

City's buyout offer

Private sector companies have learned that forcing early retirement by offering some sort of buyout incentive is often the worst move they could have made.

But, as they say, so soon old, so late smart.

So naturally it makes perfect sense for the City of Cheyenne poobahs to try to solve their fiscal problems by repeating a mistake made by others for the past several decades.

The only way early retirement works is if the people who opt out are your worst and least effective employees. Does the mayor believe that to be the case in city employment? Because, if they're not, he'll regret this offer for years to come.

This failed experiment in payroll reduction should not be repeated. It is the least likely move to succeed and the worst path to reducing spending.

At the beginning, it is a poor idea because those who have the "Rule of 85" have to have a combination of years on the planet and years of public employment in which they paid into the Wyoming retirement system that equal 85.

For discussion purposes, let's assume that a worker is 55 years old. That would require that the person has fed at the public trough for 30 years. 55 plus 30 equals the required 85. Obviously, the worker can't be 45 with 40 years public employment. Can we agree that the person is both up there in years and also has been employed by a Wyoming public entity for a very long time? At 55, with 30 years in the saddle, the person is

making good money. Let's say, about \$50,000 more likely than not. Factoring in the raises under the Spiker administration, the person would have been making roughly \$30,000 when Jack became mayor in 2001. The worker would have had to have 20 years employment with the city or other public entity back in 2001 so earning \$30,000 then is not a stretch.

Stay with me here.

With the 77¢ an hour (\$1,601.60 annual) raise in 2001 and guaranteed 5% annual increases compounded onto that 77¢ increase and also onto each annual raise, that person would be making more than \$51,000 a year now.

Pick any other 2000 annual salary or wages, add \$1,601.60 to it and then multiply that figure by 155% - you will have the 2001 pay for that person. For example, use \$18,000. Plus \$1,601.60, then times 1.628 equals \$31,900. But, it is most likely that a city employee with 20 years in hand back in 2000 was making more than eighteen grand a year.

Let's use the person at \$30,000 then and nearly \$51,000+ now. In addition to that nice salary, the person has terrific health insurance coverage at low cost. You pay 87.5% of each employees health insurance premium, they pay 12.5%. That includes the mayor and city council members.

Based on documents in the City's WinHealth file, an employee with spouse only (no children covered) now pays \$129.02 toward a \$1,032.14 monthly premium. A retiree under 65 now pays \$1,016.57 of the monthly premium - all of it. Should that retiree be over 65, the

monthly cost skyrockets to \$1,454.04, including spouse.

So, the monthly benefit to an employee on city health insurance is \$903.12. The monthly hit to a retiree is \$1,016.57 a month - a swing of \$1,919.69 (loss of the benefit plus the new out-of-pocket cost) or over \$23,000.00 a year.

If a city employee who was not already planning to retire in the next few months decides to accept this buyout, I'd like to interview them to see what the hell they're thinking.

If the worker is 64, 65 or 66 and is on or will soon go on Medicare, the hit won't be nearly as bad. But, it will be bad. First, because if they keep working, they can make as much money as they can AND collect full social security at 66 or so. The additional costs for Medicare Part B (Part A is provided under Medicare), Supplemental Insurance coverage and Prescription Drug coverage, not to mention Dental and Vision coverages - all now provided to the employees with residents paying 7/8 to all of the costs - adds up to three hundred dollars a month - not the thousand to be paid as a City retiree.

So, why would an employee take the buyout? First, some of the best ones are young enough and are confident they can get another good job that will provide health insurance coverage at the company's expense. The \$30,000 can be put under the blanket and held for real retirement ten+ years down the road.

Who will not take the buyout and remain with the City? Those who are certain they cannot find a new job and want to hold



onto the one they now have with the city and take advantage of where they're at on the pay scale and continue to have residents pay 87.5% of their very costly health insurance premiums.

In these troubled economic times, the ones who will take the buyout are the best of those eligible - the ones the City should not want to lose. Conversely, the employees the City would like to lose will not go. That's just the way these early retirement offers with chump change as an incentive work. The option to take \$300.00 a month for up to 36 months won't make a dent in the new health insurance premiums a retiree would then have to pay. That \$300.00 a month would reduce their out-of-pocket negative cash flow to \$1,619.69 - or over \$19,400.00 a year. Oh, yeah, where do I sign?

There is one other senior city employee who may opt for the buyout. That would be someone who is into the Vegas mob for a bunch of money and the \$30,000 one-time payment could prevent some fractures. Or is about to be foreclosed on.

My prediction is that not more than a dozen of the 44 eligible employees will take the offer and that at least eight of those employees will be replaced on the payroll. Savings to the City will be scant.



IMPORTANT NOTICE: PROPOSED CHANGES TO THE COUNTY'S LAND USE REGULATIONS

Since our inception in 2008, the Laramie County Planning and Development Office has worked with community members to manage land use in a fair and reasonable manner. In the last two years, staff, developers and landowners have noted inconsistencies and unclear standards in our current regulations. We are therefore proposing a revision of our current land use regulations. This revision aims to do the following things:

1. Combine all County land use rules into one document for ease of use.
2. Improve our definitions section.
3. Promote economic development through clear regulatory standards.
4. Protect our land and water resources.
5. Provide flexibility in our regulation so that we may adapt to meet community needs over time.

You can read the proposed regulation, comment and see a schedule of public meetings at www.laramiecountyp Planning.com. Your feedback is important to us. This is a first draft of the regulation, and we anticipate changes as we receive your comments. Please join us in this cooperative effort. Your input is essential to the final document!

We will hold the following informational sessions to present the proposed changes:

February 17, 2010 5:30 - 7:00 pm at 310 W. 19th Street, Suite 310

February 18, 2010 5:30 - 7:00 pm at 310 W. 19th Street, Suite 310

Briefly ...

The City BUYOUT plan - HR honcho Rich Wiederspahn told the Cheyenne Herald that as of 11:00 am on Friday, January 29th, no city employee had formally accepted the City's buyout offer. He has discussed the details with some eligible employees and he expects some to avail themselves of the offer but at that time, none had.

The SWORD robber - There just may be much more to this story than has been reported. Follow the Cheyenne Herald to get the details.

Seniors SECURITY - For those who have loved ones in senior citizens' facilities, even the most expensive ones, are you sure your loved ones are safe and their possessions are secure in their rooms? Watch here for that breaking story based on our investigation.

Public MEETINGS - As the Supreme Court allows elected officials and their boards and commissions exemption from holding meetings in public, what can be done to insure public business is done with public scrutiny? What can and should the Wyoming Legislature do to take control back from the Court?