

Opinion: EDC refuses to sever ties with ex-workers

By Larry Weitzman

Jorge Santayana said, "Those who cannot remember the past are condemned to repeat." It seems the El Dorado County Board of Supervisors is again guilty of violating this basic principle of leadership.

At the Jan. 27 BOS meeting there was a small innocuous item on the consent calendar agenda. The consent calendar is supposed to be used for perfunctory matters that are easily understandable and have little consequence to EDC. Past CAO Terri Daly snuck things through on the consent calendar regularly; her most infamous use was when she was the CAO of Amador County when she had an item on the consent calendar that ended up costing Amador County nearly \$20 million.



Larry Weitzman

This particular item was consent item No. 25 wherein the CAO was recommending the BOS sign an amendment to a contract with Alliant Insurance Services Inc. to provide employee benefit consulting for human resources and risk management extending it until Jan. 31, 2016, and increasing the fee charged to EDC by \$100,000, not to exceed \$610,000. Not exactly chump change. But wait there is more to this item, a lot more.

First is the failure to disclose pertinent information on the

agenda item with respect to this Alliant contract. It was the county auditor, Joe Harn, doing his job as auditor who put CAO Pam Knorr and the BOS on notice the day before the hearing. He alerted them to the very important fact that the county administrator on this contract from the time of her employment at EDC until her termination about a month ago was none other than Kim Kerr. Harn also advised the CAO, two BOS members and county counsel that Kerr's new employer was, that's right, Alliant who now wants to extend the contract for another \$100,000. Perhaps that fact alone creates an air of impropriety. We all know how incompetent Kerr was just by a simple examination of the Van Dermeyden Study and/or a recent Amador County Grand Jury report.

The actual text of Harn's email to the CAO, BOS members Brian Veerkamp and Ron Mikulaco, and the county counsel is as follows: "I think we should disclose in big bold letters that Kim Kerr works for Alliant. Kim used to be the contract administrator for Alliant. This looks real bad. We should make sure that it doesn't look like we are trying to sneak one by the public." Harn then suggested that the matter be continued for a week for research, deliberation with all the facts and disclosures.

At the Jan. 27 meeting and now with obvious knowledge of this disturbing fact, the acting CAO, Knorr, said to the BOS with respect to this item No. 25 that a former county employee who administered this contract now works for Alliant. What Knorr left out was the employee's name, Kim Kerr. That would be considered an incomplete disclosure, considering the circumstances.

But a more significant problem is within the contract itself and its administration requirements. At the hearing during a short discussion I revealed the name of the county employee involved and suggested that the contract needed study and the possible conflict of interests of Kerr and Alliant. At the Feb. 3 BOS meeting I went into more detail as to the potential

conflicts and significant, potentially negative, contract provisions.

First, the contract plainly provides that on top of their fees of \$100,000 or more as specified, Alliant can charge insurance placement fees. In other words, if Alliant places 500 employees with XYZ insurance company, Alliant may get a placement fee of so many dollars an employee over and above their stated monetary compensation. Making matters worse, Alliant has to only report these fees to guess who? That's right Kim Kerr. Do you think anyone at EDC knows of this or the amount? Doubtful. Additionally these placement fees could be considered a conflict of interest with respect to Alliant as to what is in the best interest of their client, EDC; Alliant earning the best placement fees or EDC's obtaining the best health insurance deal?

Second, is the fact that Alliant could pack the employee premiums with expenses charged to Alliant from its several subsidiaries, raising the cost of insurance to every EDC employee. This also was apparently unknown to Knorr and the BOS and probably to all EDC employees. But evidently the BOS and Knorr didn't care to put the matter over for some understanding and investigation. It was a 4-0 vote approving the contract, with Mikulaco abstaining.

In the aftermath of passing this item, Harn, the county auditor, sent an email to Knorr asking for a contact at Alliant so he could ascertain what, if any, additional fees did Alliant charge the county. Instead of cooperation, Knorr stonewalled Harn in saying you can work through her or her designee and they would work with the appropriate contact at Alliant. What is Knorr afraid of? Don't you love government transparency especially when transparency eludes the auditor?

According to this contract, only Kerr or Daly was to be advised of these fees. Keeping that knowledge from the county could have been beneficial for Alliant and bad for EDC. Was

Kerr feathering her bed and that of Alliant at the same time? We don't know as of yet. But the BOS (except for Mikulaco) in its finite, limited wisdom and knowledge approved the contract instead of more investigation and a further vetting as suggested by the county auditor. It's obvious that Knorr and the BOS didn't care or protect the taxpayers and employees of EDC, even though they had more than a chance and were so advised prior to their vote with enough information that more vetting was absolutely necessary.

Larry Weitzman is a resident of Rescue.