

# SLT finances in the black; raises for workers

By Kathryn Reed

With more money rolling in than originally planned for this fiscal year, the South Lake Tahoe City Council on Tuesday opted to invest in the city and its employees.

The city has \$721,000 more in tax revenue than anticipated from when the 2016-17 budget was approved in the fall.

Hotel, sales and property taxes are the three main sources of cash for the city. The hotel tax is up 7 percent from the previous year, though that is down from the 15 percent spike a year ago. The hotel tax is \$250,000 above projections, property tax is up \$200,000 and sales tax is \$125,000 higher.

Councilman Tom Davis said to expect transient occupancy tax collections to be down significantly in February because “we had too much weather.”

Debbie McIntyre, chief financial officer for the city, said the city is being cautious as things move forward. This spring could be more of a true shoulder season compared to the past few years. This is because the South Shore ski resorts will be closing this month, but all that snow has the mountain biking and hiking trails off-limits. This may mean fewer people will be coming to town until summer sports are playable, so to speak.

A significant amount of discussion centered on the overtime pay for the fire department. While OT is budgeted, an additional \$220,000 is needed. This is the first time since at least 2011 when Jeff Meston became chief that the department has exceeded its overtime budget. The reason is mostly because a couple people are out on workers comp and some are gone on

family medical leave.

The three capital improvement projects receiving mid-year funding include:

- Bijou Park Creek (aka Knights Inn) – \$870,000
- Pot holes – \$300,000
- SLT Police Department remodel design – \$30,000.

Also on April 4, the Placer County Board of Supervisors approved paying South Lake Tahoe \$800,000 for some of the tourist accommodation units associated with the Knights Inn.

Councilwoman Brooke Laine questioned whether the 25 percent reserves should be reconsidered, especially when it was not needed during the recession. She likes the idea of being able to tap that fund for one-time expenses.

As the city's operating budget goes up, it means that pot has to keep increasing. It could possibly become more of a flat amount. Many cities do a three-month reserve, which for South Lake Tahoe would be about \$8 million. It would take a four-fifths vote of the council to change the allocation.

The midyear budget adjustment uses \$1,411,582 from the undesignated reserves. This in large part is for the Bijou-Knights Inn project.

Included in the revise was a salary increase for employees.

This is the final year of three-year contract the city has with its four bargaining units. A contingency said if the city coffers were flush for two years, the employees could reopen the contract to discuss salaries.

The council agreed to give everyone a 2 percent raise that is retroactive to March 11. The city manager and city attorney are not included in this and will be evaluated separately

later this spring.

The money to pay for these increases will not impact the General Fund for this fiscal year or in 2017-18. The city set aside money in the last two years when the memorandums of understanding were adopted three years ago. That pot is at \$724,000.

A problem that will be rearing its head is the ongoing pension costs that the city has no control over.

“These pension costs are the problem. Let us negotiate,” City Manager Nancy Kerry said. The Legislature would have to change the law to let jurisdictions change CalPERS.

The city’s unfunded CalPERS liability will be a separate agenda item at a future meeting. This will include the possibility of trying to pay down the debt a bit, possibly with the undesignated reserves.