

South Tahoe tightens controls on contract agreements

By Kathryn Reed

A botched lease has South Lake Tahoe doing business differently.

“We have so many ad hoc policies that we want to wrap all the contracts under one policy and then each can have nuances,” City Manager Nancy Kerry explained.



While the changes occur at staff level, the protocols will be brought to the City Council in November or December so the five are aware of what is going on – or at least what is supposed to happen. Assistant City Attorney Nira Feeley is tasked with coordinating how the new contracts will read and be handled by the city.

“It’s so this will never happen again,” Kerry told *Lake Tahoe News*.

The “this” is the original contract the city had with Unity at the Lake. It has nothing to do with the lessee, but everything to do with the contract.

All this came to light in July when the council found out a five-year contract had been entered into with Unity to rent a city owned building at 1195 Rufus Allen Blvd. This was the first the electeds had heard of it. Shortly thereafter, Stan Sherer, director of Community Development, was no longer employed with the city.

The agreement had to come back to the councilmembers this fall because in July they agreed to have Unity pay \$1,700 month in

rent, with the understanding this had been taking place since October 2011. But the reality is Unity and Sherer had a verbal agreement that Unity would make upgrades to the facility in exchange for rent. Unity thought rent payments would begin June 1.

Receipts and the work itself proved Unity had done substantial upgrades to this building where a preschool used to operate. And while it's not unusual for tenant improvements to be used as a form of rent, it should be in writing and higher-ups should be informed.

In the future, contracts like this will require the signature of someone above the pay grade of department head.

South Tahoe has a handful of contractual-type agreements – such as concessionaire, facilities rental, professional services, and public works. A template will be used so all the basic criteria are covered in each contract, with additions made as needed.

“Nobody should write their own agreements. It should all go to the City Attorneys Office. And now it will,” Kerry said.

Going forward each contract will have a checklist with it that will stay with the file. It is a type of checks-and-balances that is designed to streamline the process, protect the city and ensure everything is done above board. It will also include whether the contract needs to go to council.

“This is so five years from now someone will know why the agreement was signed,” Kerry said.

Another problem with the Unity agreement is that utilities were being paid by the city. It should have been just like the ice rink agreement – the lessee pays the utilities. The city and Unity compromised, with the church group paying utilities beginning January 2014.

The sign is another issue. It doesn't meet city code. Work is still being done to make it conform. But the city could be on hook because Sherer approved the sign without a permit and had city staff install it.