

More questions than answers in EDC budget

By Kathryn Reed

El Dorado County has substantial money issues with no obvious solutions.

The Board of Supervisors on Tuesday begins the process to come up with a budget for 2016-17. The fiscal year begins July 1. By law the budget has to be balanced.

The staff report says the county will be nearly \$5 million in the hole in 2018-19 if things don't change. The structural deficit will be part of the discussion April 26.

Even though CAO Larry Combs says the budget is balanced, that's a bit of misnomer and not everything department heads or electeds want is getting funded.

Combs, in his report, does not suggest any ideas of how to come up with more revenue or to cut expenses. Combs, who is the interim CAO, only works a few hours a week. (One of his other primary jobs is to find a permanent leader for the county.) In the past the CAO has been proactive with the budget, even starting in the fall.

All he offered in his report was, "For any items that the board wishes to add to the budget, something must come out of the budget or a new funding source must be identified."

The staff report for Tuesday's session also says, "Use of one-time revenue or one-time savings to fund ongoing operational expenses will not help future year deficit, but will only buy time."

As with most organizations, salaries and benefits are the biggest drain on the General Fund.

However, the CAO has been driving up those costs. And in doing so he keeps violating board policy when it comes to hires. Anyone hired at step 4 or 5, the latter being the highest, must have this run by the supervisors. Combs hired his friends for the assistant CAO and risk manager positions at the higher levels. The recently appointed chief counsel is also at a higher step. The board has not been brought into the loop on these decisions.

Various county departments put in requests that totaled \$7 million more than revenues. There is another nearly \$25 million that is also not accounted for and some of those are ongoing expenses.

“Department requests exceed our available revenues by \$7 million. If we maintained our ‘status quo’, in other words, no new positions or other appropriations increases and no decreases to department revenues, the budget would be balanced. Requests came in \$7 million higher than status quo,” Laura Schwartz, chief budget officer, told *Lake Tahoe News*.

The job of the electeds is to prioritize spending. There will be several budget hearings in May, with approval set for June.

Schwartz in an email that Combs was copied on did not explain why General Fund money is not being used for road maintenance when this has been the norm for years. This \$3 million line item is part of the nearly \$25 million that isn’t being funded.

Also not in the budget is the \$2.2 million needed to pay the debt on the new sheriff’s headquarters.

“We have purchased the property for the new public safety facility, but we are still researching financing options,” Schwartz said. “You are correct. Currently we do not have funding to build the facility allocated.”

The unfunded list also contains \$1 million for land use

litigation. In other words, there is no money budgeted to fight the lawsuit challenging the General Plan. Neither Schwartz nor Combs explained how the lawyers would get paid.

One item the five all agreed to was approved last week when they allocated \$256,651 in property taxes – annually – to El Dorado County Hills Fire Department. This is the richest fire district in the county.

They went against Auditor-Controller Joe Harn's recommendation. He told them in writing, "I believe that it will be a major challenge to continue to provide existing services at current levels in future years."

This is also the same fire district from which Supervisor Brian Veerkamp receives an annual pension of approximately \$200,000 from having been the fire chief. He voted for the allocation, even made the motion, without anyone stating this is a conflict of interest.