

# Opinion: EDC budget needs dose of reality

By Larry Weitzman

A new El Dorado County budget was presented to the Board of Supervisors on June 13. While it was signed by Don Ashton, it is the budget of outgoing CAO Larry Combs, his final gift to the county. The bills for his one-year tenure are now coming due.

A simple analysis of the first few pages in the budget summary tells the tale and that tale is simply too many employees or overpaid employees. Understand that nearly 70 percent of all county expenditures are for salaries and benefits. Another huge expense is an annual expenditure of about \$10 million in contracting solely done by the CAO in contracts less than \$64,000.



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According to the 2015-16 budget summary on page "v" was a claimed reduction in full time equivalents of 28.35 to 1,833.89 FTEs. On top of that during the year the county eliminated 15-16 high paid FTEs is a buyout program that included \$50,000 golden handshakes or close to a \$1 million. The total spent on salaries and bennies will be \$158.2 million, which is an increase of more than \$13 million over the prior year. That is an unsustainable growth of 10 percent. Just four years ago and for a period four years prior, the

salaries and benefits of EDC consistently averaged \$118 million.

But in the 2016-17 budget FTEs start the year at 1,891.49 FTEs. The budget readily admits a growth of 76 FTEs, which does add up. But the budget also claims a reduction of 47 FTEs including about 25 new HHSAs FTEs that are not General Fund positions. But notwithstanding, the net increase is 29 FTEs. The big question is that total FTEs can't be reconciled. Somebody is hiding something.

The projected salary and benefit spending for 2016-17 is projected to be \$168.6 million or an increase of \$50 million from just four years ago. That amount is projected to grow at the rate of about \$8 million annually over the next four years. That growth in total dollars outstrips revenue growth by about \$10 million. And those numbers do not account for the chance of any employee raises. If that happens (the current contract is over today) it will make these numbers look like pocket change. The county is out of control.

In both the 2015-16 budget and the 2016-17 budget, Pam Knorr, the interim CAO of 15-16 and Larry Combs the past CAO, they used a slight of hand technique to make the employee count look better than it was by comparing the current year to a year in which the county had significantly more employees. In the 15-16 budget, Knorr compared her claimed 1,833 FTEs to 2006-07 when EDC had a total of 2,128 FTEs. That makes it look much better. Combs used the year 2007-08 when FTEs totaled 2,055. But what was left out was that in 2012-13 the county has just 1,703 FTEs, so in reality there has been huge employee growth over the last several years. Just an example of how liars use numbers to make their case.

On top of that, Pam Knorr promised a soft hiring freeze during the prior budget year. It was just a little fib, especially considering that her department, HR, grew by about 15 percent and still remains one of the lower performing departments in

the county.

Using a term I dislike to use, our budget continues to be structurally out of balance for the next several years. One of the basic requirements for EDC in obtaining a 40 year, USDA 2.875 percent loan to build the badly needed sheriff's facility which is stated in the loan app is a structurally balanced budget for five years out plus demonstrated funding to make the approximate \$2.2 million annual payment. That loan rate was good until June 30, 2016. Fired CAO Larry Combs wasn't aware of any of the requirements. So at a BOS meeting Combs asks the BOS to direct him to prepare the loan application. So what does Combs do? He hires an outside consultant to do the loan application. I guess the more than dozens of analysts, some with master's degrees, in the CAO's office were incapable. But Combs policy is never pass up a chance to hire your friends. Combs even hired a "part-time helper" to aid the consultant.

And it's the consultant who discovers the structurally balanced budget requirement to qualify for the loan. Combs never knew. And we paid Combs over \$100 an hour for his services. He doesn't even read and the budget just presented to the BOS was Combs' 2016-17 budget, not Don Ashton's. Ashton had nothing to do with this budget. If Combs would have read some of the basic requirements for the USDA loan, he would have known the truth before he got started and worked to revamp his budget.

I have been writing about Combs' incompetence for about a year. While he is gone now replaced with a real executive, the damage as you can see has been done. But this is just the tip of wreck. More will be discovered, starting with his hiring of the ACAO. There is a waste of about \$200K a year. And for Combs, all during his tenure here he collected \$150K in what should have been illegal CalPERS benefits, plus other pension money of about \$25K a year. Combs' penalty will be the continuation of a total pension of about \$215K a year. Shame

on government, including the BOS.

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