



City of
CHARLOTTE

MEMORANDUM

TO: Mayor Lewis and City Council Members

FROM: Gregg Guetschow, City Manager

SUBJECT: City Manager Report

DATE: April 5, 2019

Pension and OPEB. I reported two weeks ago my decision not to request a waiver to address the State finding of underfunded status for pension and retiree health programs. I have since heard from the City's bond counsel that the City's hybrid pension plan, adopted in 2012 when we closed the defined benefit programs to new hires, does not meet the definition under State statute for eligibility for a bond sale to fund accrued liabilities. This leaves us with very few practical options to come into compliance with statutory funding levels. Because we have so few employees still on the old defined benefit plans, and they are closer to retirement, bridging to a reduced benefit might not have a significant impact on liabilities. Another alternative is to increase the amount the City is contributing to the pension system above current minimum requirements. Utilizing the \$200,000 fund balance assigned to retiree health care might be sufficient to bring the City above the 60% funding threshold for a short time but any decrease in investment returns on the fund would likely put us back below that number. Absent another source of revenue, such as a dedicated millage, I do not know where we would find sufficient funds to make a meaningful reduction in liabilities. One possible approach would be to seek a millage to fund retiree health care obligations and redirect current appropriations for that purpose to making additional pension contributions. I will be attending a workshop in May that will be addressing some of the issues associated with preparing a corrective action plan. In addition, I will be proposing funding some financial analysis in the next fiscal year to help in arriving at a plan of action.

Charlotte Plaza Parking Lot. We have been receiving complaints about the deteriorating condition of the Charlotte Plaza parking lot this spring. We will be sending a code violation notice in the near future demanding a plan for addressing the problem. It is my expectation that additional legal action might be required to enforce our code requirements.

Budget. The majority of my time since the last Council meeting has been devoted to preparing the 2019-20 proposed budget. I expect to have this prepared for distribution to Council on Monday evening.