Hospital billing inconsistent throughout U.S.

By Chad Terhune and Ben Poston, Los Angeles Times

New Medicare data reveal wildly varying charges among the nation's hospitals for 100 of the most common in-patient treatments and procedures, calling into question medical billing practices just as U.S. officials try to rein in rising costs.

The escalating price of medical care may complicate the rollout of the new federal healthcare law, which is designed to make health insurance affordable for millions of uninsured Americans next year. And federal officials said they hope the data will encourage more price competition and make consumers better healthcare shoppers.

In the Los Angeles area, for instance, one hospital's average price for knee and hip replacements in 2011 was as high as $223,373. That's seven times as much as the lowest charge of $32,022 in the Southland.

The average hospital charge for treating pneumonia ranged from $17,000 to nearly $70,000 in the L.A. area.

"We want to shine a much brighter light on practices that don't seem to make sense to us," said Jonathan Blum, deputy administrator for the Centers for Medicare and Medicaid Services. "We do not see any business reason for why there is so much variation in the data."

Hospitals said they support efforts to simplify an overly complex medical billing system and arm consumers with more information. The California Hospital Association agreed, but warned that the newly available federal data "may confuse patients as well as the public." (**Note:** Search Tahoe in the data for comparisons of Barton Memorial Hospital and Carson Regional Medical Center.)

Health-policy experts called the government's move to release prices from more than 3,000 U.S. hospitals unprecedented in its scope, and they said it could accelerate related efforts to pry more detailed cost information from health insurers and other medical providers.

Many employers and consumers still struggle to unravel the closely guarded secrets of medical pricing even though they are being asked to shell out ever-increasing amounts for care.

Medicare and private insurers pay only a fraction of these billed charges disclosed by the government. Regardless of the bills, Medicare pays standardized amounts for specific conditions, and insurers negotiate lower rates.

Nonetheless, experts say the actual amounts insurers and consumers pay follow a similar pattern of wildly divergent prices with little correlation to the quality of patient care or the underlying costs.

"This is evidence of an incredibly dysfunctional and arbitrary pricing system in healthcare," said Renee Hsia, an assistant professor of emergency medicine at UC San Francisco who studies these cost variations. "It affects us all because the insured pay for this through their premiums and the uninsured face the sticker price. People are really being hurt by this."

Critics say hospitals benefit from inflating these listed prices because some health insurers still peg their reimbursement to a percentage of full charges. They also say hospitals gain from higher charges by taking credit for writing off larger amounts for low-income and uninsured patients.

"There's an incentive to have your charge as high as possible," said Ateev Mehrotra, a policy analyst for Santa

Monica-based Rand Corp.

The American Hospital Association said it supports efforts at greater transparency and noted that more than 40 states, including California, already require or encourage pricing information to be reported publicly.

“The complex and bewildering interplay among charges, rates, bills and payments across dozens of payers, public and private, does not serve any stakeholder well, including hospitals,” said Rich Umbdenstock, chief executive of the hospital trade group.

Researchers have documented for years some of the surprising variations in medical costs across the country and within the same city. But this move by Medicare marked the first time so much data on the topic were released directly to the public.

There are valid reasons for some disparity in costs, researchers say, such as geographic differences in the cost of living and wages or the fact that teaching hospitals bear additional costs. Some hospitals also treat a higher percentage of low-income or sicker patients.

In Wednesday’s data, two Southern California hospitals held the dubious distinction of billing the highest amounts nationwide for a joint replacement surgery without complications.

Monterey Park Hospital charged $223,373 on average, and Centinela Hospital Medical Center in Inglewood billed $220,881.

In contrast, L.A. County Harbor/UCLA Medical Center posted the lowest local rate — charging $32,022 for new artificial hips and knees.

Officials at Monterey Park couldn’t be reached. A spokesman for Prime Healthcare’s Centinela Hospital said the higher rate reflects “a sicker and older patient population” compared with other area hospitals.

Similar price disparities were seen in the treatment of simple pneumonia in the Southland. Providence Holy Cross Medical Center in Mission Hills billed $69,574, on average, for treating pneumonia without complications, federal data show. At the low end, L.A. County/USC Medical Center billed $19,852, on average, for that illness, and Citrus Valley Medical Center charged $17,174.

As policyholders’ deductibles have risen and they have more of their own money at stake, insurers have introduced new online tools enabling members to get a range of prices among network providers. But consumer advocates still see significant resistance among hospitals and insurers to disclose detailed information.

“Everybody in the industry is so scared about what it would mean if all the pricing information was available,” said Suzanne Delbanco, executive director of Catalyst for Payment Reform, an employer-backed group in San Francisco pushing for more healthcare transparency. “Medicare is sending a message that American consumers have a right to know what’s driving up their healthcare costs.”

Nev. bill would tax lift tickets, outdoor concerts

By Anjeanette Damon, Las Vegas Sun

CARSON CITY — The Legislature’s attempt to craft an entertainment tax in 2003 read a little bit like the children’s story of the hen who couldn’t persuade her barnyard animal friends to help her gather and grow grain for the winter.

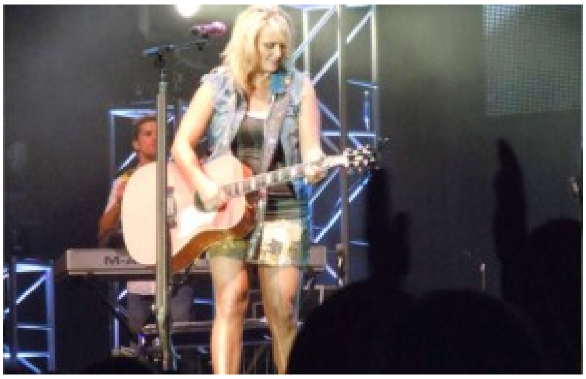
Lawmakers then considered a proposal by the Nevada Taxpayers Association to tax admissions to nearly every form of entertainment and recreation.

But when it came time to write the bill, a common refrain was sounded by many targeted for the tax.

“Not I!” said the movie theaters.

“Not I!” said the Las Vegas Motor Speedway.

“Not I!” said the baseball parks, bowling alleys, golf courses, hula dancers and strip clubs.



A bill in the Nevada Legislature, if passed, would inflate ticket prices at Harveys Outdoor Concert Series. Photo/LTN file

Now, as the state climbs its way out of a recession that depleted funding for education and other services, Assembly Speaker Marilyn Kirkpatrick has a message for the naysayers: You gotta pay the tax.

On Wednesday, Kirkpatrick released a sweeping entertainment and admissions tax proposal – the centerpiece of her effort to clean up a Nevada tax code rife with exemptions and haphazardly applied interpretations.

The measure, Assembly Bill 498, would eliminate the two-tiered live entertainment tax, which levies a 5 percent rate on large concert venues and a 10 percent rate on smaller venues and exempts everything from the Las Vegas Motor Speedway to outdoor concerts.

The new Nevada Entertainment and Admissions Tax would levy a flat 8 percent tax on any venue that charges an admission fee or requires a minimum purchase of food, alcohol or merchandise for admittance. The venue would remit the tax to the state but likely charge the ticket purchaser the amount.

And, most important to Kirkpatrick, the exemptions would be eliminated.

Movies would be taxed. Strip clubs, nightclubs and brothels that charge an entry fee would be taxed. Fitness centers, boating clubs, ski resorts, swimming pools and bowling alleys would be taxed.

How much revenue would be generated? Kirkpatrick isn't sure yet.

"It's a policy that gets rid of exemptions," she said. "It's about the policy, not about the money. It's about collecting what we set out to collect in 2003.

"Everything's in."

The measure also would give tax collectors investigatory power to make sure venues are paying what they owe.

But Kirkpatrick's approach to cleaning up the tax by including such activities as movies and fitness clubs is likely to hit a wall of Republican opposition.

Early in the session, Republicans, including Assembly Minority

Leader Pat Hickey, spoke favorably of closing tax loopholes and eliminating exemptions.

Those same Republicans say Kirkpatrick's actual bill goes too far.

"This goes beyond cleaning up the exemptions," said Sen. Ben Kieckhefer, R-Reno. "This expands the policy from a live entertainment tax to an admissions tax on new activities.

"These are things that families save up to do with their kids."

Hickey said he continues to support eliminating exemptions from the live entertainment tax for such things as outdoor concerts and the Las Vegas Motor Speedway, but he's uncomfortable with the broad scope of Kirkpatrick's bill.

"There are certainly some good elements," Hickey said. "However, there are certainly elements of it that are clearly a new tax, whether it's on movies or golf or gym visits.

"There are elements that are new taxes that Republicans in the Assembly are opposed to."

A spokeswoman for Gov. Brian Sandoval said he opposes the measure.

Kirkpatrick's measure is clearly aimed at increasing the portion of the entertainment tax paid by nongaming venues. As it stands, the state's casino industry pays $125 million a year while nongaming venues pay $11 million.

That's not to say gaming won't be affected by the changes. The rate for larger venues would increase while the rate for smaller venues would decrease. And nightclubs on casino properties — some owned by the casinos and some not — would be responsible for the tax.

Kirkpatrick described it as an "across-the-board" cleaning-up of the statute.

Not all exemptions are eliminated. A specific group of nonprofit organizations — 501(c)3 groups — are exempt, as well as venues with fewer than 50 seats. Governmental organizations — including college sporting events — are also exempt.

Still, the “Not I’s” have begun.

Formally, industry lobbyists are taking a neutral approach to the bill. But in background conversations, they attack the premise of taxing gyms, movies, golf and other activities that aren’t necessarily “live entertainment.”

Tom Clark, a lobbyist for Burning Man, said the organization does not yet have a formal position on the bill. But he noted that the event — a counterculture festival in the Black Rock Desert that draws 50,000 attendees — is already contending with efforts from the federal government and county governments to increase fees.

“It’s important to note that we have to take all that into consideration,” Clark said.

Clark stopped short of threatening to take the event elsewhere — a threat he made earlier in the session.

Kirkpatrick has been known to offer tax naysayers a U-Haul out of state.

The bill’s first hearing will be Tuesday.

In 2003, when lawmakers first crafted the entertainment tax, the debate turned ugly when consumers realized the potential effect on their pocketbooks. Harsh letters were written; petitions were signed.

Kirkpatrick, however, argued that consumers spend discretionary income on such things as golf games and ski passes.

"So you choose whether or not you play golf. It's discretionary," she said. "It's not the everyday person who can afford to go skiing."

As for those ugly emails and petitions that may be coming her way?

"I'm willing to take it," she said. "I wouldn't have put it out there if I couldn't do it."

California may allow crayfish harvesting in Tahoe

Besides having to deal with stolen traps, crayfish operations on Lake Tahoe are also limited to where they can work.

But that may change.

A bill sponsored by Assemblywoman Beth Gaines, R-Rocklin, to allow commercial fishing of crayfish in California's waters of Lake Tahoe passed the Assembly on Wednesday.

Assembly Bill 165, which allows for commercial fishing of crayfish, is a response to worsening clarity of Lake Tahoe, the assemblywoman says.

Tahoe Lobster Co. crawfish were used at a food and wine fest. Photo/LTN file

The crustaceans are not native to Tahoe. Fishing them as close to extinction is a goal. Having them out of the lake, according to scientists, would help improve lake clarity. In the interim, it gives restaurants a uniquely local item to sell.

It is estimated that there are 240 million crawfish in Lake Tahoe. Without a native predator this number is expected grow at a faster rate.

"AB165 will now move to the Senate Natural Resource Committee. The bill has not received a single no vote in the Assembly, so the outlook is very positive," Daniel Outlaw with the Gaines' office told *Lake Tahoe News.*

Nevada changed its law in August to allow for commercial fishing for crayfish.

— Lake Tahoe News staff report

Red Hawk revenues up, but still in financial trouble

By Dale Kasler, Sacramento Bee

The company that manages Red Hawk Casino reported higher revenue today because of improved results at the troubled Shingle Springs facility.

Lakes Entertainment Inc. of Minneapolis said it lost $300,000 during the first quarter compared to a profit of $1.8 million a year earlier. But revenue grew to $3.3 million from $2 million, and the primary reason was an $800,000 improvement in management fees from Red Hawk.

"Management fees from the Red Hawk Casino were up again this quarter … due to continued improvements in results at this property," said President and Chief Financial Officer Tim Cope in a press release.

Despite the improvement, the casino remains in deep financial trouble.

Red Hawk, owned by the Shingle Springs Band of Miwok Indians, has struggled from the day it opened in late 2008. Gov. Jerry Brown has renegotiated the tribe's gaming compact after concluding the tribe wouldn't be able to pay all its bills.

The new gaming compact would significantly reduce the tribe's annual payments to the state, but wouldn't take effect until the tribe restructures $500 million in private debts, including a $66 million loan by Lakes Entertainment. The tribe stopped making principal payments on the Lakes loan two years ago.

State spending millions on El Dorado County projects

The state's vast transportation system received a major infusion of cash Tuesday as the California Transportation Commission allocated $878 million in funding to 114 projects that will support job growth, alleviate traffic delays, and repair aging roads and bridges.

The allocations include $476 million from Proposition 1B, a 2006 voter-approved transportation bond. In total, nearly $15.5 billion in Proposition 1B funds have been put to work statewide.

El Dorado County funding includes:

The allocation of $1.3 million to install a pedestrian overcrossing in Placerville at Coloma Street and Smith Flat Road undercrossing. These projects will seismic retrofit two bridges to maintain structural integrity and reduce the risk to lives and properties during seismic events.

For the water quality project from Johnson Pass Road to Incline Road near South Lake Tahoe comes $6.6 million. The construction of water quality collection and treatment facilities will enhance streams, rivers, and Lake Tahoe.

To construct an 8-foot wide Class I bike bath in Placerville from Forni Road-Lower Main Street to Ray Lawyer Drive and within the former Southern Pacific Railroad right-of-way there is $25,000. This project will offer a viable transportation alternative to bicycle commuters and recreations opportunity to pedestrians, cyclists, and equestrians by providing a safe direct route between residence and major activity centers.

CalFire to staff Tahoe stations in June

With the drier than normal conditions, the Amador-El Dorado-Sacramento Unit of CalFire has geared up for fire season beginning with the staffing of four engines on April 29.

Four additional engines are to be staffed on May 13.

"Beginning June 1 we will have two CalFire engines staffed (in Lake Tahoe); one in South Lake Tahoe and one in Carnelian Bay," Teri Mizuhara with CalFire told *Lake Tahoe News*.

This year's early start to wildfire season is the result of the very dry conditions, a combination of a lack of rain and an earlier than normal heat wave.

Unit Chief Kelly Keenan said in a statement, "I am very confident that my personnel can handle this increased fire threat. We are prepared all year long for emergencies. We are also preparing for the increased wildland fire threat by training more firefighters and staffing additional fire equipment."

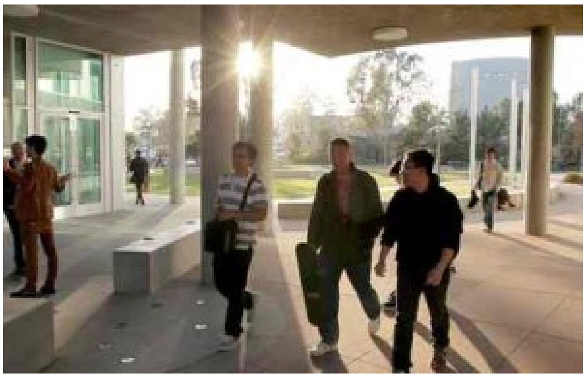
Push for college diversity starts early in Calif.

By Richard Perez-Pena, New York Times

ANAHEIM — As the Supreme Court weighs a case that could decide the future of affirmative action in college admissions, California offers one glimpse of a future without it.

California was one of the first states to abolish affirmative action, after voters approved Proposition 209 in 1996. Across the University of California system, Latinos fell to 12 percent of newly enrolled state residents in the mid-1990s from more than 15 percent, and blacks declined to 3 percent from 4 percent. At the most competitive campuses, at Berkeley and Los Angeles, the decline was much steeper.

Eventually, the numbers rebounded. Until last fall, 25 percent of new students were Latino, reflecting the booming Hispanic population, and 4 percent were black. A similar pattern of decline and recovery followed at other state universities that eliminated race as a factor in admissions.



UC Irvine spends $7 million a year on preparing poor and minority high school students for college. Photo/David McNew/New York Times

If the Supreme Court justices, who are expected to rule in the coming weeks on a case involving the University of Texas at Austin, decide to curtail or abolish the use of race and ethnicity in college admissions nationwide, then the experience here and in other states that have outlawed affirmative action in college admissions decisions — including Florida, Michigan and Washington — could point to new ways for public universities to try to compose a racially and economically diverse student body.

Those states have tried a series of new approaches to choosing students, giving applicants a leg up for overcoming disadvantages like poverty, language barriers, low-performing schools and troubled neighborhoods. That process has drawn heavy scrutiny, but in California, it is only half of a two-pronged approach. Disadvantaged students in poor neighborhoods, like Erick Ramirez, a senior at Anaheim High School, are benefiting from the state university systems' growing efforts to cultivate applicants starting in middle school.

"We've worked very hard to widen the pipeline, and there is still an enormous need to do more," said Mark G. Yudof, president of the University of California system.

The results of California's efforts offer some measure of satisfaction to supporters and critics alike. Both sides hail the UC system's strides toward economic — and not just racial — diversity; opponents of affirmative action claim that as vindication of their argument that it primarily benefits middle-class minority members. Supporters of race-conscious admissions acknowledge that the system has reversed the initial decline in black and Hispanic enrollment, though they say that is not enough. Whatever the merits of race-blind admissions, gifted poor and minority students are less likely than others to take the right classes to be eligible for college admission, to take the SAT or ACT, to get academic help when they need it, to fill out complex forms properly or to apply to competitive colleges.

So California's public universities, and some of their counterparts around the country, have embedded themselves deeply in disadvantaged communities, working with schools, students and parents to identify promising teenagers and get more of them into college.

It is not enough, university administrators say, to change the way they select students; they must also change the students themselves, and begin to do so long before the time arrives to fill out applications.

Erick Ramirez lives in a neighborhood here where most parents have low incomes and speak Spanish at home, and many have not finished high school. At his school, Anaheim High, only about one student in four has passed enough high-level courses to qualify for any of California’s public universities. But Erick, the Mexican-born son of a construction worker and a school aide, received acceptance letters from several selective colleges and chose San Francisco State.

It is impossible to say whether Erick, 18, with good grades and above-average test scores, would have been accepted at the same colleges without his disadvantaged background. What is certain is that he had considerable help from an unexpected source. For three years, people who work for the nearby UC Irvine, have met regularly with him – on Saturdays, after school and over the summers – to help him choose courses, complete classwork, prepare for the SAT, visit college campuses, fill out applications and apply for scholarships.

“I think I would have ended up in college anyway, but it would have been a lot more difficult,” Erick said. “I wouldn’t have done as well, and I wouldn’t know about a lot of the possibilities.”

The need for such intervention unites people like Yudof, who believes that race should be a factor in admissions, and Richard D. Kahlenberg, a senior fellow at the Century Foundation, a liberal-leaning research group, who is a prominent critic of race-based affirmative action.

“If you’re serious about doing admissions based on disadvantage, it requires a lot of outreach,” Kahlenberg said. “It’s the right thing to do, but it isn’t easy, and it isn’t cheap.”

UC Irvine alone spends more than $7 million a year on that outreach, with a few hundred people working on it – mostly part time, and not always for pay – and reaching into dozens of poor neighborhoods in its region, said Stephanie Reyes-Tuccio, director of the university’s Center for Educational Partnerships.

Many of the programs predate Proposition 209, but in the years after the ban took effect the University of California system's spending on them jumped to $85 million from $18 million, before shrinking again in the last decade.

Campuses like Irvine have made up for some of that decline with federal and private grants, their own budgets and even donated services from test-preparation companies. A few years ago, Irvine began using its own undergraduates to work part time in low-performing schools.

At their height five years ago, Reyes-Tuccio said, Irvine's programs reached about 24,000 students, but budget retrenchment has cut that to about 10,000.

Each of the nine undergraduate campuses in the UC system makes similar efforts, in addition to programs run by the system's headquarters at Berkeley, and the larger, less selective California State University System.

The universities have programs that advise parents, programs to steer successful community college students into the state's senior colleges, and programs for elementary and secondary school teachers, to improve their teaching and subject mastery. But the largest part of the outreach is aimed directly at students in low-performing middle and high schools — targeting gifted students like Erick Ramirez, as well as broader efforts for all those who might go to college.

On a recent afternoon at Anaheim High School, 25 laughing, texting seniors crowded into a computer lab to fill out the federal government's online financial aid form. These are students who guide their parents through the English-language bureaucracy, not the other way around, so they expect little help from home. None can go to college unless they complete this form, and not one was able to do it alone.

Most were tripped up by unfamiliar terms like "emancipated minor" and "legal guardianship." Many others stumbled on the tangled instructions to follow if their parents were not citizens or had not filed tax returns.

“You don’t have a Social Security number?” one girl said to her father in Spanish on her cellphone. The girl, an American-born citizen, was stunned to learn that he was in the country illegally.

Of the seven adults in the room, just one is an employee of the high school; three work for University of California, Irvine, and three work for CSU Fullerton.

The universities are doing work that in more affluent communities is handled by parents and guidance counselors. But after years of budget cuts, the average counselor in a California public school sees 1,000 students, the highest figure in the country and double the national average. In a few hundred schools around the state, the UC system even helps pay the salaries of counselors and other support staff who would otherwise be eliminated. It taps into computers at the state’s lowest-performing high schools, where it can evaluate each transcript and alert school staff members and university outreach workers about students who are falling behind.

To qualify for the state universities, California students must earn at least Cs in higher-level courses — and many of those students are still rejected. Over the last three years, 59 percent of Asians who graduated from California high schools met the university requirements, 44 percent of whites, 28 percent of blacks and 27 percent of Latinos.

“The schools have a serious lack of resources, and the counselors can be swamped with disciplinary problems and just getting kids to graduation,” said Reginald Hillmon, who manages the transcript evaluation system. Many students are unaware, he said, of “that gap between what it takes to graduate and what it takes to get into a university.”

It is a barrier that Cristina Flores, an employee at the

Irvine campus, meets regularly at Century High School in Santa Ana, where nearly half the students are not proficient in English and 80 percent are poor enough to qualify for free meals at school.

Asking a group of juniors recently about meeting the university standards, Flores got mostly blank stares. “You guys know this, right? Please? Hopefully?”

She meets some students with unrealistically high expectations of getting into a college, but far more often, she says, the problem is students’ setting their sights too low. Studies show that high-achieving, low-income students are far less likely to apply to selective colleges than their better-off counterparts, because they do not know their options, or wrongly believe that better schools are beyond their reach.

“My high school counselor never said I should go to a four-year college,” Flores, 24, said. “When I expressed interest, they were surprised, and it was already too late because I didn’t have the right classes, so I started at community college. That’s what we want to avoid with these kids.”

Spending three days a week at Century, Flores, an Irvine graduate, helps students fill out applications, reminds them of deadlines, shows them how to get fees waived, points to Web sites listing scholarships and steers them around potential pitfalls.

“Do you have to baby-sit your brothers and sisters all the time, or cook for them, or go work with your parents?” Flores asked a group of students, about half of whom raised their hands. “My mom used to make me go with her to clean houses on the weekends. I hated it. That’s why I went to college.

“But that’s what you put on the part of the application that asks for activities and volunteering,” she said. “Because if you don’t tell them, they’ll think you didn’t do anything.”

Jasmin Rodriguez, 17, a senior at Century, met with Flores and her colleagues dozens of times over the last few years. She has good academic credentials and boundless energy – she created a club to help abandoned animals and revived a flagging hula dancing club.

University officials admit that it is hard to know how much difference these programs make. Most of the students they reach go on to some level of college, but those tend to be among the better students in their schools. In examining changes in UC enrollment, there is no way to tease out the effects of new admissions standards versus outreach to low-income students.

But to students like Jasmin, there is no doubt about the programs' value.

"Without their guidance, I would have been so lost," she said. "There's so many little things you don't know unless someone tells you."

Jasmin will enroll at UCLA in the fall.

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.)

South Lake Tahoe hires city attorney

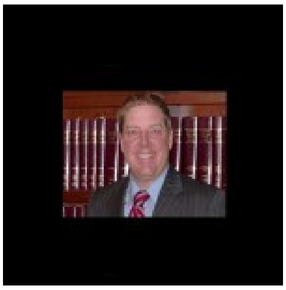
By Kathryn Reed

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.