S. Tahoe budget good now; deficits likely next 4 years

By Kathryn Reed

While the projected deficit for this fiscal year is expected to be less than originally forecast, the city of South Lake Tahoe is looking at approximately a $1 million shortfall each year through 2017-18.

City Manager Nancy Kerry went over the mid-year budget at Tuesday's City Council meeting, while also providing indicators of what the 2013-14 budget might look like when it takes effect Oct. 1. The council will have work sessions on the next budget in August, with adoption expected the next month.

The original projection for this fiscal year was a shortfall of $806,000. With the increase in hotel and sales taxes, that has been scaled back to about $200,000.

The winter season, while not abundant in snow, saw an uptick in people coming to town. This was evident with the number of skier visits increasing from the prior year. The transient occupancy tax collection in South Lake Tahoe is up 26 percent in the first quarter compared to 2012.

Mayor Tom Davis, who works in the vacation rental business and is on the local lodging association board, said April's TOT collections would drop off dramatically. But ski resorts for the most part closed earlier in the month than in some years.

Embassy Suites, as a brand name and member of the Hilton Corp., had long been the region's highest hotel tax generator

as well as having the top average daily rate. This spring the Japan-based owners chose to operate it locally without a flagship.

“They are struggling with occupancy,” Kerry said of the renamed Lake Tahoe Resort Hotel. And she told the council she is concerned about this in terms of what it may mean for city coffers in the future.

In the first month that the TOT auditor has been on board about $20,000 in back fees and fines have been collected. This person is tasked with finding vacation home rentals that have not been paying their taxes.

The other indicator that people have been in town is sales taxes revenue from October-December was up 13 percent from 2011. It’s likely with T.J. Maxx only being open since November and Big 5 opening later this month, sales tax numbers could keep going up.

Property tax, which is the third main revenue source for the city, is flat. Indications are that it will remain that way.

“Housing in South Lake Tahoe is on an uptick,” Kerry told the council May 7. But she cautioned that some people in the real estate industry are worried there is a possible bubble being created again, especially locally. While houses are turning over here, the assessed values could be lower, which would bring down property tax revenue.

While revenues are going up, expenses are too.

“The headwinds to the general fund are the increase in employee costs,” Kerry said.

The state retirement system has changed how it bills municipalities and health care costs are going up. The city has issued a request for proposal to potentially find a new health care provider.

Kerry has spoken to all of the employee groups about potential changes in the health care plan and what the Affordable Health Care Act could mean. There are 780 people who receive city health care benefits – 165 employees and their dependents, 145 retirees and their dependents.

The council unanimously approved the mid-year budget changes which amount to an increase of $1,021,908 in revenues and increase of $468,435 in expenses for a positive net gain of more than $500,000.

“If we are going to compete, we as a city need to build infrastructure,” Kerry said.

This comes in the form of streets and recreation. While it would take $300 million to upgrade all city streets, the course of action is to do this in a gradual manner – with $3 million spent last season.

Councilman Hal Cole said he would like to see a more dedicated source of money for capital improvement projects.

In the five-year budget, projections are for revenues to grow not more than 2 percent annually.

But on the revenue side is the assumption the TOT tax will be raised to bring in an additional $250,000 next fiscal year and $1 million each of the following four years.

The $31.7 million general fund does not include any cost of living increases for employees for the next five years.

Related to the budget was the approval Tuesday of nine positions being reclassified. This equates to an increase of $59,000 to this year’s bottom line.

The Public Works Department has been reorganized to function like a department with that name. Interviews for the director will be in mid-June.

It will be divided into operations and engineering. Jim Marino is now the assistant director overseeing operations, which includes streets, facilities and the fleet. Sarah Hussong-Johnson is the deputy director and will work part time.

Administrative Services is a new department that merges finance, human resources, IT and other internal services. In early June potential directors will be interviewed.

Parks and Recreation will go without a director and instead will have two managers. Greg Ross, who has been with the city 33 years, will lead the parks side, while Lauren Thomaselli heads recreation.

In other action:

• Tahoe Resource Conservation District will be operating the city's boat ramp at El Dorado Beach, which includes boat inspections.

• It was noted that the rec center is having to close its doors on occasion because so much water is coming through the leaky roof.

• Kerry said news out of the governor's office could come soon regarding Senate Bill 630; saying there could be a compromise soon.

• A number of people during public comment talked about wanting to delay the Harrison Avenue assessment collection until the city goes out to bid. Bid docs are 95 percent ready. They should be ready in June. The council agreed to get a Harrison Avenue update, including discussion of the district at the June 11 meeting.

• Kerry reported El Dorado County Board of Supervisors discussed the senior center in closed session and that county counsel would be sending a letter. That hasn't happened yet. (*Lake Tahoe News* is waiting for the county to explain how

this qualifies as a closed session agenda item.)

Letter: Paid parking is not the answer

To the community,

The city's determination to "sell" paid parking and residential permit parking to the residents of South Lake Tahoe is being met with strong opposition. The almost 100 people that attended Monday night's Residential Parking Permit and Kiosks meeting (just the title is confusing) was a demonstration of how passionate this community is about free access to the lake and the continued confusion over residential permit parking.

People should be able to park in their own neighborhoods without exposure to a $50 parking ticket. Listening to the community dialogue, I'd say this is becoming a public relations concern.

It was just three weeks ago at the April 16 City Council meeting that anyone outside city government learned of the "new" expanded parking plan. Something Police Chief [Brian] Uhler describes as, "A huge program involving lots of parts – it is complex".

By expanding the seasonal parking plan to 12 months/seven days a week/8am to 10pm with rates starting at $2 per hour, they have effectively eliminated any opportunity for free use of the beaches by the locals who often yield them to tourists until after Labor Day.

I am perplexed by our City Council's stubborn support of a parking plan that by staff's own projections will earn just $150,000 per year, with the promise that another $100,000 can be gained by issuing approximately 4.000 parking citations. The kiosks alone cost $250,000.

Considering the city's overall budget of $95 million, this $150,000 is viewed by some as the equivalent of having a bake sale to save the city budget. As a community, we should be able to come up with revenue strategies that don't piss off half the town.

Our city's beach parking lots and some of our streets with parking demand have been described by consultants as assets that need to be profited from. That being said, the city's largest parking lot asset is at the airport. To best utilize this asset, I'd like to propose that parking kiosks be installed at the airport so council members and city staff can have the opportunity to contribute to this parking campaign to improve the city's lagging revenues. The city tests the public's trust when they have different rules than the citizens.

For me, free lake access is fundamental and should be at the center of any tourism and community vision plan that we have for ourselves.

Peggy Bourland-Madison, 40-year resident of Al Tahoe

South Lake Tahoe hires city

attorney

By Kathryn Reed

South Lake Tahoe's next city attorney hails from the San Joaquin Valley.

Tom Watson, whom the council on May 7 unanimously agreed to hire, is currently a partner with Fike & Watson in Clovis. The firm contracts out to be counsel for various cities.

Watson represents Woodlake and Mendota – two extremely small towns.

"It's the capstone of a 24-year legal career," Watson told *Lake Tahoe News* of being hired by the city. He expects to start the first week of July.



Tom Watson will be South Lake Tahoe's next city attorney.

While all the details of the contract are still being worked out, Watson said he is definitely going to accept the offer – calling this a "dream job."

Much of the work he has done is municipal and construction litigation, which he believes will be a great fit in Tahoe. Even though the towns he has worked for are smaller than South Lake Tahoe, he said issues are the same, just on a different

scale. He has been an in-house attorney in the past for Tulare County.

“The critical element of being part of a team is to be proactive. As a contract attorney you are reactive,” Watson said.

Watson graduated from Santa Clara University School of Law in 1989. He has been with the current firm since 2002.

He was one of five candidates the City Council interviewed.

“He’s a go-getter. He’s not afraid to jump in and tell the council what to change. He is going to give us great legal advice,” Mayor Tom Davis told *Lake Tahoe News* after announcing the decision.

Watson has done his research – knowing the different legal battles the city has faced.

“The key for any city attorney is to recognize trust in the law is becoming more rare,” Watson said. He wants to restore trust to the City Attorneys Office. “I will work for the council and the community for the betterment of everyone.”

Current City Attorney Patrick Enright will be leaving at the end of the month. He will be taking a job in Sacramento. Enright was hired in June 2009.

Deputy City Attorney Nira Feeley will be going out on maternity leave in June. During this month without a city attorney Davis said it’s possible the city will contract with a former city attorney to do work. He wouldn’t name who that might be. Dennis Crabb, Cathy DiCamillo and Jacqueline Mittelstadt are all still in the area.

Watson will be moving to Tahoe with his wife, Jennifer, and their 15-year-old daughter. They also have a 24-year-old daughter.

The Watsons were married at Harveys in 1995 and come up here regularly. Watson said he's been skiing in Tahoe since he moved to California in 1972. Besides more time on the slopes, he looks forward to getting into mountain biking.

Brown points to climate change for early fire season

By Anthony York, Los Angeles Times

SACRAMENTO – Gov. Jerry Brown put the state's early wildfire season in global terms Monday, saying the state would have to grow accustomed to more forest fires as a consequence of climate change.

Brown's remarks at the CalFire aviation management unit in Sacramento came as firefighters in Ventura County said they expected to have the 28,000-acre Springs fire fully contained today. State firefighters have responded to about twice the average number of wildfires so far this year – more than 1,100 in all.

"Our climate is changing, the weather is becoming more intense," Brown said in an airplane hangar filled with trucks, airplanes and helicopters used by the state to fight fires. "It's going to cost a lot of money and a lot of lives.

"The big issue (is) how do we adapt," Brown said, "because it doesn't look like the people who are in charge are going to do what it takes to really slow down this climate change, so we are going to have to adapt. And adapting is going to be very, very expensive."

With the snowpack in the Sierra mountains at just 17 percent of normal, state officials are bracing for a long, destructive fire season. State Natural Resources Secretary John Laird, who joined Brown at Monday's press conference, said he was preparing for "a deadly year."

CalFire Director Ken Pimlott said more than 40,000 acres have burned in California this month alone. While the early fire season has become more common in Southern California, state officials officially opened the fire season in Northern California six weeks earlier than normal – just the fourth time in state history that has happened, he said.

El Dorado rescue team ready for busy season

Summer is known as rescue season for many in law enforcement. That is why for the last two months the El Dorado County Sheriff's Office Search and Rescue team based in South Lake Tahoe has been undergoing basic training in areas involving technical rescue, basic radio communications, land navigation, basic survival, helicopter operations and preparation for rescue responses.

A swift water and water safety training was just conducted. Volunteers learned basic safety around the water, basic recovery methods and technical rope systems used to aid in the recovery of victims in a water environment.



El Dorado County search and rescue prepare for water events. Photo/Provided

Even though temperatures will return to being warm and the rain will go away, it will take longer for the waters in the Lake Tahoe region to warm. This makes it even more imperative to wear a life jacket at all times.

In this last month a team has been organized to specialize in technical rope rescue. This team has been organized to train and have a vast knowledge of rope rescue techniques in order to effectively respond to low and high angle rescue incidents. This team is comprised of members from the El Dorado and Douglas counties sheriff’s offices.

2012 was a busy year for the El Dorado SAR, as they responded to more than 90 calls for service. The trend is continuing, with about 20 calls for this year.

The El Dorado County Sheriff’s Office is accepting applications for volunteers for the search and rescue team. Anyone with a passion for the outdoors and who has experience with hiking and recreating in the backcountry, should contact Deputy Greg Almos at (530) 573.3058 or almosg@edso.org

Children’s bereavement camp needs volunteers

Volunteers are key to the success of Camp Sunrise, a free bereavement camp for children, and are needed for the June 14-16.

Held at Galilee Camp & Conference Center in Glenbrook, Camp Sunrise is founded on the understanding that every child deserves the opportunity to grieve in a safe, supportive and understanding environment. This free camp is funded by Barton Foundation and is a program of Barton Hospice. Designed for children ages 7 through 14, the camp is geared toward children who have experienced the death of a loved one.

The children receive grief education and support from trained counselors and social workers who help them work through bereavement issues. The weekend is designed to leave them with a more positive outlook on their future.

Click here to become a volunteer.

Gaming industry across U.S. on growth spurt

By Ed Komenda, Las Vegas Sun

The U.S. casino industry captured $37.3 billion in gaming revenues in 2012, a 4.8 percent increase from 2011.

That growth rate is largest since the recession swept through the industry in 2008, according to an annual report released

today by the American Gaming Association.

The AGA's "State of the States" survey – a national snapshot of the casino industry based on economic data and public opinion – targets 22 states with commercial casinos and racetracks.

Frank J. Fahrenkopf, the AGA's president and CEO, said this year's data is a major bright spot in an industry marred by a recession that hemorrhaged workers and construction projects through the recession.



People continue to spend their money gambling at casinos. Photo/LTN file

"After three years of increasing growth and positive signs in all sectors of the industry, it's clear we've weathered the recession," Fahrenkopf said in a statement. "Whether we look at jobs, casino visitors served or tax revenues being provided, the bottom line is that there is much to be optimistic about in the commercial casino industry."

In 2012, consumers spent $10.86 billion in Nevada casinos, 1.5 percent more than they did in 2011, when they spent $10.7 billion.

Of the 22 surveyed states with casinos or racetracks, 15 saw an uptick in consumer spending between 2011 and 2012.

Accelerated by the openings of casinos, spending in Kansas

ballooned by 603 percent, growing from $48 million to $341 million in 12 months. The AGA attributes the growth to a full year of operations of the Kansas Star Casino in Mulvane and the opening of the Hollywood Casino at the Kansas Speedway.

Maryland saw another stellar increase in consumer spending, which increased by 142 percent, from $155 million to $377 million, rocketed by the opening of the Maryland Live! Casino.

Spending in New Jersey – home of the famed Atlantic City market – dropping from $3.32 billion to $3.05 billion. While the opening of Revel Atlantic City led to an uptick in jobs, the growth of regional competition and Hurricane Sandy led to the loss in revenue.

In 2012, Nevada had 170,000 commercial casino employees, a 2.4 percent drop from the previous year.

Employment grew by 5.8 percent in New Jersey, from 32,800 employees to 34,700.

The number of casino employees in New York grew by 9.2 percent, from 4,700 to 5,200. Many of those new employees went to work for Resorts World New York in Queens.

In all, the casino industry lost less than 1 percent of its employees, falling from 335,000 to 332,000.

The casino industry last year contributed $8.6 billion to the government in tax revenues, up 8.5 percent from 2011.

Gaming taxes in Nevada brought in $868 million, less than a percent more than the year before.

The AGA survey says 34 percent of Americans visited casinos last year.

Many of them did much more than gambling: more than 69 percent of casino visitors ate at a fine-dining restaurants, 55 percent saw a show or concert and nearly 45 percent visited a

club. About 26 percent of those visitors said they never or rarely gamble when they visit casinos.

In the realm of public opinion, the survey says, the majority of Americans think casino gaming is acceptable for themselves or others.

Wine event benefits Tahoe Art League

The Cork & More is hosting a wine tasting event May 16 with a portion of the proceeds benefiting the Tahoe Art League’s scholarship program.

The event starts at 7pm.

Cost is $15. It is recommended tickets be purchased in advance by calling (530) 544.5253.

Cork & More is located at 1032 Al Tahoe Blvd., South Lake Tahoe.

Economic recovery missing from paychecks

By Paul Davidson and John Waggoner, USA Today

Stock markets and corporate profits are breaking records. The economy suddenly looks brighter after the government’s

surprising report Friday that employers added 635,000 jobs the past three months.

But instead of celebrating, many working Americans are borrowing a line from the 1996 movie “Jerry Maguire” – “Show me the money.”

Hourly wages ticked up 4 cents in April to an average $23.87, rising at about the same 2 percent annual pace since the recovery began in mid-2009.

But taking inflation into account, they’re virtually flat. Workers who rely on paychecks for their income have been running in place, financially speaking. Adjusting for inflation, an average worker who was paid $49,650 at the end of 2009 is making about $545 less now – and that’s before taxes and deductions.

Stagnant wages aren’t only tough on workers – the American economy is paying a price, too. Living standards aren’t rising. Consumer spending, which is 70 percent of the economy, is more restrained. And the recovery advances at a slower pace.

“Ultimately, for the economy to thrive we need everyone participating,” said Mark Zandi, chief economist of Moody’s Analytics.

The profits of Standard & Poor’s 500 companies hit a record in the first quarter.

The roaring market is making the richest Americans richer and giving them more money to spend. But in 2010, only 31 percent of U.S. households had stock holdings of $10,000 or more, according to the Economic Policy Institute. During the first two years of the recovery, average net worth rose for the top 7 percent of households but fell for the other 93 percent, the Pew Research Center said.

“Don’t hold your breath” for employers to become more generous, said John Lonski, chief economist for Moody’s Investors Service. One reason, he said, is that revenue growth has been meager, up between 0.5 and 1 percent in the past year.

Snippets about Lake Tahoe



• Unity at the Lake is having a yard sale May 25 from 8:30am-1pm at 1195 Rufus Allen Blvd., South Lake Tahoe. For more info, call (530) 544.2266.

• Doors open at 4pm June 1 at the South Lake Tahoe Senior Center for bingo. The center is at 3050 Lake Tahoe Blvd. For more information, call Sandra or Mike at (530) 600.0131.

• Do you need more business? If yes, then consider advertising with *Lake Tahoe News* – the only place to get news about Lake Tahoe seven days a week. All online ads click through to that business’ website. Email info@LakeTahoeNews.net with “want to advertise” for more details.

• Joe Hasson, who used to be general manager of Harrah’s and Harveys in Stateline, will be the GM of the Graton Resort & Casino that is being built in Sonoma County.

• Peppers Grill and Cantina in the Heavenly Village is closed, with new owners expecting to remodel, rename and change the menu by early summer when it reopens.