

S. Lake Tahoe budget flush with 'extra' money

By Kathryn Reed

South Lake Tahoe is in the unique position of having about \$1.2 million to spend mid-year.

While the numbers are not astronomical, it is a change from the austerity and deficit modes the city has been faced with in recent years. The "extra" money is carry-over from the last fiscal year that ended Sept. 30. It takes time for fund balances to be known based on bills to be paid and money coming in so a dollar figure is not known when the current budget is passed. (This is essentially money that was budgeted but not spent or revenues that came in above what was projected.)

It was known when the current budget was approved last fall that there would be \$349,473 in excess. That was immediately put toward the recreation master plan, a police vehicle, actuarial study, computer hardware, improvements at the city pool and few other things.

What was decided Jan. 14 was for \$250,000 to be used for a one-time 2 percent salary adjustment for all permanent full-time employees. The city manager and city attorney have declined to be included. Most part-time and seasonal employees will receive \$250.

Another \$250,000 was allocated for the Harrison Avenue project. That bid will be awarded Feb. 18 and the project will break ground in the late spring.

The council approved this on a 5-0 vote without any discussion. However, all have been meeting with city staff individually. And Mayor Hal Cole and Councilwoman Brooke Laine

are the fiscal sustainability committee members and therefore are most active in financial matters.

What isn't determined yet is how another \$534,122 will be spent. Of that amount, \$334,122 is in the bank – also from year-end balance excesses. The remaining \$200,000 is from anticipated sales tax increases based on what the state has told the city.

City Manager Nancy Kerry pointed out that if the council wants to eliminate the paid parking program, the \$534,122 would almost cover the cost of doing so. Eliminating the controversial program mid-fiscal year would create a budget hole of about \$600,000. Included in that is the \$191,000 to pay off the kiosks.

There will be a public workshop on Feb. 10 at 8am at Lake Tahoe Airport at which time the council is expected to make a decision about where the money goes and to potentially create a policy about how to spend money when there are unanticipated revenues.

Cole said after the council meeting he hopes in February a policy will be set to guide this and future councils about how to allocate surpluses.

"I still think it's infrastructure. I know that is broad, but without infrastructure improvements people get frustrated," Cole told *Lake Tahoe News*.

Kerry suggested some of the money could be put aside to deal with the fluctuating state retirement system.

Much of Kerry's presentation on Tuesday was about the historical financial situation of the city and how the city has achieved positive cash flow. She stressed the cyclical hiring in flush times, firing in lean times is not an effective way to run a city because it ruins lives and doesn't help the public.

The turn around from 2010 when the city was facing systemic \$3 million annual deficits in part is because one-third of the staff was laid off, employees are paying for some of their benefits, reserves were created in 2003, transient occupancy tax is being collected from vacation rentals and other changes were made to how the city does business.

“Now we have a city that is living within its means,” Kerry told the council. “We’ve fixed the fiscal problem now, but I’m still nervous.”

The local economy is still on shaky ground. While hotel tax numbers have been going up for the past two years, Councilman Tom Davis who is in the lodging business, said with no snow on the ground room nights could come to a screeching halt and cautioned his colleagues to be reserved with expectations.