

NOTES

TO: Honorable Mayor and City Council Members

FROM: Ann E. Wall, City Manager

DATE: April 22, 2020

SUBJECT: Materials for Your Information

Please find attached the following materials for your information:

1. A memo from Lisa Kirby, Director of Engineering, regarding Arlington Boulevard improvement project
2. A memo from Byron Hayes, Director of Financial Services, regarding Retirement System Division letter and report on pension spiking

mc

Attachments

Memorandum

To: Ann E. Wall, City Manager
From: Lisa Kirby, PE, CFM, Director of Engineering
Date: April 22, 2020
Subject: Arlington Boulevard Improvements Project

As you are aware, City staff and Fred Smith Company have developed a mutually agreeable path forward to complete the remaining work in a manner that greatly diminishes the previously anticipated impact to traffic along the corridor without negatively impacting the contract budget.

The plan involves two weekend detours/closures (one in the eastbound direction on one weekend, a second in the westbound direction on a different weekend), with all other work along the corridor to be completed using standard lane closures which would allow for continuity of two-way traffic. Replacement of the existing storm drainage occurred the week of March 9th. While the operation was anticipated to take up to five days, this work was completed in less than three days. Greenville Utilities also took advantage of the lane closures and replaced an existing AC waterline crossing at Commerce Street during this time. Greenville Utilities also replaced a second AC waterline crossing at Clifton Drive on the nights of April 8th and 9th. Traffic flowed smoothly during each of these operations.

All road demolition and reconstruction will take approximately four to six weeks, weather dependent, and will begin the night of April 24th.

Benefits of this plan include:

- Reduces detour duration to 2 weekends noted above
- Maintains two-way traffic with exception of detours
- Minimizes construction impacts to businesses
- Preserves budget for Section 2

Due to the statewide Stay at Home order, City staff and Fred Smith Company did discuss the possibility of shifting the schedule forward to complete the work prior to the end of April; however, prior commitments to other projects by subcontractors outside the control of Fred Smith Company did not allow that to occur.

Engineering staff will work with the PIO to provide weekly updates on changing traffic conditions and to provide additional signage indicating “businesses are open” and how to access those businesses. Please note, this schedule is dependent upon weather. If we experience a rainy spring, it would certainly impact the intended schedule.

LK

cc: Lynn Raynor, PE, Civil Engineer III

Memorandum

To: Ann E. Wall, City Manager

From: Byron Hayes, Financial Services Director *BH*

Date: March 23, 2020

Subject: Retirement Systems Division Letter and Report on Pension Spiking

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015 for the Local Government Retirement System. The purpose of the legislation is to control the practice of “pension spiking” in which a member’s (City’s employee who has retired) compensation significantly increases late in his or her career, creating unforeseen liabilities for the Local Government Retirement System. The legislation applies to members who retire on and after July 1, 2015, with an average final compensation of \$100,000 or higher.

Per the legislation, the State Treasurer’s Office is required to report monthly to each employer a list of those members for whom the employer may be required to make an additional employer contribution should the member elect to retire in the following 12 months. The chief financial officer is required to provide a copy of the report to the governing body.

To this end, please find attached the letter and report from the State Treasurer’s Office listing employees of the City who may be eligible to retire in the next 13 months, and whose salary is \$90,000 or greater based on the employee’s most recent annual benefits statement. The City may be required to submit an additional amount to the Retirement System in the form of a lump sum payment after the employee retires. The list is not exhaustive, and members on this list may or may not exceed the contribution based benefit cap upon retirement.

This is merely a notification of a potential cost that the City may be required to pay in the future.

cc: Michael Cowin, Assistant City Manager
Ken Graves, Assistant City Manager

Attachment



North Carolina
Total Retirement Plans



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

3/13/2020

97411 - CITY OF GREENVILLE
ATTN: CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR
PO BOX 7207
GREENVILLE, NC 27835

Dear 97411 - CITY OF GREENVILLE:

During the 2014 General Assembly session, contribution-based benefit cap legislation was enacted effective January 1, 2015. This legislation was created to control the practice of "pension spiking," in which a member's compensation substantially increases, resulting in a monthly retirement benefit that is significantly greater than the member and employer contributions would fund. The Contribution-Based Benefit Cap (CBBC) approach was created to protect each system for current and future retirees and to prevent all employers in the Retirement Systems from absorbing the additional liabilities caused by compensation decisions made by other employers. This legislation applies to members who retire on and after January 1, 2015, with an average final compensation of \$100,000 or higher (adjusted annually for inflation), and will directly impact only a small number of those individuals. It requires the member's last employer to pay the additional contribution required to fund the member's benefit in excess of the cap. [G.S. 135-5(a3); 135-4(j); 128-27(a3); and 128-26(y)]

In order to assist employing agencies with planning and budgeting to comply with the CBBC provisions, we are required to report monthly to each employer a list of those members for whom the employer made a contribution to the Retirement System in the preceding month that are most likely to require an additional employer contribution should they elect to retire in the following 12 months. This letter and the attached report serve as our required monthly notification to your agency under this provision. [G.S. 135-8(f)(2)(f) and G.S.128-30(g)(2)(b)]

The chief financial officer of your agency is required to provide a copy of the attached report to the chief executive of your agency, as well as to the governing body, including any board which exercises financial oversight. Additionally, the chief financial officer of a public school system is required to provide a copy of the report to the local board of education and notify the board of county commissioners of the county in which the local administrative unit is located that the report was received and how many employees were listed in the report. [G.S. 115C-436(c); 135-8(j); and 128-30(j)]

For the purpose of determining the employees of your agency that are likely to require an additional employer contribution should they elect to retire in the following 12 months, the Retirement System modified the criteria used in the CBBC calculation. This allows for a broad list of potential employees, including those whose compensation average may approach the threshold and attempts to provide your agency with prior notification of a potential cost. The attached report

lists employees of your agency who may be eligible to retire in the next 13 months (at either a reduced or unreduced benefit), whose salary is \$95,000 or greater, and whose estimated monthly retirement benefit exceeds the CBBC based on information in the employee's most recent annual benefits statement. In addition, a lower CBBC Factor (i.e., TSERS is 4.2 and LGERS is 4.4) is applied.

This list is not exhaustive, and members included on this list may or may not exceed the CBBC upon retirement, depending on a number of factors such as the member's average final compensation, the member's age at retirement, and membership service. This is merely a notification of a potential cost that your agency may be required to pay, in the form of a lump-sum payment, due after the member retires.

For those employees hired on or after January 1, 2015, the employer is not required to pay the additional contribution to fund the member's benefit in excess of the Contribution-Based Benefit Cap. The employer has the option to pay all or part of the contribution required in excess of the CBBC; the employee also has the option to pay all or part of the contribution. However, should neither of you choose to pay this additional contribution, the employee's retirement benefit will be capped.

You can calculate the likelihood of whether the retirement benefit of a member listed on the attached report will exceed the CBBC with information available on our website at <https://www.myncretirement.com/employers/employer-training/pension-spiking>.

If you have any questions or need assistance in calculating the likelihood of a potential CBBC liability, please contact us at the address or telephone number listed below.

Sincerely,

Retirement Systems Division
N.C. Department of State Treasurer

— 023_PENSPK —



North Carolina
Total Retirement Plans

North Carolina Department of State Treasurer
Retirement Systems Division
3200 Atlantic Ave, Raleigh, NC 27604
1-877-NCSECURE (1-877-627-3287) toll-free • Fax (919) 855-5800
www.myncretirement.com

John R. Fowell, CPA



STATE TREASURER OF NORTH CAROLINA
DALE R. FOIWELL, CPA

CONTRIBUTION-BASED BENEFIT CAP REPORT

Members	Agency	Member ID	Name
Hired Before Jan 1, 2015	97411-CITY OF GREENVILLE	852471	GOSSETT, NANCY S
		928292	GRAVES, KENNETH A
		528705	WALL, ANN E

* PLEASE FORWARD TO YOUR CHIEF FINANCIAL OFFICER OR BUDGET ADMINISTRATOR

ORBIT - PensionSpikingReportbyAgency Version # 1