From: John Pedersen
To: everyone@cityofmyrtlebeach.com
Subject: Voluntary Severance Program Announcement
Date: Thursday, June 4, 2020 8:20:20 AM
Attachments: Retirement Early Retirement Incentive Policy Application.pdf

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Colleagues –

Good morning! I hope that you are all doing well. I'd like to start by thanking all of you for some incredible public service during the on-going Covid-19 Pandemic, the re-opening of the economy, a busy Memorial day Weekend, and last weekends' protest over the murder of George Floyd in Minneapolis. You have all shown grace, patience, and adaptability over the past 90 days, and my hat is off to each of you for your service to this community, and for your encouraging words, good humor, and friendship throughout this trying period.

As focused as we all have been on these issues, the day-to-day realities of local government are still with us. Later this morning staff and I will be meeting to go over the proposed budget for FY 2020-21. Given the financial stresses imposed upon it by the current COVID-19 pandemic and the consequent economic slowdown, this budget will include very little in the way of new services or expansions. The sole exception is the addition of 10 new police officers funded by a grant that can only be used for that purpose. The budget recommendation does not increase property taxes, business license rates, water or sewer rates, or any other fee or rate for that matter. Given the wallop that our businesses and our working residents have taken in the last three months, this is simply not a year in which such increases are viable.

Even with the savings identified by each department and the budget staff, we are still not quite where we need to be with this budget proposal. For that reason, this email announces a new **Voluntary Severance Program** designed to help achieve a balanced budget for 2020-21. This email provides guidelines for implementation of the program with a package to include (a) a severance payment in the amount of 90 days' salary or wages and (b) for applicants who file their completed applications prior to July 1, 2020, and are subsequently approved, continuation of City health coverage at no cost to the retiree through December 31, 2020. These benefits will be paid in addition to the customary pay-out of accrued vacation time at retirement.

The window of opportunity for this program will run from July 1, 2020, through December 31, 2020, subject to the guidelines provided below. *After the closing of this window, there is no guarantee that a program of this kind will be offered again.*

Policy Guidelines and Employee Eligibility - This Program is a one-time offer to apply for a severance package in the amount of 90 days' salary or wages to be paid in one or two installments, to certain employees in either of two groups. As noted below, the City reserves the right to accept or reject such applications as needed. The two groups are:

Group I - Employees who:

a. have retired/rehired, or
b. who are currently eligible for retirement, or
c. who will become eligible by December 31, 2020, under either of the South Carolina Public Employee Benefit Administration (PEBA) systems, or
d. who are retirement-eligible under some other arrangement.

If the application for the Voluntary Severance Program is approved, the applicant must retire and separate from service by the earlier of September 30, 2020, or 15 days from the date when they become eligible.

Group 2 - Employees who, by December 31, 2020, will be within 30 months of qualifying for retirement

under an SC PEBA system or other retirement arrangement, could become eligible to retire during the window of opportunity by buying the necessary service credits.

If the application for the Voluntary Severance Program is approved, the applicant must retire and separate from service by the earlier of September 30, 2020, or 15 days from the date when they become eligible by virtue of PEBA's approval of the purchase and application of service credits.

In the case of Group 2 employees, the City will pay its share of the retirement contribution amount necessary to effect the buy-out and the severance incentive amount will be used, in whole or in part, to pay the employee's share of the retirement contribution. Any excess of the severance incentive payment over the amount needed for the employee share of the retirement buy-out will be paid to the employee as a one-time payment.

Employees who are approved for participation in this incentive program must voluntarily leave the payroll by the earlier of September 30, 2020 or within 15 days of becoming eligible for retirement.

Generally speaking, positions vacated as a result of this offer will not be refilled during the 2020-21 fiscal year, although each position will be retained in the event that it becomes necessary and financially possible for the city to rehire or convert it to a more mission-critical position at a future date. In the event that a retirement-eligible employee vacates a position judged to be of a critical nature, arrangements may be made to fill that position from within and leave other positions vacant in order to achieve the goals of the 2020-21 budget. The Department of Human Resources/Organizational Development (HR/OD) will oversee the implementation of this program in coordination with Financial Management & Reporting (FMR).

Upon recommendation of the Chief Financial Officer and at the discretion of the City Manager, the program may be extended or reinstated for future six-month periods for the benefit of employees who become eligible after December 31, 2020. *However, an employee who is currently eligible or becomes eligible for the Voluntary Severance Program by December 31, 2020, but does not elect to participate during this window of opportunity may not be eligible for the severance incentive in a future period even if his or her position has to be eliminated or suspended for any reason.*

To be eligible to apply, an employee must have been in active, full-time annual-salaried service on July 1, 2020 and at the time they elect to participate in the Program.

All employees who accept an offer of severance under this program must sign an Irrevocable Letter of Voluntary Resignation, in the form provided in Attachment A, as part of their acceptance. Participating employees must officially resign by filing the Letter of Voluntary resignation and be off the City payroll by September 30, 2020 or within 15 days of becoming eligible to retire if that status is attained after September 30, 2020. Furthermore, payment of the severance incentive will be subject to final confirmation by HR/OD that such employee has in fact separated from the City's employment. If such employee is eligible for retirement, and chooses to retire, confirmation of retirement should be provided by the SC PEBA or any other applicable pension system.

The severance payment will not be used in the calculation of any retirement benefit calculated by SC PEBA, and shall be subject to all usual and customary taxes and withholdings other than the retirement withholding. All employees who participate in this program will be restricted from re-hire for a period of three years from the effective date of resignation. Any employee who participated in the Voluntary Severance Program who is re-hired by any agency participating in a SC PEBA system before the expiration of the restricted period will be required to repay the severance payment in full.

Implementation Process - Approval of the application will depend upon whether the employee is eligible to

retire and whether the City is able to hold the position vacant or to reorganize for productivity improvements based upon the position's having been vacated. Participating employees should contact the applicable retirement system for a projection of their retirement benefits. **Strict compliance with these deadlines is necessary to ensure adequate time for final approval and notification to the Retirement and Payroll Systems.**

Questions/Correspondence - Questions on the Severance Incentive Program should be directed to the Department of Human Resources/Organizational Development.

Again, I thank you for your outstanding efforts over the past few months. I am very proud of your accomplishments, and I consider it a privilege to serve on your team.

John

photograph

The employees of the City of Myrtle Beach are a diverse group of individuals who blend their unique talents to create the most effective, elite team of public servants in South Carolina.

John Pedersen

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