city would be responsible to pay when someone leaves the city.

They are costing the city dollars now with loss of work. Again, this equates to taxpayers ultimately having a reduction in services.

With California essentially making "comp time" a phrase to be banned in the workplace, dealing with salaried employees' overtime had to be addressed. They don't get overtime like hourly workers do. El Dorado County also has a form of admin time and was able to explain it in about two minutes.

This begs questions for the city: What are you hiding? Is admin time really comp time? Or is admin time just more time off for higher ups to take whenever?

Grants pay for salaries

The general fund, the money where basic services are covered and the bulk of discretionary dollars are found, also covers salaries. But the city budget (South Lake Tahoe is not alone in budgeting this way) does not actually have the funds to pay all city employees their wages and benefits.

Depending on the worker the money may come from grants or an outside agency.

"Because the employees in the Engineering Department work on all engineering projects, Environmental Improvement Program (EIP) projects funded by the CTC and storm water projects, their salaries are allocated between Engineering and Storm

water Management based on hours worked on each project," the city Finance Department told *Lake Tahoe News*.

One of those California Tahoe Conservancy projects is the stalled \$6 million Lakeview Commons makeover. No staff is being laid off while that project is in limbo. Their salaries will be paid by city and CTC dollars.

The question, though, is what happens when the work resumes and goes into the 2011-12 fiscal year and the CTC dollars have been spent? Where does the money come from to keep paying people in the Engineering Department?

The city is co-mingling all of its income, which without careful oversight can lead to fiscal mismanagement.

Grant dollars are thrown into a department's general pool of money instead of being tracked separately. For instance, the \$1.5 million federal grant to deal with ridding city residences of lead paint was put into the Redevelopment and Housing budget. This makes that budget seem like it has spiked by 58 percent. There is no easy way for someone to know by looking at the budget why the increase occurred. It took the finance director to explain it.

"I have never been in any community that is so grant dependent," O'Rourke said. "I would feel more secure if could just rely on what we control for revenue."

Sales, hotel and property taxes are the three main revenue sources the city has outside of grants.