

Money tight in EDC as budget talks about to start



El Dorado County CAO Don Ashton on March 21 talks finances. Photo/Kathryn Reed

By Kathryn Reed

MEYERS – Out of a \$550 million annual budget the El Dorado County Board of Supervisors only gets to decide how a fraction of that is spent. It's the approximately \$150 million General Fund that they have a say over. The rest is state and federal money that has strings attached.

And even though \$150 million is a lot of money, it's not enough to do everything people in the county would like done.

"It is not possible to be small and rural, with low taxes and high levels of service. You get to pick two out of three. It's all about choices," CAO Don Ashton said.

Ashton is making the rounds through the county, speaking to groups and at town halls to give a glimpse into the county's finances. Budget hearings for the 2018-19 fiscal year begin in April, with the preliminary budget taking effect July 1.

While other gatherings have been well attended, the one in Meyers on March 21 was somewhat of a bust. There were three employees of Lake Valley Fire Protection District and a former South Lake Tahoe City Council member in attendance. Still, the intimate setting allowed for a free flow of dialogue.

Unfunded mandates from the state continue to escalate and therefore drain the precious resources. The prison realignment from 2011 has people in the jails who are doing time well past the one-year maximum that county jails were designed for. These are more hardened criminals. Counties are feeling the financial burden.

"The biggest and scariest issue is CalPERS," Ashton said.

Retirement costs through CalPERS is escalating, with the hit to the county estimated to be another \$20 million in the next four years. Ashton described it as being "out of our control for the immediate future."

Only the state Legislature can do something to change the system.

The county's unfunded liability is \$160 million.

"How we get through these next few years will be scary," Ashton said.

Obligations surrounding mental health also take a toll on the county's budget. Per state law counties must provide mental health services. However, what comes from the state is not enough to cover all the bills.

And if a local resident has to be housed in a facility outside El Dorado County because there isn't a bed here, local

taxpayers foot that bill.

El Dorado County is also being hurt by the state gas tax not producing as much revenue as was forecast. And if voters repeal it in November, it's possible the county could lose about \$5 million a year in anticipated revenue.

If the robust economy takes a turn, that, too, would be bad for county coffers. This is because taxes make up 71 percent of the General Fund revenue, with property taxes being 62 percent of that total. For every dollar people pay in property tax, the county gets about 23 percent.

During the Great Recession property values plummeted and the county suffered.

The electeds have contemplated increasing various taxes to generate income. All tax proposals must go to the voters.

A half-cent sales tax could generate \$6 million a year. Today the rate is 7.25 percent in the county. This compares to South Lake Tahoe's rate of 7.75 percent.

Raising the hotel tax from 10 to 12 percent is being studied, though transient occupancy tax is not a huge piece of the pie at \$3.4 million a year. Still, the rate is lower than the county's neighbors. South Lake Tahoe charges 12 or 14 percent depending on the location.

Supervisor Sue Novasel, who was at Wednesday's meeting, has brought up the idea of assessing TOT at campgrounds, just like South Lake Tahoe and other jurisdictions do. She has gotten push back on the West Slope.

What is unique about the county is that 5 percent off the top of all TOT collection goes to the Veterans Commission, then it's divvied up with 49 percent going to the General Fund and 51 percent to tourism/economic development. There is talk of taking the veterans out of the TOT pot and instead making that

allocation a separate line item in the General Fund. This way if the TOT is raised, that group is not getting an automatic increase.

Novasel is a proponent of there being a nexus between a tax and what it is then spent on. Veterans and TOT don't fit that qualification.

Most of the General Fund money goes to law and justice (sheriff, district attorney, probation) at 58 percent, or \$74 million. Of that the sheriff's office gets the bulk – 68 percent, or \$51 million.

That figure doesn't include the \$60 million state-of-the-art facility that will break ground this month. It will cost the county about \$2.6 million a year for 40 years to pay for it. Where that will be in future budgets remains to be seen.

Supervisors only have control over the dollar amount in the sheriff's budget, not how he spends it. He's asking for four more deputies even though he has 14 vacancies.