

# S. Lake Tahoe budget includes layoffs, using reserves

By Kathryn Reed

Deficit spending is continuing in South Lake Tahoe for another year and may be what happens in 2013-14, too.

The budget the City Council is expected to approve Sept. 18 includes \$700,000 from unassigned excess reserves. And while the budget, which goes into effect Oct. 1, is balanced per state law, the city is not living within its means because it has to take from reserves. It would be like the average person dipping into savings to pay routine monthly bills.



"We are solving the budget for today, but we are on notice for tomorrow because we still have problems," City Manager Nancy Kerry told *Lake Tahoe News*.

As of today, it is estimated the 2013-14 budget shortfall will be \$1.5 million.

To help balance the budget for the coming fiscal year Kerry has reorganized city staff to the savings of \$450,000. This includes more layoffs.

Jobs being eliminated as of the end of the calendar year are the risk manager, buyer and street superintendent. The law clerk position will not be funded past May 31, 2013. The director for engineering position goes away as soon as the person who has it goes on maternity leave, which is expected later this fall.

Sarah Hussong-Johnson, who is the director of engineering, is

expected to return in 2013 from leave to be a part-time city engineer as well as deputy public works director.

Positions that will remain on the books, but will not be funded for now are an IT technician, assistant to city manager and community services director.

“Every position is critical, but which can we do in a different way?” is how Kerry said she approached the cuts. She also reiterated what she has said in public – that with staff being cut by 30 percent in the last few years, not everything that got done in the past will get done or at least not as quickly.

“Quality core services” is now the mantra of the city.

In the reorganization, though, some new positions are being created. Part of this has to do with separating public works from community services.

New positions include a public works director who is expected to be hired by Jan. 15. An external search will be conducted for that job.

Kerry met with public works employees who for the most part came up with the plan. They will be broken into streets, engineering, fleet, capital improvement, facilities, and stormwater.

“Not a single one asked for something for themselves. Everyone said they are concerned about the public,” Kerry said.

Better coordination between the entities encompassing public works will be worked on. Cross training in jobs and creating the opportunity for career advancement should be the end result of some of the changes.

Hussong-Johnson’s job is new. It falls under public works.

A community service manager to oversee parks and recreation

will be hired the latter part of January. It's possible that person could come from within the city ranks.

Funding for a paralegal is being allocated for January as well. That person has administrative qualities that a law clerk doesn't usually have.

The transient occupancy tax auditor will be part time, no benefits. The position is expected to pay for itself based on finding vacation rentals that are not paying their taxes.

In the budget is funding for a deputy public safety director who would be hired mid-year at a cost of about \$200,000 a year – which includes salary and benefits. This person would be second in command to Police-Fire Chief Brian Uhler, but is expected to spend 80 percent of the time at the firehouse.

(Uhler's title is changing to public safety director.)

A year ago, the three battalion chief positions were eliminated. Also in 2011, the fire chief was forced out. That left the rank of captain to oversee fire and medical calls. It's not working.

That is why more command structure is needed and the closing of a fire station is being discussed. The results of the multiday closure of Station 2 have not been released and it's not known if this will happen again or become a permanent situation.

It's possible the deputy public safety director position would not be needed if the city and Lake Valley Fire Protection District settle on a merger or consolidation of the two departments. That decision may not come for another four months as the two agencies negotiate.

Kerry has asked the city fire crew to think even bigger by defining what world-class fire protection looks like on the South Shore. They are supposed to get back to her with an

answer.

Money (\$25,000) is also in the budget for additional part-time seasonal employees who will mostly work at Lakeview Commons and remove snow on sidewalks.

An ongoing savings to the city will be that as of Oct. 1 every city employee will be paying his or her full share of the PERS contribution. That is a savings of about \$1 million this year for South Lake Tahoe.

While the city does have a systemic budget shortfall, sales tax and hotel tax numbers are beginning to show some life. Sales tax is up 8 percent since 2010, while TOT is 6 percent higher than two years ago. The city is projecting a 2½ percent increase in TOT in the 2012-13 budget.

Property tax is flat and remains a concern.

Kerry praised the council of 2003-04 for creating a 25 percent reserve. At that time it was zero. It grew to \$14 million by 2007 and will be at \$9.1 million if the 2012-13 budget is approved. And that figure would be more than 25 percent by \$2.1 million. That is why the \$700,000 being used to balance the budget is called unassigned excess reserves.

Kerry has studied South Tahoe's budgets for the last 30 years. The common theme is spending during good times – especially on staff, then slashing during bad times.

“What we need to do when things get better is continue the reserve. We need to not spend money on staff, but on the community,” Kerry said. She wants to put things in the ground, create programs – use taxpayer money on taxpayers. But she also thinks adding to the reserves in really good times is smart business so when it cycles around to the lean times the cuts are more balanced and less painful for staff and residents.

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**Note:** All of these changes are dependent on the council approving them Tuesday. The Sept. 18 meeting is at 9am at Lake Tahoe Airport.