Select SLT workers forfeit retiree health plan

By Kathryn Reed

South Lake Tahoe's City Council on Tuesday approved a tentative agreement that calls for nearly one-third of the employees not to receive city-provided health benefits when they retire.

The public works bargaining unit, which is the largest of the six groups in the city, is expected to vote this week on the proposal. Still to be worked out are raises and changes to the health care plan.

Also agreeing to eliminate retiree health benefits are the at-will management workers. Altogether this represents about 60 employees.

South Lake Tahoe faces about a $40 million unfunded liability because of promised health care benefits for employees and their dependents after they retire.

"This is an important thing for the public," City Manager Nancy Kerry told *Lake Tahoe News*. "How often do you see public employees say I will personally make a sacrifice? This particular group has some of the lowest paid employees in the city. That's why I really admire them. They don't have the resources others might have."

Already employees hired after 2008 don't have the same retiree health benefits. Changes do not affect current retirees. What would affect their benefits is if and when the current health plan is altered.

The city is negotiating with the other bargaining units. Kerry would not comment on how discussions are going, other than to say the city has no problem negotiating long after the budget is voted on at a special meeting Oct. 1.

At the Sept. 2 council meeting Kerry and all the department heads went over the proposed 2014-15 budget that takes effect Oct. 1. It was in closed session that the retiree health care was voted on.

The $73 million budget is about $20 million less than the current year’s budget. This is because there is less outside money coming into the city for capital projects. For instance, the $18 million on the books this year for the Bijou erosion control project will be gone next year because the work will be done this fall.

What is remaining consistent is the $32 million general fund. That is the pot of money the council has leeway with when it comes to spending. However, with that said, 89 percent of that pot of money is allocated for salaries and benefits.

The city spends about $4 million on health care and another $4 million on pensions each year.

Kerry said the state Legislature has the power to change CalPERS, but refuses to do so. Public entities may negotiate with employees for increases to CalPERS, but are not allowed to go in the other direction.

She called out South Tahoe Public Utility District, saying how that agency during the recession never had pay cuts, furlough days or staffing cuts, and now is rewarding its employees with a three-year pay hike just two months after imposing a rate increase on users.

“Maybe they could take a 9 percent pay cut and improve infrastructure,” Kerry said.

She said, that while city employees are also due a raise, it’s imperative cuts are made, too, so there is more prudent spending of taxpayer money. For the city, this is coming in the form of changes to health care for current employees and retirees.

On the negotiating table are five health plans with three tiers.

Mark Carlson, the city’s finance director, told the council if changes are not made, the city will find itself back in 2003 economic conditions. That means no reserves and no money in the bank.

If changes to health care are not made across the board, Carlson said, “expect to be upside down” starting in fiscal year 2017.