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Dec. 4, 2003 -- Budget forecast gets mixed review

By NOEL STACK Staff writer

While the budget presentation prepared by El Dorado County Chief Administrative Officer Laura Gill did offer some good and bad news to the Board of Supervisors Tuesday with revised figures and projections, some thought the long-promised plan fell short because it did not identify specific cuts to be made to close a projected \$8.5 million gap for next fiscal year.

"I'm very disappointed," said Supervisor Helen Baumann after the morning session. "We just keep waiting (to make cuts) and I don't know what for."

Gill requested, and the board approved, that she come back Jan. 26 with a plan, developed with the help of department heads and staff, to zero out the \$8.5 million gap.

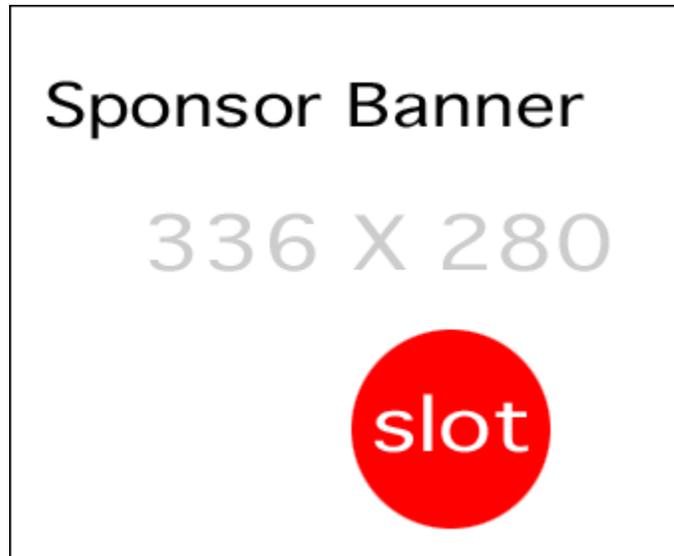
Supervisor Dave Solaro said he would prefer to work on that schedule because he wants all the figures before the county starts slashing its budget. The presentation made by Gill, he said after the meeting, was a good first step in the budget discussion but the county shouldn't be too quick to cut because it could have to go back and redo its plan after the state receives the governor's budget.

"Its hard to anticipate budget cuts when you don't know what you are or aren't getting from the state of California," said Solaro. "It's hard to decipher budgets and go through the process without having hard figures."

The supervisors also commented that the figures Gill presented may not be the best because they didn't account for some additional cuts and expenditures the county could face. Gill admitted that the projection was the "best-case scenario."

Supervisor Jack Sweeney pointed out that next year the county will have General Plan implementation costs that are not included in Gill's projection. Those costs need to be added in, he said, because the cost will be in the millions and departments can't absorb that much.

"If we don't account for that \$2 million, we're headed for another disaster," Sweeney



said.

The county could also face another financial disaster if the state doesn't provide the vehicle license fee backfill, which totals about \$7.2 million annually. Half of that money goes to the Road Fund and the other to the General Fund. Gill's projection assumes the VLF will be restored.

The \$3.6 million loss to the General Fund should be added in to the projected deficit, said Baumann, because even if the state does give the county backfill the legislators will most likely cut somewhere else.

"Look at the attitude coming from the state," Baumann said. "We're getting the heck hammered out of us."

Supervisor Rusty Dupray said he was embarrassed by the negative balance for next fiscal year and the county should start making the cuts now. Last year when the county was preparing the budget, Dupray added, he and Baumann warned that this was going to happen but the board majority approved a budget in 2002 that didn't make the drastic cuts needed to survive.

Baumann agreed, saying that she still didn't feel the county was prepared to handle what's coming from the state. It's irresponsible of the board to wait any longer to make cuts, she said.

"The longer we wait the worse it gets," said Baumann.

Siding with Baumann, Auditor-Controller Joe Harn said the county, while not directly responsible for what the state has taken away, should share some of the blame for the ditch it's in now. Last year, Harn said, the board was warned that CalPERS costs were going to rise and hit the county hard because of the improved retirement benefits approved in 1999 and 2000.

"I'm not blaming any individual for the situation we are in at this time but the county as a whole has not reacted in a timely, rational basis to the increases in retirement benefits," said Harn at the meeting. "The longer we wait, the less responsibility the state has and the more responsibility we at the county have."

Gill insisted that the county is not at square one and said the county is "farther along in defining the problem than before." By waiting until late January the county will have Gov. Arnold Schwarzenegger's budget plan for 2004-05 and can make better decisions about where to cut. In the meantime, Gill said she plans to meet with every department, even those mostly funded by the state, to discuss cuts and the reorganization proposal that could also save some money.

Supervisor Charlie Paine asked that in that budget cut plan Gill include a "worse-case scenario" plan as well, because it is likely the county is looking at a \$12 million deficit rather than the projected \$8.5 million. Gill's latest projection also estimates the deficit will jump to \$9.1 million in 2005-06 and then gradually decline.

Next year will be the toughest and, said Sweeney, the board should have done more in the past to prevent the large deficit.

"I would have liked to have fixed this three years ago but I wasn't there," said Sweeney. "We made some fixes in September but never realized how bad off we were going to be."

Now that the county does have the best-case scenario, as well as an idea of the worst case, its time to cut the spending, he added, but the county must wait for the right numbers and that's why the board has granted Gill the extra time.

"If we just start cutting without knowing all the facts, we're going to make mistakes," said Sweeney. "I think we'll make wiser adjustments to our budget later in January that we would earlier."

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