Opinion: EDC CAO – arrogance or incompetence?

By Larry Weitzman

As the investigation grows, it becomes apparent that the chief administrative officer, her assistant and most of the office are in trouble. A Board of Supervisors meeting on Sept. 9 revealed a new scandal could be happening and it involves a simple snowplow.

It seems the CAO's office can't even buy equipment without messing it up. The equipment is necessary for clearing roads north of Emerald Bay to the Placer County line and serves about 2,000 property owners.



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This problem started more than a year ago when an item appeared on the BOS consent calendar Sept. 10, 2013, for the purchase of two John Deere Motor Graders (snowplows) for a zone of benefit in the Lake Tahoe Basin from the low bidder, Pape Machinery of Sacramento. Funding was to come from a special assessment placed on the benefitting lands owners who live in the zone of benefit. They pay a $50 a year parcel tax, totaling about $100,000 annually. This was not even a general fund item.

While the BOS approved this item on the consent calendar, the approval perhaps was a bit unclear. The approval said it was

for a one-time purchase of two John Deere motor graders for approximately $814,000, but it had a provision for lease financing of the snowplows as well.

Pape finished the delivery of the two snowplows in about May of this year. The first one appears to have been paid for with cash, but the second one has not been paid for, although EDC has had possession for four months. The Community Development Agency was handling this transaction could have paid for it, but for some unknown reason they wanted to change the deal to an operational lease according to the hearing paperwork of the Sept. 9, 2014, meeting that has been continued to Sept. 23.

In the meantime, Pape Machinery is out a $407,000 snowplow and has not been paid. To summarize a series of emails from Pape and El Dorado County, it appears that EDC has not been telling the truth to Pape. They are getting the run around from EDC officials and Pape is threatening repossession. Imagine an EDC official fibbing to a vendor.

In attempting to get the original documents from the September 2013 BOS meeting from the BOS website, they have mysteriously disappeared. Of all the agenda items from said date, only item No. 16, 13-0778, the consent item to buy these snowplows, is missing. Is this the beginning of a cover up?

For reasons unknown, the CAO, CDA wanted to change the deal according to the Sept. 9 agenda. Using the consent calendar and hoping no member of the public or BOS wanted an open public hearing, the CAO, CDA asked to waive the bidding requirements required by law and requested permission to enter into a new, different and probably more expensive operational lease. Because the CAO, CDA wants to change the deal it requires a new bidding process by law. This simple purchase of two needed snowplows has turned into a nightmare for Pape and the residents of the affected Lake Tahoe area. This problem developed long before Steve Pedretti became the CDA director.

At this point nothing should be approved until the whole truth of who in the CAO‘s office messed this otherwise simple deal up and why. Although every item with respect to this transaction was requested via the California Public Records Act over 10 days ago by this writer, nothing has been received.

Terri Daly, the CAO, is well aware of her office’s mistakes, whether intentional or negligent. I have the purchase order and receipt document for snowplow No. 1, which she personally signed among other documents I otherwise have obtained through other sources. What else smells bad is the use of the consent calendar to slide mistakes by the public and the BOS. Daly used the exact same procedure to hang Amador County on a $20 million unnecessary lease obligation, which Amador will pay $1.5 million annually for another 14 years.

But this example of incompetence and/or arrogance is just scratching the surface. The CAO is directly responsible for most of the upcoming budget deficits of about $20 million annually that are now projected over the next four years. Can you say $80 million dollars upside down? That will wipe out the surplus in the general fund of $54 million built up by Auditor Joe Harn over the last 21 years, a budget surplus that started as a small deficit when he became auditor. Harn also was able to retire an additional $22 million in bond indebtedness over the same period. As of this date, the county has no bond indebtedness.

Since that General Fund peaked on June 30, 2013, it has already decreased by about $9 million to have an ending balance of about $45 million on June 30, 2014. The yearend county budget of June 30, 2015, appears to have a zero deficit (a zero balance created by using more of that General Fund cash balance), but in the next four years as projected by the CAO’s chief financial analyst, Laura Schwartz, the budget shows a total deficit of $60 million, but that assumes a $20 million savings from the implementation of the multi-million

dollar Fenix accounting system. Many experts in the county think the $20 million benefit from Fenix is a pipe dream as the CAO has yet to develop any work paper showing where and how this money will be saved.

So how did these deficits materialize? In the last three years the county at our CAO Terri Daly's recommendation added about 170 employees at an average salary and benefits of about $80,000 a year. On top of that, Daly recommended that all county employees except sheriff's deputies (they have their own system of compensation increases) get a 15 percent raise over three years starting at the beginning of 2014. That's one way to buy loyalty. According to our county auditor and per the CFA's own budget projections, the county's salary and benefit expense will increase by about $14 million, which just about equals next year's deficit. This is typical of big government bureaucrats. But wait, there is more.

When our new and very perceptive Supervisor Shiva Frentzen asked the CFA what benefit did we get from all these new employees, Schwartz replied that we have a new senior day care center. I was advised that this new center employs about two people. So where were all these new people absorbed?

Yes, you guessed it; the CAO's office received the majority of this new staff. I don't care how many new analysts they have, they are doing a lousy job. As said before in the Balancing Act, if Daly is doing such a good job, why does she need two press/PR officers to brag about all her "good" work? The bottom line is that for all these new employees, the county service levels are about the same.

But wait there is more. There is a pattern here. As mentioned above, Daly as the former CAO of Amador County saddled them with a $20 million lease obligation over the next 14 years which they didn't need that has become an albatross. Daly did it through the consent calendar. And if that doesn't worry you, Daly wants the new sheriff's HQ to be acquired in a

manner similar to the HHS lease in Amador, the most expensive way to do it. More on that in a later Balancing Act.

Daly hired Assistant CAO Kim Kerr, telling everyone what a lucky find. Kerr was about to get fired as city manager of the city of Ione. In a nutshell, Kerr took Ione in just four years from a positive fund balance of $8 million to a negative balance of about $1 million. The grand jury called her incompetent or words to that effect. She didn't even reconcile the city of Ione's bank account for over two years. And so what did Daly do? Hire her and gave her a $10,000 raise in doing so. Now Kerr is making over $160,000 a year, plus benefits.

I am not done yet. Daly claimed in hiring our newest HR Director Pam Knorr that the top of the salary schedule was "only" $132K plus benefits and Knorr wouldn't take the job without more money. Reports from some of the employees of Alpine County where the unemployed Knorr was the previous CAO were less than glowing. But that didn't matter and Daly talked the then BOS into giving her about $160K a year plus benefits plus the coming raises.

Daly's excuse for all this unnecessary hiring? "We are just back at pre-recession levels." Hey, I got news for Daly, most people will tell you we are still in a recession. County revenues are going up a lot slower than inflation. Just last week at a bank (in El Dorado County), I asked the teller (making about $12/hour) when did he finish college? He said he graduated CSUS recently with a degree in accounting and couldn't get a job. Ask him if we are still in a recession.

Even our new county counsel was hired in at the highest pay step. Hey, what does Daly care, the money is OPM (other people's money) to her.

But there appears to be no recession if you work for El Dorado County. Ask an analyst who makes $110K plus benefits in the

CAO’s office.

Since corporate America went through the recession and many are still in it, there were massive layoffs. Many corporations found that productivity remained high and profits rose (why do you think the stock market is at 17,000? Corporations do better for their stockholders when they become leaner by trimming the fat.

When a corporate executive’s company loses money year after year, they get fired. You don’t give them a raise. Most of top management is removed. When a football, baseball or basketball team becomes a consistent loser year after year, sometimes just a bad losing streak within a season, do the players get fired? No, it’s bye-bye head coach, assistant head coach and/or manager. How many new coaches have the Sacramento Kings gone through in the last few years. The coaches make a huge difference with respect to a team’s performance.

The citizens of El Dorado county are the stockholders. They deserve better. If the CAO were an elected position, there would have already been a recall. But it’s up to our BOS, who have the power to hire and fire the CAO, to take this county in a new, more fiscally responsible direction. The bleeding needs to stop now before exsanguination kills us.

Oh, and Terri Daly’s salary? In a couple of years it will be over $220,000 a year plus benefits.

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