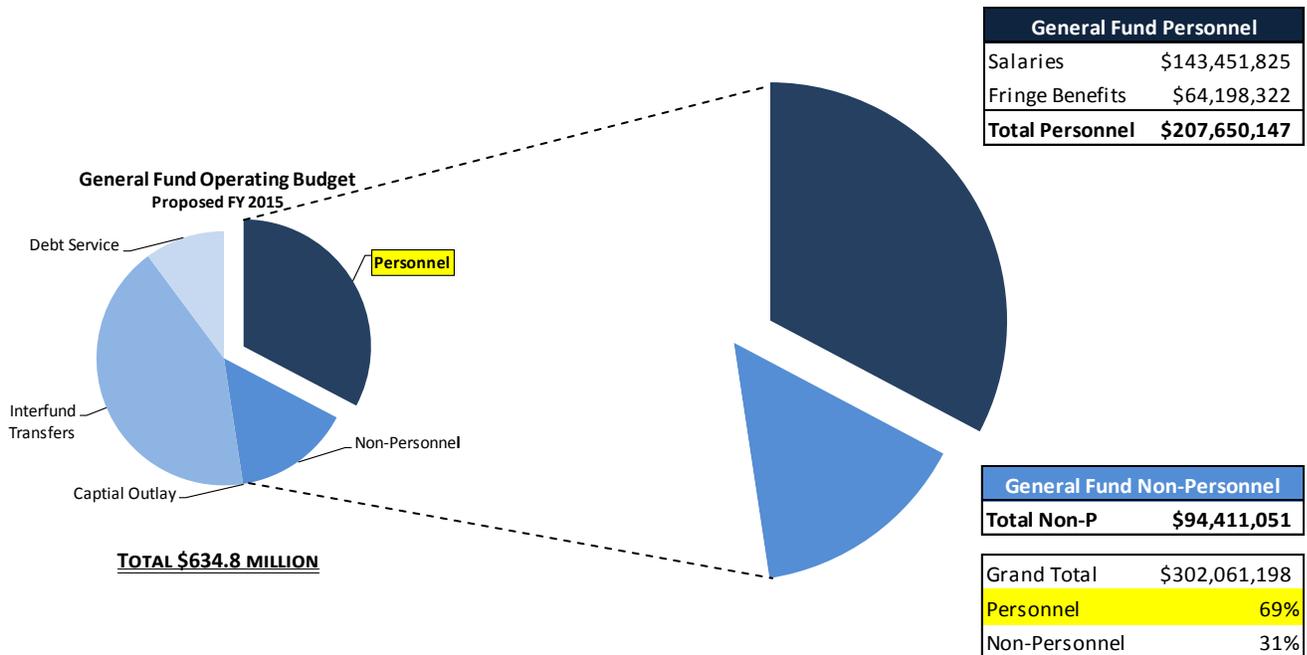




Personnel & Compensation Summary

FY 2015 INTRODUCTION & HIGHLIGHTS

The City of Alexandria continues to invest a large amount of resources in its workforce. When excluding debt service, interfund transfers (including to Alexandria City Public Schools) and capital outlays, more than two-thirds (69%) of the City’s core General Fund operating expenses are utilized for personnel, consisting of salaries and benefits: salaries are provided for full-time, part-time and seasonal employees, while fringe benefits, for qualifying employees, include healthcare, retirement, social security, long-term disability, and life insurance.



Other personnel and compensation highlights from the FY 2015 Proposed Budget include:

- Employees are eligible for a merit-based pay increase ranging from 2.3% – 5.0% of salary grade and step. Approximately \$4.6 million is budgeted for merit-based pay increases in FY 2015.
- The budget also includes \$162,159 in Executive Pay Band increases. The pay bands were created in FY 2014. Employees in these bands who receive satisfactory performance evaluations can earn merit-based pay increases.
- In FY 2013, City Council allocated \$500,000 to enhance the City’s career ladder program and address pay compression issues among sworn Public Safety personnel. In FY 2014, the City allocated an additional \$900,000 to continue to enhance the career ladder program for General Schedule employees and to bring the Fire Department’s Firefighters, Medics, and Deputy Fire Marshal’s salaries more in line with the market. In FY 2015, this trend continues, with the City providing \$700,000 to address career ladders in both General Schedule (\$400,000) and Public Safety (\$300,000).
- On a net basis, the City will have a decrease of 33 Full-Time Equivalents (FTEs) overall from the FY 2014 Amended count. This brings the total FTE count for the City down to 2,536.
- At this time, the living wage will remain frozen at the FY 2009 level of \$13.13/hour. The City will continue to monitor this and conduct periodic reviews to ensure an appropriate living wage is maintained.

Personnel & Compensation Summary



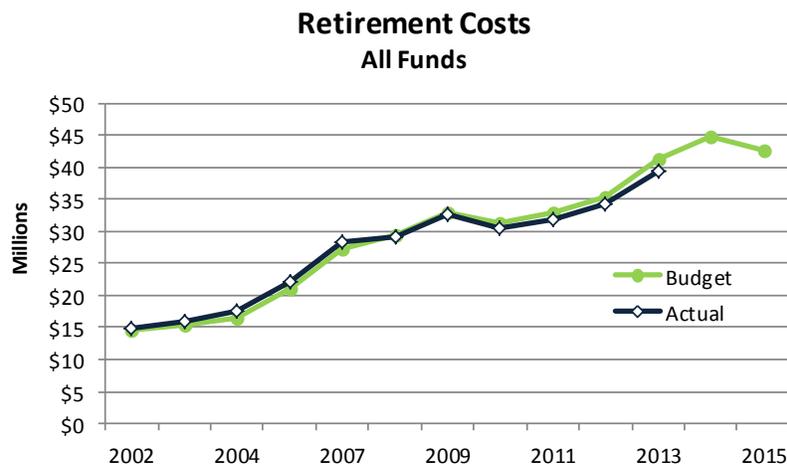
FICA & RETIREMENT (INCLUDING VRS)

Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare taxes, which is budgeted at \$16.1 million for All Funds (excluding Schools) in FY 2015, \$11.8 million of which is General Fund related. The current Social Security tax rate for the City is 6.20% of wages, and 1.45% for Medicare. The Calendar Year (CY) 2014 maximum earnings cap increases by \$3,300 to \$117,000 from the CY 2013 level of \$113,700. Earnings above this amount will not be taxed for Social Security, but are still subject to Medicare.

Retirement

The FY 2015 retirement budget represents the contribution that the City pays towards employee retirement plans, including VRS. The chart below shows the City's actual retirement costs from FY 2002 – 2013 and the budgeted costs for retirement from FY 2002 – 2015.



Virginia Retirement System (VRS)

- In April 2012, the Virginia General Assembly passed legislation impacting contribution rates for the Virginia Retirement System (VRS). The employee share can no longer be paid by the employer, but must be contributed by the employee.
- The City is phasing in the shift of the contribution rates over a 5-year period until all employees participating in VRS are contributing at least 5% of their annual salary towards their retirement.
- For City employees hired *before* July 2010, the City is paying the employee share of VRS contributions on a sliding scale. In FY 2015, the City will pay 2%, while employees will be responsible for paying 3%. In FY 2016, the City's responsibility will slide down to 1% (and employees up to 4%). By FY 2017, the City will not be paying any of the employee share (with the employee paying the full 5%).
- For City employees hired *after* July 2010, the employee is responsible for the full employee share of VRS contributions (5%) from the date of hire; there is no sliding scale.
- Beginning in FY 2013, a 1% salary increase each year for five years is being applied to the City's pay scales for General Schedule, Deputy Sheriffs, Fire Marshals and Medics, in order to offset the 5% VRS contribution from employees.

Personnel & Compensation Summary

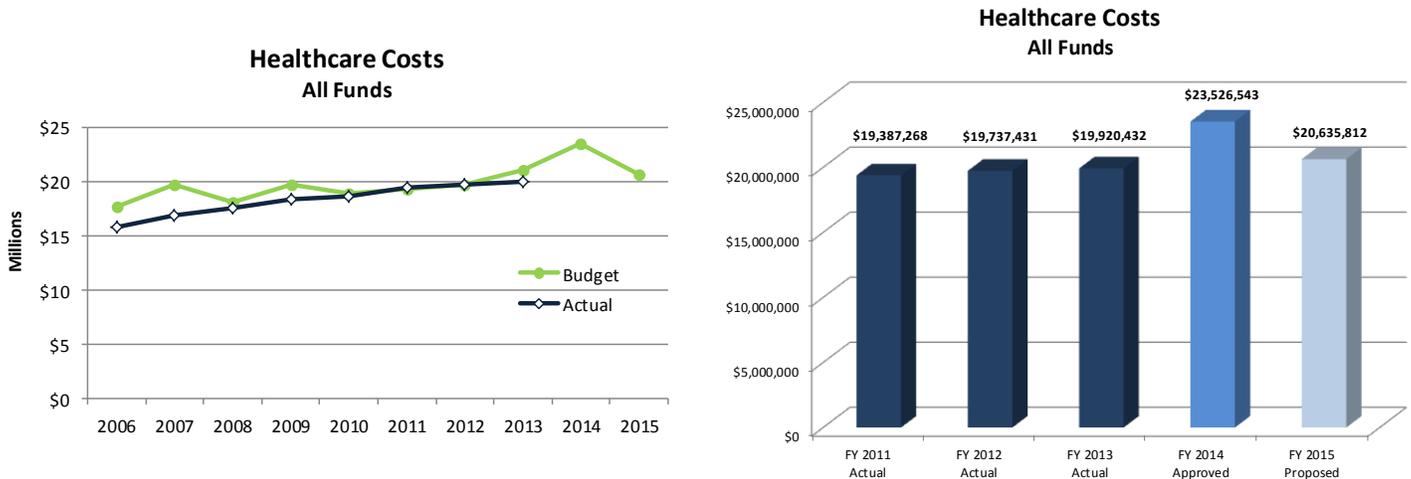


HEALTHCARE

Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare costs from FY 2006 – FY 2013, and the budgeted amount for healthcare from FY 2006 – FY 2015.

In FY 2015, healthcare costs are expected to decrease by approximately \$2.9 million (or 12%) from the FY 2014 Approved Budget. This reflects a number of factors, including more accurate budgeting for vacant positions, changes in health plans selected by employees, and changes in the overall number of enrollees. In addition, the City provided a \$750,000 pay supplement to employees in FY 2014 due to a health plan redesign, which was a one-time supplement to moderate their healthcare expenses. Offsetting the reduced cost is an average increase in premiums of 2.4% per plan.



Employee Cost Sharing

Starting in FY 2007, the City began to incrementally phase-in employee contributions to healthcare premiums until employees were paying a minimum 20% share of health insurance premiums in HMO plans by FY 2013. This percentage share is reviewed annually.

From Fiscal Year 2014 to Fiscal Year 2015

With the implementation of a new health plan design in FY 2014, the City provided a one-time pay supplement to employees (total cost of \$750,000) to help offset costs associated with the health plan redesign, while the City worked to align flex spending enrollment with the plan year. This supplement was one-time funding in FY 2014 and is not included in FY 2015.

The FY 2015 Proposed Budget includes an estimated average healthcare premium increase of 2.4% per enrollee. The actual growth rates will be determined as the City continues its annual renewal process with its health carriers and brokers. Information regarding specific impacts to employees and their healthcare plans will be provided as the budget process continues, but the FY 2015 Proposed Budget freezes the premiums paid by employees at the FY 2014 levels, with the City responsible for covering any actual increases.

Personnel & Compensation Summary



LIFE INSURANCE, DISABILITY COVERAGE, AND PTO

Group Life Insurance Benefit & Long Term Disability Coverage

Regular full and part-time employees are provided basic group term life insurance at one to two times base salary depending on the employee's date of hire. Long term disability coverage is also provided to benefit eligible employees (excluding police officers and firefighters). Employees also have the option to purchase supplemental group term life insurance coverage and dependent life insurance coverage at their own expense. The table below provides information on the specific coverage available to employees.

Standard Insurance Company	
Group Life and Accidental Death & Dismemberment Coverage:	
Basic - City Funded (hired before 7/1/2009)	2x Annual Salary
Basic - City Funded (hired after 7/1/2009)	1x Annual Salary
Supplemental - Employee Paid	Up to 2x Annual Salary
Line of Duty Coverage:	
Police Officers and Firefighters Only - City Funded	\$200,000
Long Term Disability*	
120 Day Plan - City Funded	City Pays 0.266% of Insured Earnings
90 Day Plan - City & Employee Funded	Employee Pays 0.10% of Insured Earnings; City Pays Remaining Cost

**Rates are effective as of 03/1/2012*

Generally, full-time regular new hires in General Schedule positions will be placed into the VRS Hybrid plan starting January 1, 2014 (unless they are already participating in VRS from previous employment). The VRS Hybrid plan does not offer disability benefits as part of its core provisions. VRS has offered the VLDP (Virginia Local Disability Plan) for jurisdictions who do not elect to opt out. However, the City of Alexandria has opted out of the VLDP plan, and provides a comparable disability plan with equal or greater value.

Paid Time Off (PTO)

City employees are eligible for 11 paid holidays per year in addition to their accrual of annual and sick leave. The table below outlines the rates at which new employees accrue annual and sick leave. The annual leave accrual rate was increased from 3.69 to 4.0 hours per pay period (for full-time employees working 80 hours per pay period) in FY 2010 in order to provide employees with 1 additional day of annual leave. This action was taken in response to a study which found that the City was ranked low in the category of paid time off when compared to our comparator jurisdictions.

Paid Time Off*	
Holidays	11 Holidays Annually
Annual Leave	New employees accrue 4.0 hours of leave per pay period
Sick Leave	All employees accrue 3.69 hours of leave per pay period

**For full-time employees working 80 hours per pay period; prorated for part-time employees.*

Personnel & Compensation Summary



CITY WORKFORCE BY FULL-TIME EQUIVALENT (FTE)

As shown below by Focus Area, the FY 2015 Proposed Budget includes a decrease of 33 FTEs from the FY 2014 Amended total.

	FY 2013 Actual	FY 2014 Approved	FY 2014 Amended*	FY 2015 Proposed
Accountable, Effective & Well-Managed Government				
City Council	1.0	1.0	1.0	1.0
City Manager	12.0	12.0	12.0	10.0
Office of Management & Budget	10.0	11.0	11.0	11.0
Performance & Accountability	5.0	5.0	5.0	6.0
Information Technology Services	43.0	43.0	44.0	45.0
Communications & Public Information	13.5	13.5	13.5	13.5
City Clerk & Clerk of Council	4.0	4.0	4.0	3.0
Finance	105.5	107.5	107.5	107.5
Human Resources	21.0	23.0	23.0	25.0
City Attorney	14.0	14.0	14.0	14.0
General Services	67.2	66.0	66.0	69.8
<i>Subtotal Accountable</i>	296.2	300.0	301.0	305.8
Healthy & Thriving Residents				
Community and Human Services	576.6	569.8	571.8	562.7
Health	16.2	16.2	16.2	15.4
Recreation & Cultural	170.6	172.7	173.6	156.2
Library	73.2	71.5	71.5	71.5
<i>Subtotal Healthy</i>	836.5	830.2	833.0	805.9
Livable, Green & Prospering City				
Planning & Zoning	48.0	50.0	49.0	54.0
Project Implementation	2.0	2.0	21.0	22.5
Transportation & Environmental Services	208.5	220.5	202.5	212.0
Code	48.0	50.7	49.7	50.2
Housing	15.0	16.0	16.0	16.0
Historic Alexandria	26.2	25.7	25.7	27.5
<i>Subtotal Livable</i>	347.7	364.9	363.9	382.2
Safe, Secure & Just Community				
18th Circuit Court	13.0	13.0	13.0	13.0
Commonwealth's Attorney	27.0	27.0	27.0	27.0
Sheriff	215.0	215.0	215.0	209.0
Clerk of the Circuit Court	22.0	22.0	22.0	22.0
Law Library	1.0	1.0	1.0	0.0
Court Services	9.5	8.5	8.5	7.0
Human Rights	5.5	5.5	5.5	6.0
Registrar	6.6	6.6	6.6	6.6
Fire	290.0	290.0	290.0	275.0
Police	428.8	427.0	428.0	420.0
Emergency Communications	55.0	55.0	55.0	57.0
<i>Subtotal Safe</i>	1,073.4	1,070.6	1,071.6	1,042.6
GRAND TOTAL	2,553.8	2,565.7	2,569.5	2,536.4

*Amended count represents mid-year adjustments.

Personnel & Compensation Summary



FTE ADDITIONS & REDUCTIONS

The following table shows the additions and reductions of positions in the FY 2015 Proposed Budget.

Department	Position	FTE Increase (Decrease)	Department	Position	FTE Increase (Decrease)
City Clerk	ADMINISTRATIVE SUPPORT V	-1.0	Finance	MANAGEMENT ANALYST II	1.0
City Manager	SPECIAL ASST TO CITY MANAGER	-1.0	General Services	ENERGY ENGINEER	1.0
City Manager	EXECUTIVE ASSISTANT	-1.0	General Services	UTILITIES ANALYST	0.6
Finance	REAL ESTATE ASSMNT DIRECTOR	-1.0	General Services	BUILDING TECH (CITY HALL)	1.0
DCHS	PROJECT SUPERINTENDENT	-1.0	General Services	LABORER III	1.0
DCHS	PUBLIC INFORMATION SPECIALIST	-0.5	General Services	PROJECT MANAGER	0.2
DCHS	HEALTH & COMMUNITY ED SPEC	-1.0	Human Resources	ERP MANAGER	1.0
DCHS	REGISTERED NURSE	-0.5	Human Resources	INVESTIGATOR	1.0
DCHS	THERAPIST (Multiple)	-1.5	ITS	PROJECT MANAGER	1.0
DCHS	RESIDENTIAL COUNSELOR (Multiple)	-0.8	Performance & Acct	PERFORMANCE ANALYST	1.0
DCHS	FAMILY SERVICES SPEC III	-1.0	DCHS	THERAPIST	1.0
DCHS	FAMILY SERVICES SPEC II	-1.0	DCHS	HS BENEFITS PROGRAM SPEC (Multiple)	2.0
DCHS	ASST OFF OF EMPLOY & TRN DIR	-1.0	DCHS	EMPLOYMENT & TRAINING SPEC	0.3
DCHS	COMMUNITY SERVICES PRG I COOR	-1.0	Health	NEW POSITION	0.2
DCHS	FAMILY SERVICES SPECIALIST I	-1.0	Code	RECORDS CLERK	0.5
DCHS	EMPLOYMENT & TRAINING SPEC (Multiple)	-2.0	Historic Alexandria	DIRECTOR OF DEVELOPMENT	1.0
Health	DENTAL SERVICES DIRECTOR	-0.6	Historic Alexandria	ARCHAEOLOGIST	0.5
Health	PUBLIC HEALTH NURSE (Multiple)	-0.3	Historic Alexandria	RECORDS MGT ANALYST	0.3
RPCA	CUSTODIAN	-1.0	Planning & Zoning	URBAN PLANNER	1.0
RPCA	ADMIN SUPPORT IV	-1.0	Planning & Zoning	GIS ANALYST II (Multiple)	2.0
RPCA	LABOR SUPERVISOR	-1.0	Planning & Zoning	ADMIN SUPPORT	1.0
RPCA	SCHOOL MAINT. LABORER II	-1.0	Planning & Zoning	ADMIN SUPPORT II	0.5
RPCA	HORTICULTURAL ASSTANT	-1.0	Planning & Zoning	WAYFINDING IMPLEMENTER	0.5
RPCA	HORTICULTURAL SPECIALIST I	-1.0	Project Imp.	CIVIL ENGINEER IV	1.0
RPCA	TREE TRIMMER (Multiple)	-3.0	Project Imp.	URBAN PLANNER II	0.5
RPCA	APPRENTICE TREE TRIMMER	-1.0	T&ES	PUBLIC INFORMATION SPECIALIST	1.0
RPCA	LABORER II	-1.0	T&ES	Inspector I (BMP MAINT.)	1.0
RPCA	PARK MANAGER	-1.0	T&ES	Labor Supervisor (BMP MAINT.)	1.0
RPCA	REC MANAGER I	-1.0	T&ES	Labor Supervisor (BMP MAINT.)	1.0
RPCA	THERAPEUT REC LEADER (Multiple)	-0.9	T&ES	Equipment Operator I (BMP MAINT.)	1.0
RPCA	REC LEADER (Multiple)	-3.5	T&ES	Equipment Operator I (BMP MAINT.)	1.0
T&ES	AIR POLLUTION CONTROL SPEC	-0.5	T&ES	Laborer II (BMP MAINT.)	1.0
Court Services	PROBATION OFFICER (Multiple)	-1.5	T&ES	Laborer II (BMP MAINT.)	1.0
Fire	FIRE FIGHTER (Multiple)	-10.0	T&ES	CIVIL ENGINEER	1.0
Fire	FIRE MARSHAL (Multiple)	-3.0	T&ES	LABORER III	1.0
Fire	DEP EMER MANAGER (Multiple)	-2.0	Emergency Comm	COMPUTER AIDED DIS. (Multiple)	2.0
Fire	PUBLIC INFO OFFICER	-1.0	Fire	COMPUTER AIDED DIS.	1.0
Law Library	LAW LIBRARY DIRECTOR	-1.0	Human Rights	HUMAN RIGHTS INVESTIGATOR I	0.5
Police	SPECIAL POLICE OFFICER (Multiple)	-2.0	TOTALS ADDITIONS		34.50
Police	RECORDS CLERK	-1.0			
Police	CUSTODIAN	-1.0	TOTAL REDUCTIONS		-67.62
Police	FAMILY SERVICES SPEC I	-1.0	TOTAL ADDITIONS		34.50
Police	CSI SUPERVISOR	-1.0	NET FTE CHANGE		-33.12
Police	POLICE OFFICER I	-1.0			
Police	POSITION TBD	-1.0	FY 2014 AMENDED FTE COUNT		2,569.53
Sheriff	DEPUTY SHERIFF - CHIEF	-1.0	NET FTE CHANGE		-33.12
Sheriff	DEPUTY SHERIFF IV	-1.0	FY 2015 PROPOSED FTE COUNT		2,536.41
Sheriff	SENIOR RECORDS CLERK	-1.0			
Sheriff	INMATE CLASSIFICATION COUNSEL	-1.0			
Sheriff	POSITION TBD	-1.0			
Sheriff	DEPUTY SHERIFF II	-1.0			
TOTALS REDUCTIONS		-67.62			

Personnel & Compensation Summary



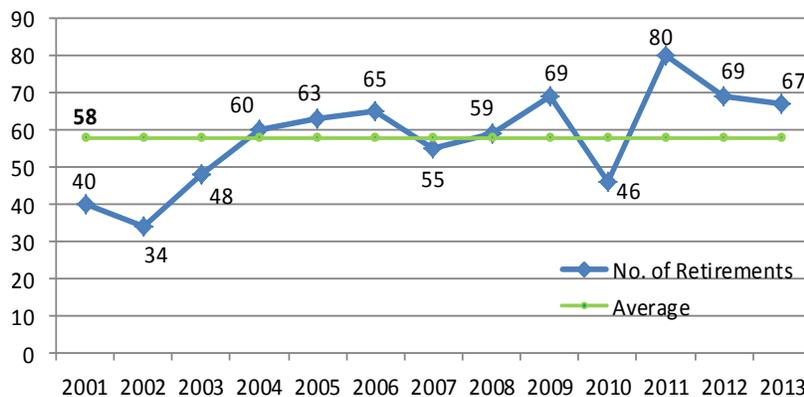
CALENDAR YEAR 2013 TURNOVER

In Calendar Year (CY) 2013, overall employee turnover decreased by 6.1% (from 263 to 247 employees), while a total of 67 employees retired from City service, a decrease of 2.9% from CY 2012. The CY 2013 turnover amount represents an overall vacancy rate of approximately 9.6% when compared to the FY 2014 Amended FTE count.

	GS & PS		Overall
	Full-Time	Part-Time	
Voluntary Turnover			
New Job (Competitor)	20	3	23
New Job (Non-Competitor)	16	4	20
Personal Reasons	60	7	67
Dissatisfied with Conditions	1	0	1
Relocation	11	7	18
Return to School	2	1	3
Domestic Obligations	2	2	4
Quit Without Notice	1	1	2
Sub-total	113	25	138
Involuntary Turnover			
Excess Absence	2	0	2
Rules Violation	5	3	8
Not Qualified	1	0	1
Unsatisfactory Performance	4	0	4
Sub-total	12	3	15

	GS & PS		Overall
	Full-Time	Part-Time	
Retirement			
Disability Retire/PF Pension	4	0	4
Disability Retire/VRS	6	0	6
Early Retire/VRS	20	0	20
Normal Retire/PF	12	0	12
Normal Retire/VRS	25	0	25
Sub-total	67	0	67
Other Turnover			
Completion of Contract	4	10	14
Lack of Funding	0	0	0
Reduction in Force	1	1	2
Military	0	0	0
Department Transfer	0	0	0
Medical Reasons	3	2	5
Pregnancy	1	1	2
Position Discontinued	1	0	1
Death	2	1	3
Sub-total	12	15	27
Totals			
Total Turnover CY 2013	204	43	247
Total Turnover CY 2012	204	59	263

Employee Retirements
(Calendar Year)



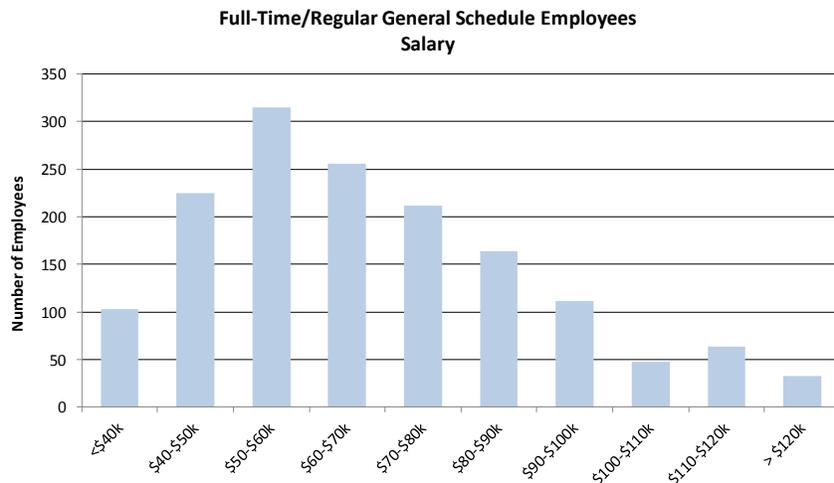


SALARY DISTRIBUTION & AVERAGES

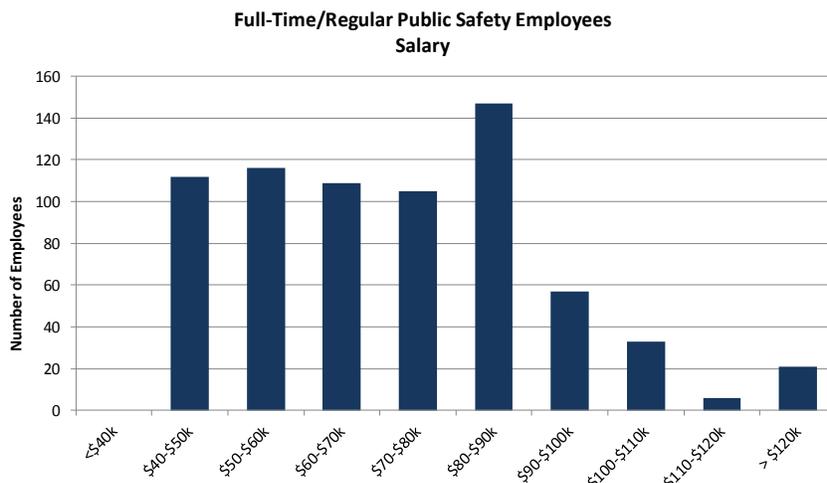
The following table shows the average annual salary for regular City employees:

	As of 1/1/13	As of 2/4/14	% Increase
General Schedule (FT)	\$67,212	\$68,404	1.8%
Public Safety (FT)	\$70,583	\$72,427	2.6%
General Schedule (PT)	\$31,437	\$39,675	26.2%

The majority of current General Schedule full-time employees (nearly 84%) earn between \$40,000 to \$100,000 annually, while a little under half earn more than the average salary for GS full-time employees (\$68,404), and about 9.5% earn more than \$100,000.



Approximately half of all sworn Public Safety employees earn more than the average salary of the group (\$72,427). About 8.5% earn more than \$100,000.



Personnel & Compensation Summary



YEARS OF SERVICE

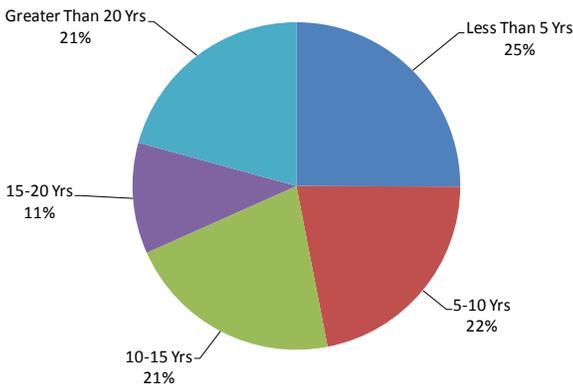
General Scale

Nearly half of the current General Schedule workforce (47%) has been employed with the City for 10 years or less. 21% have worked for the City for 20 years or more.

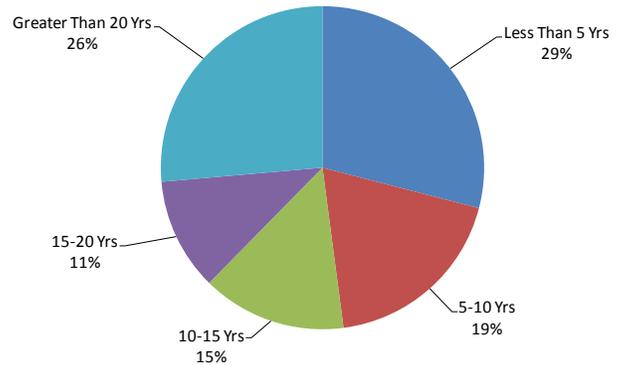
Public Safety

Similar to General Scale employees, nearly half (48%) of the current Public Safety workforce has been employed with the City for 10 years or less. 26% have worked for the City for 20 years or more.

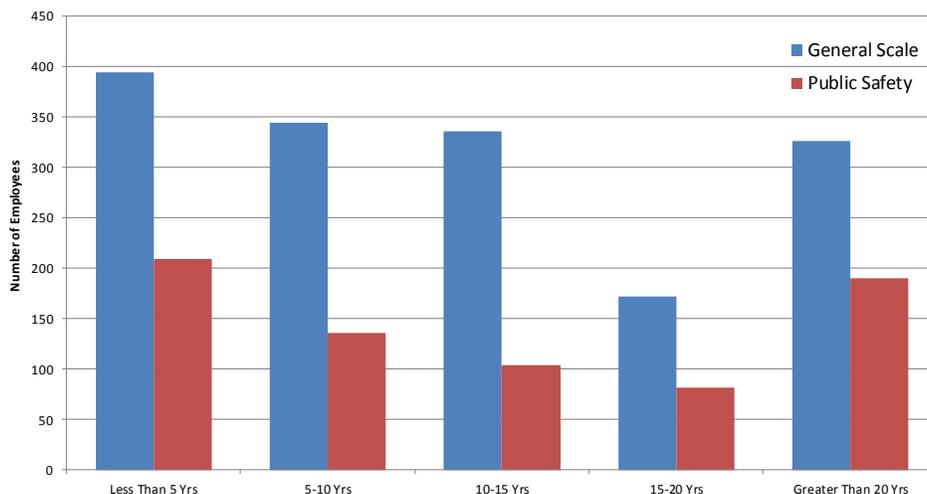
**Full-Time/Regular General Schedule
Years of Service**



**Full-Time/Regular Public Safety
Years of Service**



**Full-Time/Regular Employees
Years of Service**



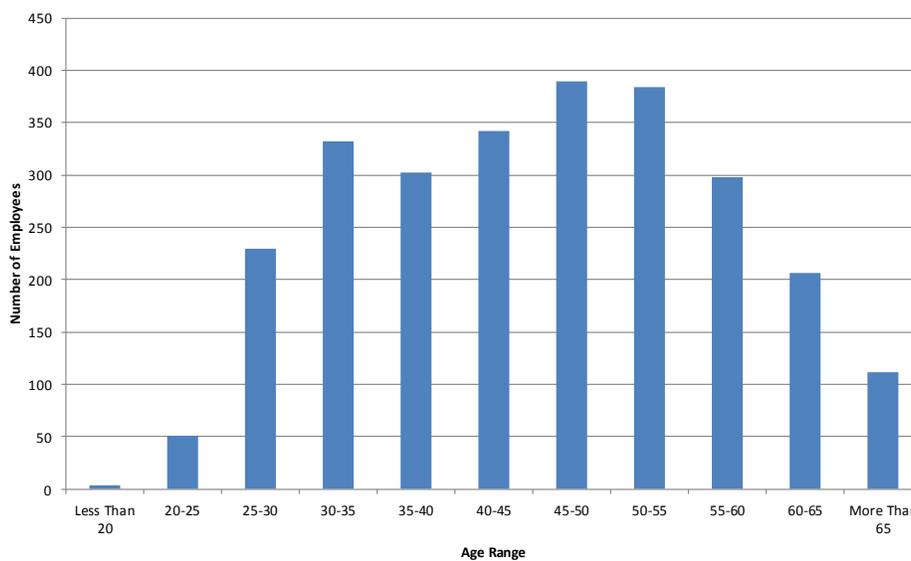
Personnel & Compensation Summary



EMPLOYEE DEMOGRAPHICS

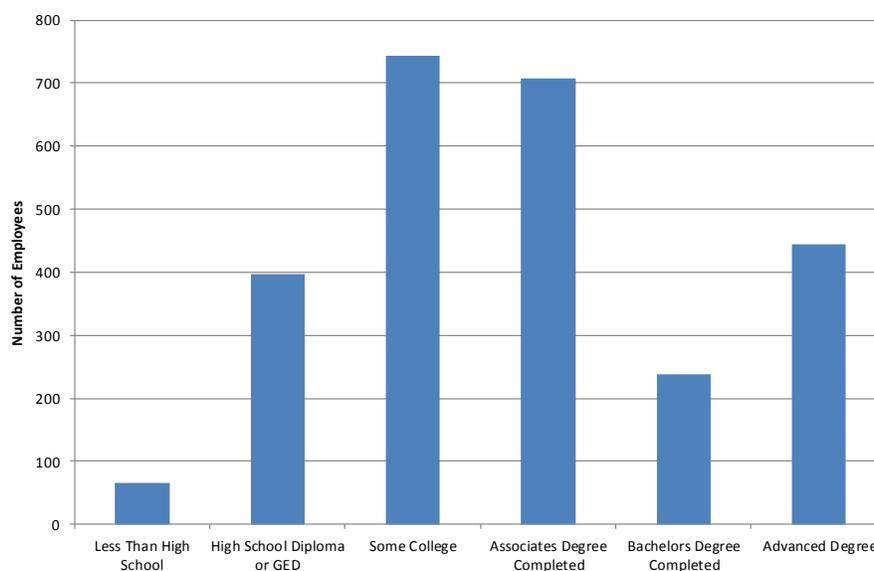
More than three-quarters (77%) of the City's workforce is between the ages of 30 and 60 years old.

Regular Employees by Age Distribution



Over half (54%) of the City's workforce has an Associates Degree, Bachelors Degree or Advanced Degree.

Regular Employees by Highest Education Degree Attained*



**Highest Education Degree Attained is self-reported by employees during the hiring/onboarding process.*

Personnel & Compensation Summary



ADDITIONAL EMPLOYEE BENEFITS

The City Manager continues to explore and identify creative forms of compensation to reward employees. The benefits below represent a portion of the forms of compensation available to staff in FY 2015.

- To encourage transit use and vanpooling, and in order to meet the region's air quality standards, the City will continue to offer its transit incentive program to employees in FY 2015. In the Proposed Budget, regular City employees will be eligible to receive up to \$130 per month on a pre-tax basis, up from \$75 in FY 2014. Given the large number of City employees who commute to Alexandria from outside jurisdictions each day, this benefit helps to offset commuting costs.
- The City's telecommuting policy will continue unchanged in FY 2015. The policy permits interested employees to establish a telecommuting agreement with their supervisor and department head.
- To help further the professional development of City employees, tuition assistance is provided for education and training classes. In FY 2015, the tuition assistance program will be consolidated, along with professional development funding and training funding, into a new designated account within Human Resources entitled "Professional Development & Training."
- The goal of the City's Wellness Program, *Work N' Well*, which is administered by the Human Resources department, is to provide wellness opportunities to employees in an effort to enhance their overall health and well being and to promote a long term health promotion strategy to reduce healthcare costs.
- The City has several awards and recognition programs designed to acknowledge employees who work above and beyond expectations, who provide excellent customer service, who reach education milestones, who work well in team environments, and also for those employees who have worked for the City for an extended period of time.

Personnel & Compensation Summary



OPEB & LINE OF DUTY

Other Post-Employment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) has created rules for SEC disclosure and reporting mandates for post retirement benefits, which include retiree healthcare and retiree life insurance. Historically, the City like almost all states and localities, used the near universal practice of pay-as-you-go cash accounting. However, the GASB mandates require reporting, recording and accounting for the long-term unfunded obligations for health and life insurance benefits for retirees. These requirements and the City’s response will influence the credit and bond ratings of City debt. The FY 2015 Proposed Budget provides approximately \$3.62 million in new funding for the City’s OPEB obligations.

Line of Duty

A State mandated, but City-administered program, the Line of Duty Act (LODA) provides benefits to local government employees and volunteers who hold specified hazardous duty positions. More specifically, it provides benefits to first responders who die or become disabled in the line of duty, and by statute, LODA benefits must be provided. Health coverage is afforded to the disabled employee, but also a surviving spouse and dependent children. If disabled, healthcare benefits terminate upon the disabled person’s death, recovery, or return to full duty. The FY 2015 Proposed Budget provides approximately \$1.9 million for new Line of Duty funding.

The table below shows the City’s estimated unfunded liability as well as its annual required contribution (ARC).

Dollars in millions

	Estimated Unfunded Liability		Annual Required Contribution (ARC)	
	City Programs ¹	Line of Duty ²	City Programs ¹	Line of Duty ²
City of Alexandria^{3,4,5}	\$69.0	\$16.6	\$7.9	\$2.6

(1) Retiree life and health insurance premiums

(2) State mandated City-administered program

(3) As of December 31, 2012

(4) Assumes no change in \$260 monthly healthcare rate and does not reflect eliminating retiree life insurance for new hires

(5) City's liability calculated by actuaries using the trust fund model with a 7.5% annual return assumption