

SLT putting investment action plan together

By Kathryn Reed

While South Lake Tahoe's financial viability is precarious, the City Council on Tuesday agreed that investing in recreation must happen if the city is going to be on stable footing.

City Manager Nancy Kerry started a 3½ -hour workshop on June 17 by outlining where the city is today in regards to income/expenses. The city is headed for the red because expenses are outpacing revenues. Much of the drain is from health care costs for current and retired employees.

But pension expenses also add to the problem. PERS – Public Employee Retirement System – costs are expected to increase 7 percent each year. And with PERS recently recalculating fees, South Lake Tahoe must pay an additional \$300,000.



The city will need more public-private partnerships like the one for Harrison Avenue in order to make improvements. Photo/LTN

While employees have not gotten a raise in the last five

years, retiree benefits keep increasing. PERS puts in a cost of living adjustment no matter the economic situation. In the last five years, retiree payouts have increased by 12 percent. This means California public employee retirees can't say they are on a fixed income.

South Lake Tahoe has 165 employees, but 800 people receive health benefits. This is because until 2001 dependents could be covered on the health plan of retirees for the rest of their lives. Starting with those hired in 2008 retiree health care was no longer an option.

In a 10-year period from 2009-18 the city forecasts needing \$44.3 million to fund health care. If changes are not made, that figure could grow to \$60 million or more, according to Kerry, based on health care costs rising and more people entering the program.

"The city can't grow to \$6 million a year or we'll never fund recreation," Kerry said. The current annual health care cost is about \$4 million.

That \$6 million is the same amount of cash the city receives in property taxes each year.

South Lake Tahoe under Kerry's leadership wiped out a \$20 million year liability by mandating qualified retirees join Medicare. This is something that should have been done under any previous city manager.

The city is negotiating with each of its bargaining units to make changes to the benefits plan.

"The system is the problem. Information was not brought to the council about how bad things were getting," Kerry said.

In the mid-1980s it cost the city \$1,200 a year for a family's health plan. Today it costs \$1,500 per month.

It is not known if any other city administrator ever proposed

capping the amount of money the city would pay per employee or retiree, but it never happened.

Going forward

Kerry told the council if the city doesn't continue investing in infrastructure, it will have what it has now – crumbling streets. She said the community needs between \$15 million and \$20 million each year to be able to compete. This would be a mix of public and private money.

She didn't hesitate to expound upon Tahoe's major industry being tourism and the need to have quality amenities.



Overhauling South Tahoe's pool complex could cost \$13.7 million. Photos/LTN file

The city has put in \$30 million in infrastructure improvements in the last four years.

Part of Tuesday's discussion was about what else the city should invest in. The council is open to spending the \$1 million in excess reserves on projects. This money is in addition to the city's 25 percent reserves.

Staff will come back soon with recommendations about how to spend the money. Part is likely to go toward finalizing some planning and design work for projects, some could go toward the bike park in Bijou Community Park, and maybe some for

hookups at Campground by the Lake.

Jim Marino, assistant public works director, went over staff recommendations for what should be capital improvement plan priorities. He prefers CIP mean community investment plan.

Upgrading the recreation center at an estimated cost of \$13.7 million and revamping Regan Beach to the tune of \$4.2 million top the list. An aquatic center could be built, perhaps a second story, definite energy upgrades would be included to the rec center. At the beach the steel bulkhead would be removed and the building gutted.

While the council agreed to the priorities, there is no money for these endeavors. An outdoor amphitheater also is of interest to the council.



The field at Lake Tahoe Community College needs replacing.

However, the return on investment for all three would likely be rather immediate.

But with definitive goals, then partnerships can be formed and grants sought, as well as money put away for the big projects.

Playing to the recreation theme, the city is saving money from Measure S/R to replace the community ball field at Lake Tahoe Community College. It's likely to cost \$500,000. Marino said at 9-years-old the field has reached its life expectancy.

Replacing it, he said, "directly supports sports tourism,

which I believe is underleveraged.”

The council collectively agreed the community deserves more action and less talk.

When it comes to figuring out how to come up with more money to invest in the community, the council agreed to form a community task force that will be a partnership with other stakeholders – which includes agencies, government entities, residents and business owners – who want to work on ways to bring investors to town.

Of the seven people who spoke at the meeting, most agreed the city needs to invest in itself, with some saying go after little things, others saying shoot for the moon. Of the 21 letters, nearly all lobbied on behalf of the bike park.

The bike park advocates have \$350,000 in cash and in-kind donations, with \$100,000 more needed to complete the project. It is in the planning stages and could come to the council later this summer.

But it was also pointed out that residents would be asked what they are willing to do when it comes to investing in the community because the city can't do it alone.