

## Shelter Project Funds Won't Solve Budget Shortfall

A recent My Turn column advocated shelving a long standing capital project to redirect its funds to El Dorado County's projected 2011/12 Operating Budget shortfall. But the County's General Fund Operating Budget deficit projections call for ongoing solutions, not a one-time, partial stopgap that creates other funding problems.

According to the Chief Administrative Officer's July 21, 2010 memorandum to the Board of Supervisors, a \$16 million General Fund Operating Budget shortfall is projected for the 2011/12 fiscal year. With a General Fund Operating Budget this year of \$195 million, no one is underestimating the scope of the challenge. The CAO has described the deficit as structural – that is current annual expenditures will exceed current annual revenues and that situation persists into projections beyond 2011/12. County budget analysts conclude that the problem requires sustainable reductions and recommended that over upcoming weeks the CAO's office and County Departments identify operating reductions for the Board to consider.

Faced with this on-going operating budget deficit, some have suggested abandoning the long planned permanent Western Slope Animal Shelter project, taking prior years' appropriations set aside for the project, and spending those dollars on operating expenses. Many of us, however, believe that course of action is ill advised. The shelter project is a one-time expenditure for a 40 year community capital asset and its appropriations were set aside (saved) in prior fiscal years for that purpose. More importantly, using the funds saved for this capital project to partially address an on-going operating budget shortfall does not solve the structural operating budget deficit. Representing less than half of one year's worth of the annual recurring deficit, the project funds merely buy a little time on the inevitable very difficult budget decisions that must be made. However, under this scenario, another problem is created. If we spend the capital project dollars in this way, in addition to the on-going operating budget deficit we still face, we would no longer have the savings for a needed capital project.

July action by the Board of Supervisors to move the permanent Western Slope Animal Shelter a step forward and proceed with the site improvements, was the right thing to do. Animal Services cannot remain in its leased temporary quarters indefinitely. No one wants to see a repeat of the emergency relocation or the facility preparation expense that took place when the program lost its last least in 2007. The permanent facility is needed. A functional, no frills facility has been designed. Moving ahead in the phased approach approved by the Board of Supervisors will take advantage of a very favorable bidding climate to complete the site improvements while retaining \$4.5 million in the project's budget for construction of the

building, later. Additionally, now that there has been some progress on the project, other possibilities open. A capital project that has a track record of progress is better positioned to compete for grant opportunities and it is much more likely that fund raising efforts for specific project elements can be successful. For that reason, at its August 2<sup>nd</sup> meeting, the Board of Directors of People for Animal Welfare in El Dorado County, PAWED, authorized the formation of a Shelter Capital Campaign Committee to focus on private contributions to support key elements of the project and augment funds for the Western Slope Animal Shelter. Contact them at [pawed@att.net](mailto:pawed@att.net) for more information and to see how to help in these efforts.

Finally, many of those that support completing the shelter project, have had the opportunity to interact with hard working, very competent County staff and recognize that all Departments have already reduced budgets for a couple of years, while trying to maintain service levels. As the County organization and the Board of Supervisors pursue another, even more difficult general fund reduction process, the principle of maintaining capital project funds for their one-time intended use should be upheld. If spent on the operating budget shortfall, the result is a temporary, incomplete patch that 1) does not provide a long lived solution; 2) merely postpones the difficult choices; and 3) compounds future problems by stripping resources from a needed, planned, project with no prospect of accumulating those resources again.