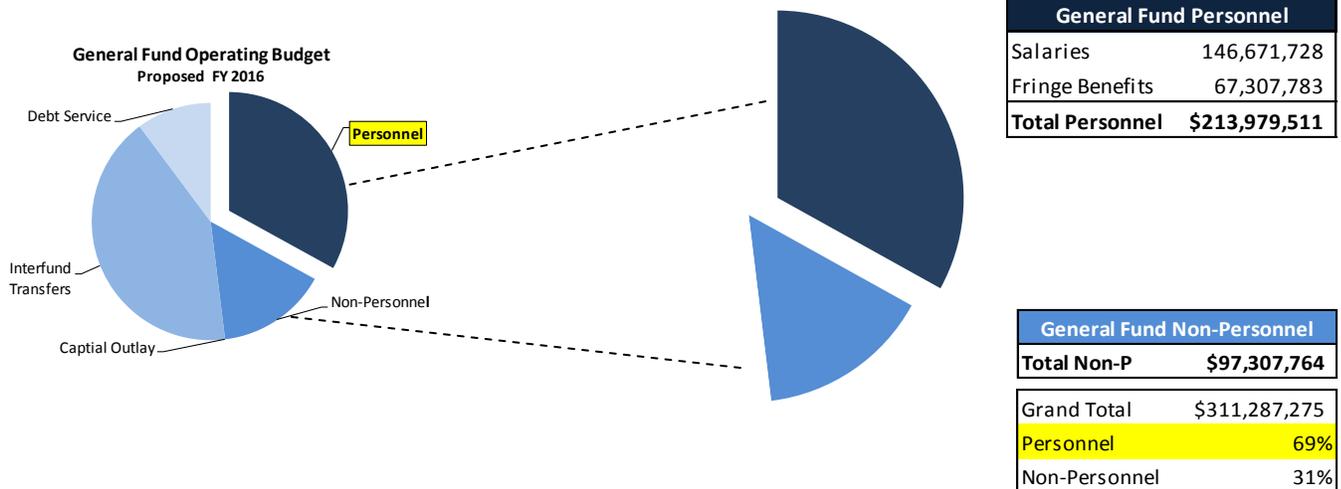




Personnel & Compensation Summary

FY 2016 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 remaining 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.



TOTAL \$647.8 MILLION

Other personnel and compensation highlights from the FY 2016 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 proposed for merit-based pay increases in FY 2016. The FY 2016 proposed budget does not include a top-of-grade bonus for employees at the top step of the pay scales.
- The proposed budget also recommends the continuation of the pay for performance system for Senior Executives started in FY 2015. The budget includes \$175,021 for merit-based variable pay increases for Deputy City Managers and Department Directors. The budget also adds a new pay band to the Executive Pay Scale to include Deputy and Assistant Directors into this system with the goal of enacting variable pay increases for those jobs in FY 2017.
- The budget includes \$2.0 million to align police officer pay to the average of the comparator market and enhance the City's ability to recruit and retain top talent. The funding provides for a 4.5% market rate adjustment to the Police Pay scale providing equivalent pay increases to all sworn positions. Additional 5% targeted pay adjustments for entry officers and lieutenants are also funded.
- Since FY 2013, City Council has allocated \$1.35 million to fund career ladder elevations within the City's 23 general scale and public safety career ladders resulting in over 320 unique elevations. This trend continues in the FY 2016 proposed budget.
- In FY 2014, City Council approved \$750,000 to bring the Fire Department's Firefighters, Medics, and Deputy Fire Marshal's salaries more in line with the market based on a study conducted by the Fire Public Safety Work Group. The proposed FY 2016 budget includes a net \$167,500 to fund the expansion of the Fire Departments career ladder program. Expanding the career ladder moves pay closer to the market average as called for by the City's compensation philosophy and provides career advancement opportunities to employees who develop their skills.
- On a net basis, the City will have a decrease of -3.8 Full-Time Equivalents (FTEs) overall from the FY 2015 Approved count, which is a 0.2% decrease in total workforce. This brings the total FTE count for the City to 2,542.8 in FY 2016, which is 121.2 FTE's less than the peak of 2,664 FTE's in FY 2009. At this time, the living wage will remain frozen at the FY 2009 level of \$13.13/hour.



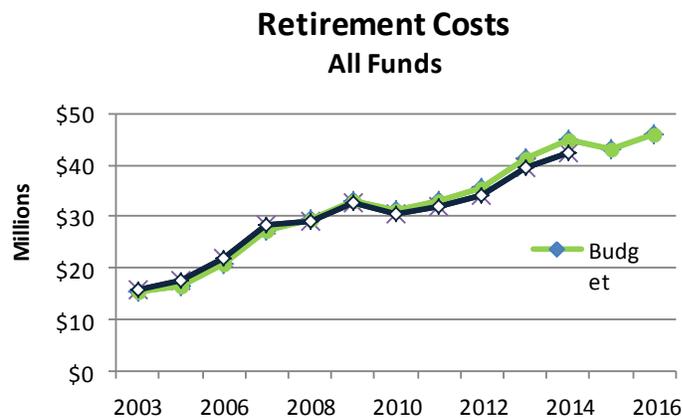
FICA & RETIREMENT (INCLUDING VRS)

Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare taxes, which is budgeted at \$14.93 million for All Funds (excluding Schools) in FY 2016, \$10.5 million of which is General Fund related. The current Social Security tax rate is 6.20% of wages, and 1.45% for Medicare. The Calendar Year (CY) 2015 maximum earnings cap increases by \$1,500 to \$118,500 from the CY 2014 level of \$117,000. Earnings above this cap will not be taxed for Social Security, but are still subject to Medicare tax.

Retirement

The FY 2016 retirement budget represents the contribution that the City pays towards employee retirement plans, including the Virginia Retirement System (VRS) and City supplemental pension plans for general employees, Sheriff 's Deputies, medics, and Fire Marshall, and a Police/Fire pension plan for Sworn Fire Fighters and Police Officers. The chart below shows the City's actual retirement costs from FY 2003 – 2014 and the budgeted costs for retirement from FY 2003 – 2016.



Virginia Retirement System (VRS)

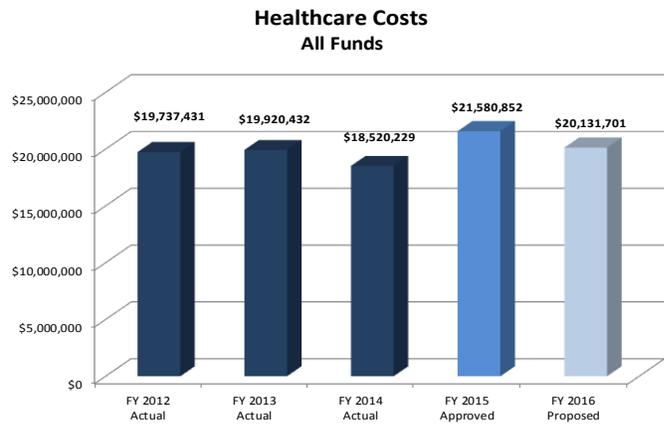
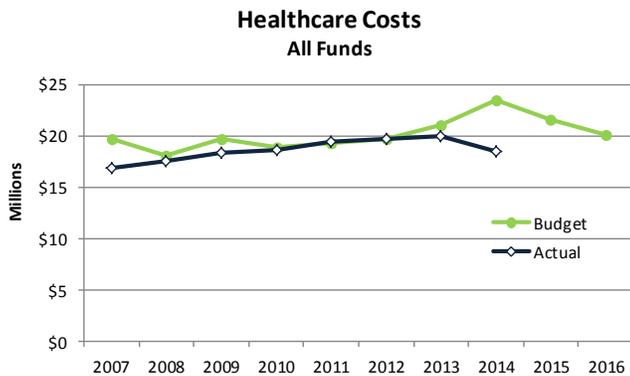
- In April 2012, the Virginia General Assembly passed legislation impacting contribution rates for the Virginia Retirement System (VRS). The employee share can no longer be paid by the employer, but must be contributed by the employee.
- The City is phasing in the shift of the contribution rates over 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 2016, the City will pay 1%, while employees will be responsible for paying 4%. By FY 2017, the City will be 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.



HEALTHCARE

Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare costs from FY 2007 – FY 2014, and the budgeted amount for healthcare from FY 2007 – FY 2016.



The proposed FY 2016 budget assumes premium will continue to grow but that overall participation will decrease and continuing participants will migrate to less expensive plan options. The actual growth rate for health insurance premium is not yet known because of ongoing contract negotiations. In FY 2015, with assistance from its insurance brokers the City bid its self-insured health insurance plan on the open market. The final contracts and premium rates will not be known until mid-April. Negotiations with the City’s second plan sponsor which is not changing, are also currently underway and will be concluded in the coming weeks. The City expects the recent RFP process and negotiations to yield a healthcare program which includes expanded options for employees, complies with Affordable Care Act standards, and continues to drive down costs. Specific details regarding impacts to employees and next year’s budget will be distributed when information becomes available.

The proposed budget does not recommend a change to the current employer/employee premium cost sharing formula in which employees pay a minimum 20% share in HMO plans.

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 have been placed into the VRS Hybrid plan since 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 2016 Approved Budget includes a net decrease of –3.8 FTEs from the FY 2015 Amended total, which is a -0.2% decrease in the overall City workforce.

	FY 2014 Actual	FY 2015 Approved	FY 2015 Amended*	FY 2016 Proposed
Accountable, Effective & Well-Managed Government				
City Council	1.00	1.00	1.00	1.00
City Manager	12.00	14.50	15.50	14.50
Office of Management & Budget	11.00	11.00	11.00	11.00
Performance & Accountability	4.00	6.00	6.00	6.00
Information Technology Services	50.00	56.00	58.00	58.00
Communications & Public Information	13.50	7.00	7.00	7.00
City Clerk & Clerk of Council	4.00	3.00	3.00	3.00
Finance	107.50	107.50	106.50	105.50
Human Resources	23.00	25.00	25.00	25.00
City Attorney	14.00	14.00	14.00	14.00
General Services	66.00	69.80	69.80	69.20
<i>Subtotal Accountable</i>	306.00	314.80	316.80	314.20
Healthy & Thriving Residents				
Community and Human Services	569.98	563.20	573.75	574.00
Health	16.15	15.40	15.40	15.40
Recreation & Cultural	172.70	156.20	156.20	154.20
Library	71.50	71.50	71.50	71.50
<i>Subtotal Healthy</i>	830.33	806.30	816.85	815.10
Livable, Green & Prospering City				
Planning & Zoning	43.00	44.00	43.50	45.50
Project Implementation	2.00	22.50	22.50	24.00
Transportation & Environmental Services	220.50	212.00	212.00	209.00
Code	50.70	50.20	51.00	54.00
Housing	16.00	16.00	16.00	15.00
Historic Alexandria	25.70	26.50	26.50	25.50
<i>Subtotal Livable</i>	357.90	371.20	371.50	373.00
Safe, Secure & Just Community				
18th Circuit Court	13.00	13.00	13.00	13.00
Commonwealth's Attorney	27.00	27.00	27.00	27.00
Sheriff	215.00	210.00	210.00	210.00
Clerk of the Circuit Court	22.00	22.00	22.00	22.00
Law Library	1.00	0.00	0.00	0.00
Court Services	8.50	7.00	7.00	7.00
Human Rights	5.50	6.00	6.00	6.00
Registrar	6.60	6.60	6.60	6.60
Fire	290.00	276.00	276.00	276.00
Police	427.00	420.00	419.00	418.00
Emergency Communications	55.00	57.00	55.00	55.00
<i>Subtotal Safe</i>	1,070.60	1,044.60	1,041.60	1,040.60
GRAND TOTAL	2,564.83	2,536.90	2,546.75	2,542.90

*Amended count represents mid-year adjustments.

Personnel & Compensation Summary



FTE ADDITIONS & REDUCTIONS

The following table shows the reductions (-14.5 FTEs) and additions (+10.7 FTEs) of positions in the FY 2016 Proposed Budget.

Department	Position	FTE Increase (Decrease)
CMO	Deputy City Manager	-1.00
DPI	PT Urban Planner II	-0.50
Finance	Account Clerk III	-1.00
General Services	City Architect	-1.00
Office of Housing	Fiscal Officer I	-1.00
OHA	Rental Coordinator	-1.00
Police Department	Records Clerk	-1.00
RPCA	Custodial Supervisor	-1.00
RPCA	Admin Analyst	-1.00
T&ES	Survey Party Chief	-1.00
T&ES	Refuse Driver	-1.00
T&ES	Refuse Driver	-1.00
T&ES	Laborer III	-1.00
T&ES	Inspector II - Hydrants	-1.00
T&ES	Fiscal Analyst	-1.00
TOTALS REDUCTIONS		-14.50

Department	Position	FTE Increase (Decrease)
Code Admin	Environmental Health Specialist	1.00
DCHS	Account Clerk III	0.25
DPI	Project Manager - PY Metro Project	1.00
DPI	Inspector II	1.00
General Services	Energy Management Analyst	0.40
P&Z	Urban Planner I	2.00
T&ES	Stormwater Utility	1.00
T&ES	Inspector II	1.00
T&ES	CE III	1.00
TOTALS ADDITIONS		10.65

TOTAL REDUCTIONS	-14.50
TOTAL ADDITIONS	10.65
NET FTE CHANGE	-3.85

FY 2015 AMENDED FTE COUNT	2,546.75
NET FTE CHANGE	-3.85
FY 2016 PROPOSED FTE COUNT	2,542.90

Note: 1.00 FTE represents a position working full-time at 80 hours per pay period. An FTE less than 1.00 represents a position that works less than FT.

Personnel & Compensation Summary



CALENDAR YEAR 2014 TURNOVER

In Calendar Year (CY) 2014, overall employee turnover increased by 43% (from 247 to 355 employees), while a total of 104 employees retired from City service, an increase of 55% from CY 2013.

	GS & PS	GS	Overall
	Full-Time	Part-Time	
Voluntary Turnover	142	36	181
Involuntary Turnover	31	27	57
Retirement	104	2	104
Other	11	2	13
Total Turnover CY2014	288	67	355
Total Turnover CY2013	204	43	247



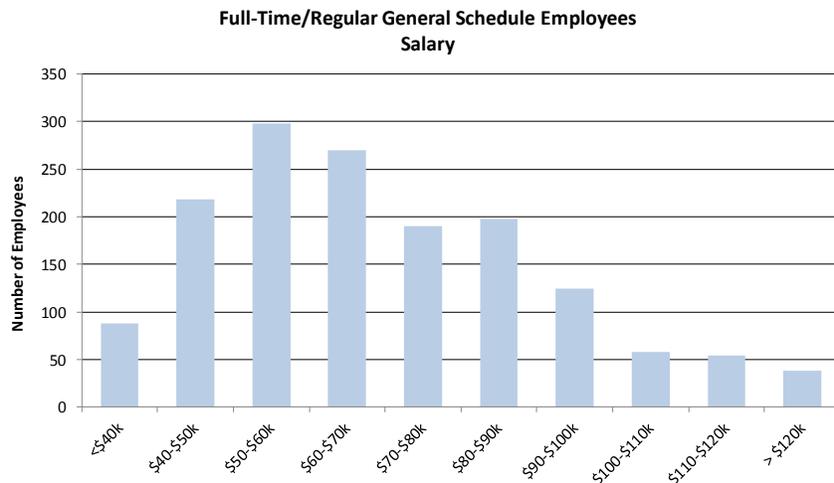


SALARY DISTRIBUTION & AVERAGES

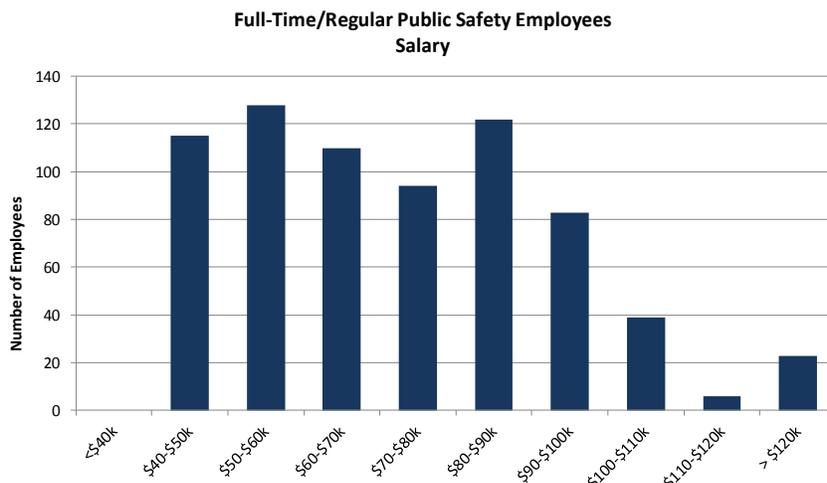
The following table shows the average annual salary for regular City employees:

	As of 2/4/14	As of 2/25/15	% Increase
General Schedule (FT)	\$68,404	\$69,706	1.9%
Public Safety (FT)	\$72,427	\$73,066	0.9%
General Schedule (PT)	\$39,675	\$23,890	-39.8%

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 (\$69,706), 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 (\$73,066); about 8.5% earn more than \$100,000.





YEARS OF SERVICE

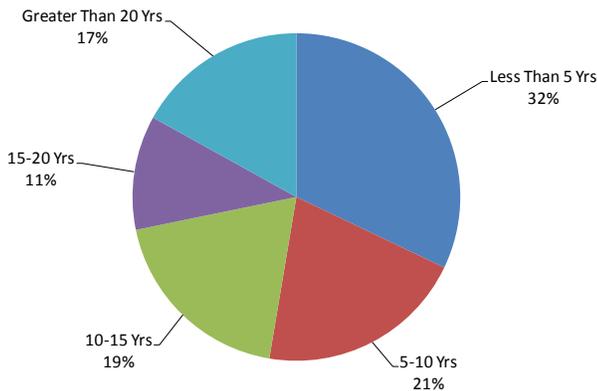
General Scale

Nearly half of the current General Schedule workforce (51%) has been employed with the City for 10 years or less. 17% have worked for the City for 20 years or more.

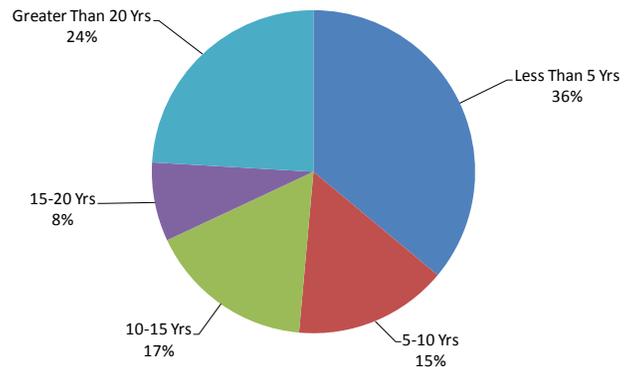
Public Safety

Similar to General Scale employees, nearly half (51%) of the current Public Safety workforce has been employed with the City for 10 years or less. 24% have worked for the City for 20 years or more.

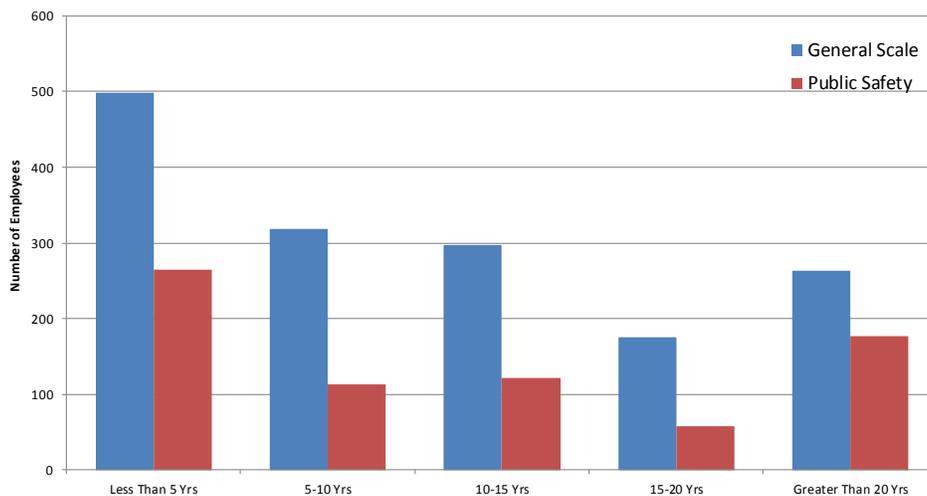
**Full-Time/Regular General Schedule
Years of Service**



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



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

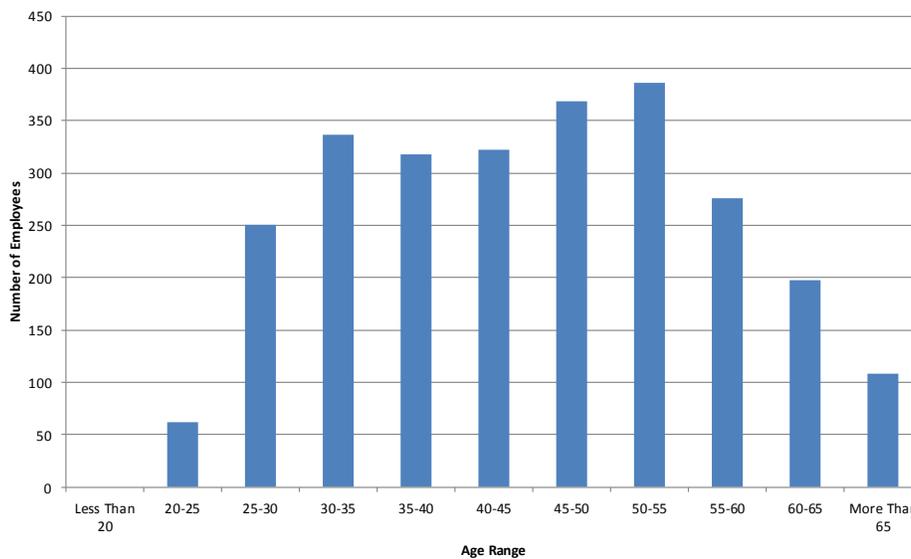




EMPLOYEE DEMOGRAPHICS

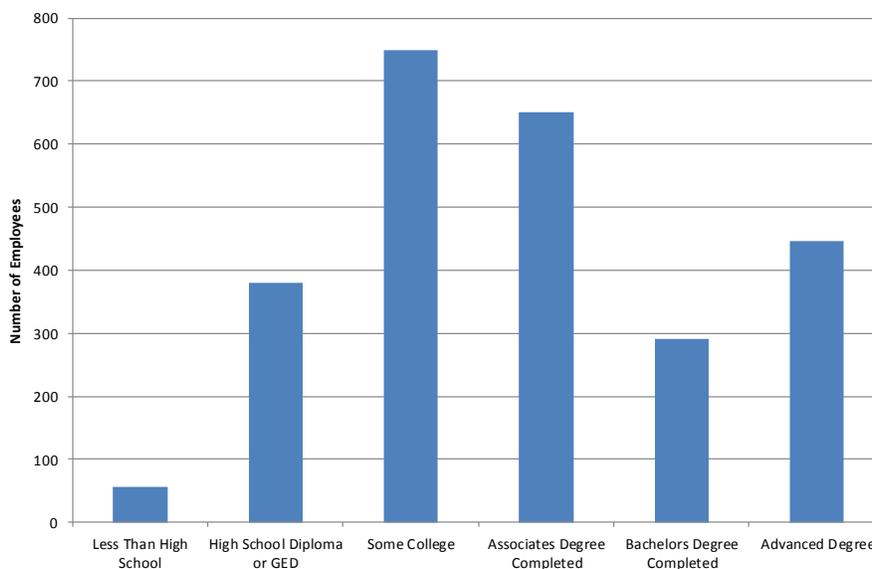
More than three-quarters (77%) of the City's workforce is between the ages of 30 and 60 years old.

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.*



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 2016.

- 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 2016. In the Proposed Budget, regular City employees will be eligible to receive up to \$120 per month on a pre-tax basis, up from \$100 in FY 2015. 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 2016, however \$55,000 is proposed to study the benefits of expanding the program and employee work space. Expanded telework opportunities represent a low cost, high return on investment benefit that can increase morale and productivity among existing employees through the use of alternative work places, flexible scheduling, and reduced commuting time. Telework programs have developed effective recruitment tools and are typically advertised as a benefit in recruitment and marketing literature. They are currently used by numerous competitors in the regional market. The proposed \$55,000 funds the cost associated with hiring outside expertise to evaluate the City's current program and work environments. This work will be conducted jointly by General Services and the Human Resources Department.
- The City Manager's Office FY 2016 proposed budget includes hiring for a Management Fellowship for internal employee development opportunities and to advance some of the City Manager's priority initiatives.

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-employment 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 issued debt. The FY 2016 Proposed Budget provides approximately \$3.8 million in new funding above current expenditures 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 requires by statute the City pay the full cost of benefits for first responders who die or become disabled in the line of duty. 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 2016 Proposed Budget provides approximately \$2.1 million in new funding above current expenditures for the City’s Line of Duty obligations.

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 ^{1,5}	Line of Duty ^{2,5}	City Programs ^{1,6}	Line of Duty ^{2,6}
City of Alexandria^{3,4}	\$63.40	\$28.60	\$7.70	\$5.80

- 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
- 5) City's liability calculated by actuaries using the trust fund model with a 7.5% annual return assumption
- 6) City's liability calculated by actuaries using the trust fund model with a 4.0% annual return assumption