

Surpluses confused state parks workers for years

By Matt Weiser, Sacramento Bee

Over and over again, budget officials at the California Department of Parks and Recreation struggled to understand why every fiscal year ended with millions of dollars in surplus cash on hand.

At least since 2009, budget reviews conducted by the department each January showed a multimillion-dollar surplus, according to hundreds of pages of witness testimony reviewed by The Bee. Budget officials turned over regularly at state parks headquarters amid what one called a “hostile work environment,” and each seemed powerless to figure out why the mystery money kept piling up.

The department’s beleaguered deputy director of administration, Manuel Thomas Lopez, appeared angry and confused about the surpluses, according to staffers’ testimony. One year, he ordered a budget manager demoted, saying he simply didn’t believe her estimate of a \$25 million surplus – even though she later was proved correct.

“When I saw the numbers, I said holy crap,” David Saxby, assistant deputy director under Lopez, said in an April 25 interview with a deputy attorney general. He was referring to a budget estimate in the 2009-10 fiscal year. “There was another big balance, not as big as the year before, but another big balance.”

The puzzle of the recurring surpluses goes to the heart of a scandal in which state parks was found in July to have hidden \$54 million in two park operating funds. For reasons that remain under investigation, the parks department kept the money secret for years by reporting false balances to the

state Department of Finance.

So far, there are no indications the money was misused or embezzled. It was simply kept hidden, state officials said, even as the department carried out a plan last year to close 70 parks to achieve \$22 million in state budget cuts.

Parks director Ruth Coleman resigned as the scandal unfolded. Numerous other parks officials were either fired or demoted. Separate investigations are under way by the state auditor and attorney general's office.

These events followed an earlier scandal, first reported by The Bee, in which Lopez was found to have carried out an illegal vacation buyout program for parks headquarters employees in 2011 that resulted in payouts of more than \$271,000.

In response to numerous Public Records Act requests, the state last month released more than 1,000 pages of investigative interviews on the covert vacation buyout program. These deal mostly with the mechanics of the program, which allowed employees to sell unused vacation time back to the state. But in their interviews, many parks officials tried to explain why the department had money to spend on the buyouts in the first place.

"There was a lot of concern that we were going to leave a lot of general fund money on the table, which was not going to be a good thing because they were threatening to close parks," said Cheryl Taylor, the department's former budget officer, in an April 12 interview with a deputy attorney general. "They couldn't understand why we had so much surplus money sitting around."

Taylor was describing a meeting in February 2010 with Saxby and Lopez. Similar confusion occurred in 2009 and 2011, according to Saxby, who oversaw the budget staff.

“There was still a big number (in 2011) that we were going to leave on the table,” Saxby said when interviewed April 25. “I demanded that they get to the bottom of the allocation file, go through it and truth it and figure out what went wrong because there’s something wrong in there.”

When Lopez conceived the vacation buyout in June 2011, he justified it as necessary to spend down the unexplained surplus, according to a transcript of his April 3 interview with a deputy attorney general. He also spent \$1 million on new communications equipment for the department’s law enforcement dispatch centers, according to testimony, and new personal computers for the entire department that may have cost another \$1 million.

Lopez was asked if he thought about consulting his supervisor or Coleman about where the surplus money could best be used to help parks. He said he did not.

“I was looking at it from just the Admin Division budget,” he said. “Obviously, I was wrong.”

Lopez was demoted in October when Coleman and other department executives learned about the vacation buyouts. He resigned in May, just days before the state planned to fire him, according to the documents. Lopez, a Granite Bay resident, has not responded to recent requests for comment.

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