

# Department responsible for S. Tahoe's finances stays intact

By Kathryn Reed

While employees keep dropping off the payroll in South Lake Tahoe, and even more layoff notices are expected next month, the finance department has for the most part remained fully staffed.

In fact, while other departments are asked to do more with fewer employees, this department hires temporary workers. This is at a time when there are fewer paychecks and other money related items needing processing, and the fiscal projections from this department are regularly off the mark or not fully accounted for.

Admittedly, no one has a crystal ball to know what the future holds, but South Lake Tahoe's finance experts in the last handful of years projected increases in revenue from hotel and property taxes – at a time when everyone said the country was in a recession. Those projections were wrong. Those are two of the three main revenue sources for the city.

And the director of the department, Christine Vuletich, was told by City Manager Tony O'Rourke to put the potential \$1.8 million loss from redevelopment into the budget – something she had kept out until recently. It makes the city's deficit headed into 2011-12, which starts Oct. 1, \$5.2 million instead of \$3.4 million.



Christine  
Vuletich

Each year the city's general fund is supplemented with redevelopment money, which is really the TOT collected in those areas. The hotel tax is higher in the redevelopment areas than the rest of the city. Tax increment is not enough to pay all of the millions of dollars in redevelopment debt the city has incurred, and therefore TOT is used for debt, too.

Here are the dollar amounts that have been transferred from the Redevelopment Agency (which is governed by the council members) to the general fund:

- Fiscal year 07 – \$338,000
- Fiscal year 08 – \$457,000
- Fiscal year 09 – \$834,000
- Fiscal year 10 – \$834,000
- Fiscal year 11– \$1.3 million.

Another \$500,000 each of those years has gone from RDA to the general fund to pay back the \$7.2 million that was “borrowed” to pay for the Heavenly Village and parking garage projects.

Until the state makes a ruling in January about the future of redevelopment agency's the city is not voting on what to do with its agency.

### **Other TOT issues**

This also is the department that is accused of letting transient occupancy tax dollars go uncollected.

Councilman Tom Davis at the Aug. 23 meeting asked Vuletich what is going on with the annually unpaid \$500,000 in TOT from private vacation rental owners. Instead of answering the question, Vuletich at first got defensive and argued the amount, not the fact the city is not being paid what it is owed.

The half-million dollar figure is what property management companies have told city officials is not being paid.

Even *Lake Tahoe News* last September was able to uncover nearly \$1,000 in TOT not being paid by B Gorman, executive director of Lake Tahoe South Shore Chamber of Commerce.

Vuletich told the council that last week she met with vacation rental owners and the police chief.

"We have a joint effort under way to address that issue and that will be pretty effective," she told the council. Specifics were not divulged.

After the meeting *Lake Tahoe News* asked her if she thought people were deliberately not paying the tax or if they did not know they had to. She wouldn't venture a guess.

### **Finance department staffing**

Vuletich's salary was increased in March when airport and parking came under her leadership. This was at the same time staff was laid off.

She is the lone director remaining from the Dave Jinkens eight-year reign as city manager. O'Rourke defends Vuletich – saying she is competent and does a good job.

While O'Rourke when he was hired a year ago said the first budget produced with him at the helm would be easy to read and

ready early, insiders say it won't happen. Clearly, it is not early. The budget will be before the council for a vote 18 days before it takes effect. It will be released at least a few days before the Sept. 13 meeting, so readability can be judged then.

While Vuletich has more in her pocket, her employees keep being spared.

In the 2006-07, 2007-08, 2008-09 budgets the finance department had 14.5 full-time equivalent positions. The amended 2009-10 budget brought this number to 13.73. The current budget is back up to 14 FTE.

When it comes to defending her hires, Vuletich emailed *Lake Tahoe News* saying how other departments also use temps – like the police department for the boat patrol (though she failed to mention their salaries don't come from the general fund), stormwater for an environmental analyst (often paid for by grants), and parks and rec summer employees (whose wages are less than the fees they collect).

The finance department uses a temporary accounting technician to process business licenses. Their fee is expected to be \$7,000, according to Vuletich.

“The total temporary labor expense in the Revenue Division is expected to be approximately \$30,930 at fiscal year-end and is a combination of the former temporary full-time Technician (\$23,930) and the current seasonal temporary Technician costs (\$7,000),” Vuletich wrote *LTN*. “Accounting Division: Temporary Budget Analyst hired work on budget preparation and analysis during the budget preparation period. The cost has been \$5,725.50 so far through July 31st and have \$23,000 budgeted for the 10-11 fiscal year, but expect to be paying for approximately 5 more weeks for a total of \$10,725. All temporary labor expenses in the Finance Department have been eliminated for next fiscal year 2011-12.”