

S. Tahoe council meeting expected to be long

By Susan Wood

Huge money matters in South Lake Tahoe await the City Council Tuesday.



The board is expected to fiscally make adjustments to operations, receive last year's audit, approve severance payouts to two former, top-level staffers, go after money for bike trails and decide to put up pedestrian signs for safety where a failed redevelopment project sits.

This is among many other things on the agenda that could bring the meeting starting at 9am well into the afternoon, if not evening. It's scheduled in council chambers at 1901 Airport Road.

The annual audit conducted by Maze and Associates – which is also on the agenda for extending its services – paints an improved financial picture in 2010 with mixed results. While net assets totaling \$61 million are up at year end, revenues were down by \$3.9 million.

The mid-year budget comes with a note of caution.

While the city's general fund has received 33.5 percent of the budgeted revenue with an overall net increase of 5.8 percent amounting to \$531,405 compared to the previous year, the unfunded expenses at the middle of the city's fiscal year shows some challenges.

The unfunded expense increases and revenue decreases total \$276,689. According to the Finance Department, this

discrepancy comes from higher animal control costs and retirement costs, along with an overinflated revenue projection on court citation fees.

The hope is the city's five-year strategic plan spells out prosperity and a reduction in expenses from the city's reorganization will make up differences in the long haul. For one thing, salaries and benefits before the ax fell last month on 11 positions have been steadily consuming 78 percent of the general fund. The high percentage didn't go unnoticed by new City Manager Tony O'Rourke – whose aim was to bring that ratio closer to 65 percent like other cities.

With that comes another item on the consent agenda – which is designed for less dialogue.

The council may approve severance payouts to former executive staffers Assistant City Manager Rick Angelocci and Redevelopment and Housing Director Gene Palazzo – both of whom were let go by the city last month. If they agree not to sue or disparage the city, they'll each get at least \$30,000.

Angelocci's amount is a mystery at this point as the six-page document does not give a final figure. City Attorney Patrick Enright said Monday night the dollar amount is coming Tuesday morning after the city figures furlough days and vacation time on his \$144,360 annual salary. If council approves the payout, Palazzo will receive the more defined \$44,748.

Palazzo leaves the post with the city's Redevelopment Agency saddled with a total, long-term debt for the year amounting to \$114,000, the audit report adds. This decrease over the prior year is due in part to years of refinancing a debt accrued for projects and paying back the general fund amid diminishing revenues in bad economic times. For example, the agency borrowed \$7 million from the general fund over nine years ago to pay for the Heavenly Village project.

And redevelopment could see even more trouble. City Attorney

Patrick Enright will also discuss with the council California Gov. Jerry Brown's proposal to eliminate the agencies at the state level. The state provides funds for housing and urban renewal to local governments. If the proposal goes forth as planned this summer, the city will need to determine who will be the successor to that.

In other items, the council may:

- Hear a report on the South Lake Tahoe Recreation Facilities Joint Powers Authority from former councilman John Upton, who has managed Measure S funds for years.

- Submit a grant application with the California Department of Transportation for fixing bike trails amounting to a total with city match of \$464,133.

- Direct staff to put up advisory signs where pedestrians have been walking unsafely alongside Highway 50 at the defunct Chateau at Heavenly (aka convention center project). Caltrans has backed off of providing funding needed to open up the walkway, the staff report reads.

The afternoon "work" session for City Council includes discussion on the Highway 50 project and other capital improvement plans.