

# Opinion: EDC's No. 2 person has terrible track record

By Larry Weitzman

"She left the city in rubble," said Lloyd Oneto, an Ione city councilman speaking of former Ione City Manager Kim Kerr. "When she was hired in 2007 the city had \$8 million in the Local Agency investment Fund (the city's main bank account). When she left in 2011 it had a negative balance of \$800,000. "When I ran for city council in 2010, I ran on fiscal responsibility," continued Oneto.

Kerr is now assistant chief administrative officer of El Dorado County.

Oneto went on to say Kerr has been a nightmare for Ione, a city of less than 8,000 people, more than half of whom the city is not responsible for as they are involuntary guests of Mule Creek State Prison whose walls are located within the 5 square miles of the city limits.



Kim Kerr is  
assistant CAO  
is El Dorado  
County.

With roots going back to the Gold Rush, Ione was incorporated in 1953. It has a small staff that includes a city manager, a couple of finance people including a finance manager, a front

counter person, a few city maintenance people, a now part-time city building inspector and part-time city clerk. It also has a small police department and a fire department. It's a small city.

In my investigation I interviewed at least three city employees, a city councilman, Amador County officials, other city managers within Amador County and people in El Dorado County involved with the hiring process of Kim Kerr as assistant CAO. I also examined the Ione independent CPA's auditor reports during Kerr's tenure and several Amador County Grand Jury reports relating to Kerr as the Ione city manager. It paints a very ugly picture of incompetence and more.

The grand jury report of 2012 made its No. 1 finding relating to the city of Ione the most damning when it stated, "1. The Grand Jury finds that the City Manager for the fiscal period 2007-2011 (Kim Kerr's tenure) did not demonstrate she possessed the proper qualifications and expertise to perform the duties required for that position." There were other findings, most relating to Kerr's incompetence, like No. 3: "On many occasions the City Manager provided insufficient or misleading information making it difficult or impossible for the City Council to cast intelligent votes." You can interpret "misleading" as not telling the truth or lying. The City Council also pointed the finger at Kerr, saying, the "Former City Manager Kim Kerr budget documents were difficult to decipher, were inaccurate and contained errors."

Perhaps even worse, "The Grand Jury found ... the City Manager and City Council disregarded the findings and recommendations of the 2010-2011 Grand Jury report."

There are many more scathing findings regarding her spending and mismanagement of funds, such as the finding that the city manager had not done a bank reconciliation for two years, wasting millions of dollars on a wastewater plant or that the CPA audit reports for the years 2006-09 had such significant

financial shortcomings that the CPA, Larry Bain, could not render an opinion. In his letter to the City Council he wrote, "Since the city did not have the supporting documentation to support cash and investments, capital assets, compensated absences, accounts receivable, deferred revenue and deposit liabilities as noted above we were unable to apply other auditing procedures to satisfy ourselves as to the scope limitations, the scope of our work was not sufficient to enable us to express an opinion..." but there are other issues that should be revealed.

Kerr loved spending millions of dollars on consultants and engineers. It's not her money; it's other people's money (OPM). One small example was a 100-square-foot restroom at a park. The building inspector related the story of what should have been at best a \$50,000 project that ballooned into a \$200,000 monstrosity. Instead of using local people and volunteers, she contracted for a pre-engineered concrete structure manufactured in Oregon which took two trucks to ship to Ione. Although it was already engineered to California codes, Kerr hired an engineer to re-engineer the structure for tens of thousands of dollars.

In this park of nearly 90 acres, Kerr wanted to place it on a surface of dumped grindings, a surface that was clearly not suitable for such a building. She was advised by the city building inspector to put it anywhere but there because of soil problems. What did Kerr do? She hired more people and consultants at a cost of tens of thousands of dollars to put the structure where she wanted it. What should have cost tens of thousands of dollars in total and built by local contractors ended up costing hundreds of thousands with much of that directed to Oregon.

Kerr spent more than \$2 million on engineers and consultants for an unneeded wastewater system that was never built. Almost \$2.5 million down the toilet.

Near the end of her tenure, Kerr took the job of record keeping from the finance manager and kept most of the records, if you could call them that, on her personal computer, which she would not surrender to the grand jury.

According to Oneto, Kerr made deposits and credited two accounts to make it look like the city had double the money. Ione also was mistakenly sent county sales tax revenue. The state directly deposits these checks, but anyone in Ione finance would have seen the mistake because of the large size of the deposit. Kerr, who was keeping all the financial records, should have seen the mistake, but it wasn't discovered by the state until September 2011. By then Kerr was long gone. Now the cash-strapped city is stuck paying it back. If Kerr was reconciling the bank accounts or reviewing the deposit records, such an error would have been obvious.

According to Ione city records, Kerr was making \$140,000 annually, with a "me too clause" that pegged her pay to any increases given union employees. When she was hired she also brought with her from Humboldt County two friends, a new police chief named Johnson for \$110,000 a year and a police sergeant. When Kerr left in 2011 a few months later the Police Chief Michael Johnson took up residence in Anderson or someplace close as the police chief and shortly thereafter the sergeant was invited up to serve as a policeman or sergeant as well.

We are just warming up here, there is much more.

So how did Kerr get rewarded? She got a job got as the assistant CAO in El Dorado County, which has a population of 181,000 people and 1,788 square miles at a salary of about \$165,000 with a raise of about \$10,000 due next year. Since effectively bankrupting Ione, Kerr has taken about \$500,000 in taxpayer money as salary from the citizens of El Dorado County.

From the grand jury reports, the outside audits and through interviews of Ione employees, Kerr should not be employable in a high level municipal or other government position, yet here Kerr is making a cool \$165,000 a year in a position that is over two of the lowest employee satisfaction ratings in the entire county, the Community Development agency and the IT Department, respectively sitting at 22 percent and 41 percent worker satisfaction. See the Van Dermyden Maddux report.

Every employee I interviewed in the city of Ione said the happiest day of Kerr's tenure was the day she left. One employee said he never met anyone in his life like Kerr and hopes he never will again. "It was the worst four years of my life. She was full of vengeance and evil." All the employees interviewed still work for Ione (some part-time now) saying they all weathered the storm Kerr created in her fiscal destruction of the city.

In an interview with Terri Daly to learn how Kerr was hired she said there was a "committee." Daly, who is the CAO of El Dorado County, denies recommending her to the Board of Supervisors, adding that the selection of Kerr was their doing. Daly said that she was not privy to the issues Kerr had with the Ione. Three or four candidates were interviewed. Daly only admits to inviting Kerr to apply for the job of assistant CAO.

Daly also said she was not aware of the problems the Amador County Grand Jury had with Kerr, saying those reports happened long after Kerr was hired. Daly said she was unaware of Kerr's problems with Ione.

Daly also said in the telephone interview that she would hire Kerr knowing what she knows now about Kerr.

I doubt anyone else would.

From the facts, it appears Daly steered Kerr's application to completion. Daly asked Bernard Carlson of the EDC Taxpayers

Association to "investigate" Kerr. In my interview with Carlson, he said he went to Ione and talked to two people, the manager of Castle Oaks Golf Course and a person on the street. They knew little, if anything, about Kerr. They did not talk to anyone connected to the city, no employees and no one from the City Council. Carlson admitted it was a cursory investigation and he was unaware of the grand jury reports.

Daly's next objective was to put Kerr's best foot forward to the BOS so she had Supervisor John Knight interview her. It was again a cursory interview as Knight knew nothing of Kerr's background. Knight said he trusted Daly's judgment and if Daly wanted Kerr for the assistant CAO position, so be it. Knight further said he interviewed Kerr out of respect for Daly and he did no investigation.

Daly said in my telephone interview that the BOS hired Kerr, not her and that she did not recommend her to the BOS. That's not what former Supervisor Jack Sweeney said. Sweeney flat out said Kerr was recommended to the BOS by Daly and on the surface Kerr looked OK. Knight concurred with Sweeney's assessment. Kerr's hiring was carefully crafted, orchestrated and arranged by Daly. It appears from Section 802 of the county Personnel Management Resolution that Daly's hiring of Kerr was solely Daly's decision anyway. It was Daly who hired Kerr, not the BOS. Daly is left holding this bag.

But wait, there is more. Daly has known Kerr well since 2007. According to Amador County Auditor Joe Lowe and confirmed by the city manager of Jackson, Michael Daly (no relation), Terri Daly as Amador County CAO had monthly meetings with all the Amador County city managers and then a luncheon (surely on the taxpayer's dime). At these meetings the city managers discussed problems with their respective jurisdictions and financial matters. These meetings were monthly, meaning that Daly met with Kerr at least 36 times. If Daly were above room temperature and considering her Stanford degree in psychology, she should have known of Kerr's problems.

EDC faces a real problem and dilemma here. Kerr is clearly not qualified to do her job, especially at \$165,000 to \$175,000 a year. But after learning about the subterfuge of the CAO in getting Kerr hired, the BOS should show their vote of no confidence by showing her the door as well. At that point the alleged culture of fear in the county might just disappear and the county can save hundreds of thousands of dollars in studies.

More to come.

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