



**MEMORANDUM**  
**OFFICE OF THE**  
**COUNTY EXECUTIVE**  
**COUNTY OF PLACER**

**TO:** Honorable Board of Supervisors

**FROM:** David Boesch, County Executive Officer  
By: Andy Heath, Deputy CEO of Finance, Administration and Budget

**DATE:** April 27, 2015

**SUBJECT:** Lake Tahoe area revenues and expenditures – Tahoe Budget Analysis

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**Action Requested**

It is requested that the Board of Supervisors receive a report on an analysis of Placer County Lake Tahoe area revenues and expenditures – the “Tahoe Budget Analysis”.

**Background**

At the outset of the current fiscal year, countywide staff embarked on an analysis of the Placer County Lake Tahoe area economy by compiling available and final revenue and expenditure data from Fiscal Year (FY) 2013-14 as it relates to direct services provided in the Lake Tahoe area. This analysis was completed to determine the estimated magnitude of revenues generated in the Lake Tahoe area versus the costs incurred specifically in the Tahoe area to deliver the array of direct services provided.

The analysis is a point-in-time approach based on FY 2013-14 fiscal activity and the results would vary over time or year to year. In any given year circumstances exist that would result in higher or lower cost factors. For example, the level of tourist activity, disasters such as fires in and around the area and high and low snow years, and the extent to which capital projects are in construction or planning for such projects is underway.

**Analysis**

As a means to determine the subset of revenues and expenditures specific to the Lake Tahoe area, staff used the geographical footprint defined as the “East Slope Transient Occupancy Tax (TOT) Collection Area”. This area essentially encompasses unincorporated Placer County east / southeast of Interstate 80 and Hampshire Rocks Road. Each County department was asked to provide fiscal information for department-specific programs and services provided within this geographical footprint. Fiscal information received from departments includes direct and indirect costs such as staff costs, contracts, materials, supplies, equipment and capital-related expenditures incurred to provide described services and programs within the defined boundary. Additionally, any off-setting non-discretionary revenues collected to provide said services and programs (i.e. fees, charges, grants, federal / state subventions) were captured. Finally, an analysis of Lake Tahoe area discretionary revenue sources (i.e. Property, Sales and Transient Occupancy Taxes) was completed as a means to include all relevant revenue sources.

The Tahoe area analysis captures all revenues / resources collected, but primarily only identifies costs for services and programs delivered or operating in the defined Tahoe area. The expenditure analysis does not include: 1) costs for services provided to Tahoe area residents and businesses that do not have a presence in the Tahoe area on a day-to-day basis, such as specialized mental health services, shelter services, and the public information office; and 2) costs for other countywide obligations and mandated services required as a political subdivision of the State of California. Of the total revenues collected, not all are allocated to costs for services in the collection area. Some of these services may or may not have direct application for services provided in the Lake Tahoe area, but nonetheless, provide necessary local government services and support. Some of those services include the Clerk Recorder, Treasurer-Tax Collector, Elections, County Jail, and even parks and programs that make Placer County and the Lake Tahoe area a better place to live.

Departments used several different methodologies to capture Tahoe area related costs. A majority of departments already use the cost accounting mechanism available in the County’s financial system - Organizational and/or Program Cost Accounts (OCA / PCA) - to delineate costs for specific services and programs provided in the Lake Tahoe area. In some cases, however, departments were required to estimate costs based on certain factors (i.e. allocating costs for administration, overhead and internal services based on department’s share of employees working in the Lake Tahoe area).

Departments were also asked to identify non-discretionary revenue sources collected in support of services and programs delivered in the Lake Tahoe area. Departments such as the Community Development Resource Agency, Public Works and Health and Human Services all generate non-discretionary revenues related to grants, fees, charges and other government assistance in their everyday course of business providing direct services.

Finally, discretionary revenue sources typically collected to support countywide services and programs collected within the defined geographical footprint were also identified. Although defined as discretionary revenue sources, expenditures for programs and services related to collections of Public Safety Sales Tax, Highway Users Tax and Local Transportation Funding are limited to specific purposes (i.e. safety, roads and transportation system). Discretionary revenue sources and the method by which they were allocated are as follows:

<b>Discretionary Revenue Source</b>	<b>Methodology Used to Calculate Lake Tahoe Area Amount</b>	<b>Amount Collected</b>
<i>Property Tax</i>	Includes post-ERAF property taxes collected for County General Fund, County Library and County Fire Control for all Tax Rate Areas in defined geographical footprint	\$24,505,820
<i>Transient Occupancy Tax</i>	Includes revenues collected within “East Slope Transient Occupancy Tax Collection Area”	\$11,485,871

<b>Discretionary Revenue Source</b>	<b>Methodology Used to Calculate Lake Tahoe Area Amount</b>	<b>Amount Collected</b>
<i>Sales Tax</i>	Includes County portion of sales taxes collected from businesses located within the "Eastern Placer" Geo-Report boundaries	\$2,577,091
<i>Public Safety Sales Tax (Proposition 172 Funding)</i>	Includes Lake Tahoe area pro-rata share of Proposition 172 funding received by the County based on sales taxes collected in Eastern Placer boundary as a percentage of total sales taxes collected in County	\$1,678,052
<i>Highway Users Tax</i>	Includes Lake Tahoe area pro-rata share of Highway Users Tax (Gas Tax) funds based on percentage of population in Lake Tahoe area footprint to the County as a whole	\$580,999
<i>Local Transportation Funding (LTF)</i>	Includes Lake Tahoe area pro-rata share of Local Transportation Funding based on percentage of population in Lake Tahoe area footprint to the County as a whole	\$66,208
<b>Total Discretionary Revenue Sources:</b>		<b><u>\$40,894,041</u></b>

Results

Lake Tahoe area expenditures and offsetting non-discretionary revenues by department or organizational unit are shown in Attachment 1. Based on the information provided in the attachment coupled with the discretionary revenue analysis noted above, overall results of the Lake Tahoe area analysis prepared are as follows:

	<u>Expenditures</u>	<u>Revenues</u>
Total cost of providing services / programs:	\$ 58,239,576	
Total non-discretionary revenues generated:		\$ 20,587,808
Total discretionary (countywide) revenues generated:		<u>40,894,041</u>
Analysis Outcome:		<u>\$ 3,242,273</u>

As indicated in the results above, approximately 66% of all county-collected revenues generated in the Lake Tahoe area are discretionary in nature. Countywide collections of discretionary revenue sources are generally allocated each year through the countywide budget process to prioritized services and programs – including those in the Lake Tahoe area. As such, collections of countywide discretionary revenue sources are typically not intended to be wholly distributed to specific geographic / collection areas, but rather are intended to support the delivery of programs and services throughout the county as whole.

It should be mentioned that approximately 155 employees are assigned to and provide services directly to the Lake Tahoe area. The majority of these employees provide services from the Community Development Resource Agency, Health and Human Services, Public Works and Sheriff's Departments. Indirect labor costs for departments such as Facility Services, Personnel and the Auditor-Controller are also included in the total costs of providing services / programs to the Lake Tahoe area.

### **Conclusion**

As previously mentioned, this analysis was completed to determine the estimated magnitude of revenues generated and costs incurred specifically in the Tahoe area to deliver the array of direct services provided. Costs for many indirect and countywide services available to all residents, including Lake Tahoe area residents, have not been considered as part of this analysis as they are difficult to analyze and distribute based on geographical cost accounting boundaries. As such, results of this type of analysis will fluctuate to varying degrees from year to year.

Department	Service	Total Cost	Non- Discretionary Revenue
Administrative Services	Telecommunications Central Services Information Technology Procurement Revenue Collections	\$ 823,036	\$ -
Agriculture	Inspections of Weights & Measures Devices Noxious Weed Eradication	\$ 72,933	\$ 30,675
Assessor	Appraisals	\$ 341,701	\$ -
Auditor Controller	Financial Reporting General Accounting / Payroll Internal Audits Property Tax	\$ 251,961	\$ -
CDRA	Building - Inspections / Plan Checks Code Enforcement Community Plans Construction Inspections Environmental Reviews / Coordination GIS Mapping / Support Development Agreements Legacy Biomass Facility	\$ 4,144,278	\$ 2,172,324
Child Support Services	Customer Assistance Paternity Establishment Court Orders Collections	\$ 139,384	\$ 139,384
County Clerk Recorder	Elections Polling and Voting / Outreach Marriage Licenses Vital Records Real Estate Recordings	\$ 23,451	\$ 15,602
County Counsel	Counsel Services	\$ 55,296	\$ -
County Executive Office	CEO Tahoe Support - COB / BOS Risk Management	\$ 562,742	\$ 8,115
Lake Tahoe Tourism & Promotions	NLTRA - Capital Funding Economic Development	\$ 7,819,512	\$ -
Indirect Cost Allocation (Less CEO)	Non-CEO Indirect Support to Tahoe TOT	\$ 226,803	\$ -
District Attorney	Sheriff Arrests / Tahoe Court CHP Filings Fish & Game Violations Drug Task Force	\$ 629,018	\$ -
Facility Services	Building Maintenance / Custodial Utilities Parks and Grounds Lease Management	\$ 1,111,904	\$ -
Facility Services Capital Projects	Defined Capital Projects	\$ 164,296	\$ -

Department	Service	Total Cost	Non- Discretionary Revenue
Health & Human Services	ASOC / CSOC Animal Services Human Services / Client Aid & Assistance Medical Clinic Environmental Health Housing Rental Assistance Public Health Officer	\$ 7,258,456	\$ 4,769,230
Library	Kings Beach Library Tahoe City Library	\$ 226,707	\$ 19,116
Emergency Services / Fire Control	Cal Fire Contract Haz Mat Unit	\$ 428,723	\$ -
Personnel	Staffing / Hiring / Recruitment / Testing Benefit Processing Labor & Employee Relations	\$ 428,533	\$ -
Probation	Juvenile Detention / Services Adult Services	\$ 507,391	\$ -
Public Works	Engineering Maintain Roadways (Snow Removal/Bridges/etc) Transit - TART Fleet Services Stormwater Quality / Floodplain Management	\$ 22,392,788	\$ 13,088,001
Sheriff	Sheriff Tahoe Program Patrol / Investigations / Evidence / Search & Rescue Special Teams	\$ 10,608,087	\$ 345,361
Treasurer Tax Collector	Deposits / Investments Business Licensing	\$ 22,576	\$ -
<b>Total</b>		<b>\$ 58,239,576</b>	<b>\$ 20,587,808</b>