

Opinion: S. Tahoe is being fair to taxpayers, workers, retirees

By Hal Cole

Let me be candid. There is presently a noose around the city's neck titled "pension and health care" and unless we restructure the way these benefits are delivered it will choke our city's future.

We are not alone. Most cities are experiencing the same predicament. Those who address it head-on will survive, those who don't will go the way of Stockton, San Bernardino and Vallejo.



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Our past efforts to address our rapidly rising payroll costs included reducing other expenses by way of debt restructuring, layoffs, and tightening department budgets. In spite of the rapid rise in our employee benefits costs, we have still been able to present a balanced budget. Our actuaries today reveal that unless we address this issue now, we will be facing deficits again within a few years.

As we enter negotiations with our employees, we must partner with them and create a financially sustainable agreement that will allow us to refocus our attention on growing our economy

by way of reinvestment in our infrastructure.

Simply put, the problem is the taxpayers are essentially paying for two groups of workforces. One made up of current employees, the other retirees. Our city residents cannot pay the estimated \$75 million it would cost to fully fund the health care and pension plans for both groups as they exist today. From our polling of other California cities, very few offer full medical insurance for their retirees. We did. We were told by experts at the time that medical costs would go up gradually and that the cost of the employee retirement program (PERS) was "superfunded" and would require no more contributions from either the employees or the employer. Neither of which was true.

Although we have no control over the state controlled retirement program, we can address our health care costs. The city of South Lake Tahoe is different than most other agencies insofar as we are self-insured. We arrange the plan and we pay the medical bills.

Not to be lost in this process is the commitment we made to our retirees. We must offer them the same plan we offer our current employees. This plan has changed over the years (increased deductibles, removal of prescription plans, increased co-pays, etc.) and our retirees have incurred the same modifications.

We are now offering our employees an option of plans. Employees and retirees will all receive a basic plan in accordance with the Affordable Care Act. The new program will allow both current employees and retirees the option to "buy up" their coverage to meet their family's needs. Our employees are being asked to do something unique in public service. They are being asked to put the wellbeing of their city and its taxpayers ahead of their personal gain. So far many of them are willing to partner with us and we are negotiating as I write this piece.

I would ask our community to thank these employees as they recognize that we all, both in the private and public sector, must accept the new financial landscape we are entering. I am as optimistic as I have ever been for the future of our city.

I also want to thank our city manager and her staff as they have endured the months of negotiations and remind the community that it was with the unanimous and unequivocal support of the City Council that she initiated these discussions. Any complaints or criticism for these changes should be directed at the council and me. Without financial stability, we cannot deliver the services our residents deserve.

Hal Cole is mayor of South Lake Tahoe.