City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 16, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: MARK B. JINKS, CITY MANAGER

FROM: MORGAN ROUTT, ASSISTANT DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: BUDGET MEMO #21: RESPONSE TO COUNCIL QUESTIONS

The Office of Management & Budget issues a Budget Memo to answer questions posed by members of City Council that can be addressed in a question and answer format. Below are answers to some of the questions posed thus far.

TRANSIT BENEFITS (J. Wilson)

Question: **Operating Budget (14.85) How many employees currently fully utilize the $100 transit benefit? What is the average benefit provided? Are employees offered Transportation Flexible Spending Accounts? What would be the cost of offering such accounts?**

Answer: Of the 368 employees that participate in the transit benefit, approximately 129 City employees fully utilize the $100 transit benefit. On average, the benefit provided to employees is approximately $70 per month. At this time, the City does not offer Transportation Flexible Spending Accounts to employees. Rather, the City allows employees to supplement their transit benefit as a pre-tax benefit. The federal government set the maximum pre-tax transit benefit to $130. The City currently provides employees with $100; thus, employees are able to pay the difference of $30 as a pre-tax benefit.

Transportation Flexible Spending Accounts are pretax contributions/deductions that are typically deducted from an employee's paycheck twice a month. These deductions are taken before federal income and social security taxes and placed into an account where an employee submits a claim for reimbursement. Typically, employers will work with a vendor that administers the program. If the City were to implement a Transportation Flexible Spending Account benefit, it would need to procure a third party vendor to administer the benefit, resulting in additional operating costs after a competitive procurement process was completed.

Staff has also not been able to identify any net benefit to paying a third party vendor to administer the transit benefit versus continuing to use the system currently in place.

POLICE DEPARTMENT TURNOVER (P. Smedberg)

Question: **What makes up the 38% turnover in Police? What has this turnover been like historically?**

Answer: During numerous presentations related to increases to police officer salaries proposed for FY 2016, it was specifically stated that 38% of Police Officer I's hired into the last 10 academy classes have terminated their employment with the City. The following response provides data on police officer attrition over the past 5 fiscal years (or 10 academy classes) and best available information on the reasons these officers separated from the City.

Overall the analysis concluded that of 109 police officers hired into the last ten academy classes, 41 officers separated from the City. This represents an attrition rate of 38%, however as shown in the table below, officer attrition varied by academy class ranging from 33% to 44%. The analysis also found that the average tenure of officer's who separated was 0.6 years. This is important given that a police officer is not available and ready to run solo patrol until after one full year of training (6 months of academy and 6 months of field training).

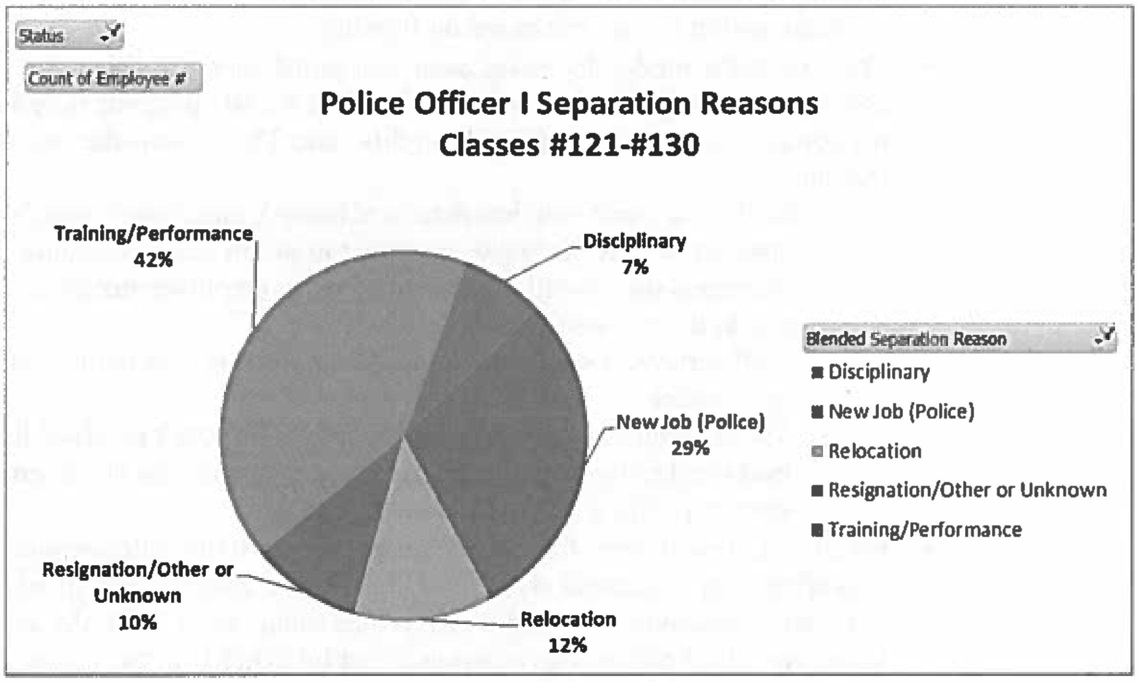
Police Officer I Classes #121 - #130: Currently Active Employees v. Separations

Class	# of New Hires	Active	Active %	Separated	Separated %
121	9	5	55.56%	4	44.44%
122	3	2	66.67%	1	33.33%
123	7	4	57.14%	3	42.86%
124	9	6	66.67%	3	33.33%
125	10	6	60.00%	4	40.00%
126	17	11	64.71%	6	35.29%
127	19	12	63.16%	7	36.84%
128	15	10	66.67%	5	33.33%
129	7	4	57.14%	3	42.86%
130	13	8	61.54%	5	38.46%
Grand Total	**109**	**68**	**62.39%**	**41**	**37.61%**

Identifying the reason an officer leaves the City of Alexandria can be difficult given that this data is self-reported. Overall though, HRD and APD staffs feel confident that separation reason data below generally reflects the reasons officers leave. Because this data was ascertained from two sources (the HRIS and APD), blended generic reasons were established to more easily categorize and describe separations. The categories of separations include:

Separation Reason	Description
Disciplinary	Employee resigned in lieu of termination
Training/Performance	Employee failed to meet performance and training standards
New Job (Police)	Employee returned to or accepted a position with another police agency
Relocation	Employee moved out of the area
Resignation/Other or Unknown	Employee voluntarily resigned to pursue non-police related work or did not give a reason for leaving

The pie chart below shows the separation reasons identified for each of the 41 officers hired between FY 2010 to 2014 who left City service. The chart shows that of all attrition, 42% is attributed to training/performance issues, 7% to disciplinary reasons, 29% because the employees accepted a job with another law enforcement agency (29%), and 22% left the City to relocate out of the area, to pursue other opportunities, or did not give a reason.



<u>YOSAM IMPLEMENTATION (W. Euille/J. Chapman)</u>

Question: **What is implementation plan for YOSAM?**

Answer: Contained in this response are three examples of how the model could be implemented on a multi-year basis, and other important considerations about funding YOSAM. YOSAM was not recommended for funding in the FY 2016 Proposed Operating budget primarily due to its lower priority, relative to other employee compensation proposals.

The cost to implement the YOSAM immediately for FY 2016 for all three public safety agencies is approximately $1.67 million. This estimate includes both salary and associated benefits costs. The table below shows the cost breakout by public safety service.

YOSAM Total Cost	Police	Fire	Medics	Fire Marshals	Sheriff	Total
Cost (Salary + Benefits)	$424,815	$544,103	$185,637	$21,578	$497,941	**$1,674,074**

When considering a multi-year approach to implementing YOSAM it is important to note the following considerations:

- Decisions about how to implement the model and what level of funding to allocate are mutually exclusive. Meaning, the method of implementation does not change based on the level of funding provided by City Council. As a result, implementation is scalable based on funding.
- The cost of the model decreases each year going forward. When the YOSAM concept was originally developed in FY 2014 it cost approximately $2.1 million as compared to $1.67 million this year. The reasons the cost declines include:
  - Each year merit-step increases are funded, employees move down the steps of the pay scale closer to the top of the scale. Accruing more steps decreases the overall number of steps an employee needs to align their pay to their years of service.
  - Staff turnover occurs among those employees who require an adjustment.
  - The promotional pay policies adopted in FY 2013 resolved the issue of backward movement on the pay scale which means newer employees do not require a YOSAM adjustment.
- Finally, starting to fund this model but not seeing it through completion would exacerbate pay alignment challenges, creating an environment in which some but not all employees were adjusted. Implementation of YOSAM over multiple fiscal years thus requires an ongoing intent by Council to commit to funding resources beyond FY 2016.

Funding allotments for a multi-year implementation should be at levels each year that allow a significant number of employees to be adjusted. This will ensure alignment occurs for a broad number of employees rather than a select few each year, and would expedite implementation. With this in mind, Council may want to consider funding levels ranging from approximately one-quarter to one-third of the total cost. This equates to $420,000 to $555,000 per year. Based on the FY 2016 cost of YOSAM it would take 3 to 4 years to complete implementation using this range.

YOSAM Implementation Multi-Year Cost Examples*

	Year 1	Year 2	Year 3	Year 4	Total
Fund 1/3 of Cost Annually	$552,444	$552,444	$569,185		$1,674,074
Fund 1/4 of Cost Annually	$418,519	$418,519	$418,519	$418,519	$1,674,074

*Note: implemenation costs shown are based on FY 2016 total cost. Each year going forward YOSAM costs actually decrease.

The Human Resources Department prepared the three implementation options below which reflect ideas discussed during prior conversations with PSWG members. No single option is considered a consensus option at this time.

If a multi-year approach to implementing YOSAM is funded starting in FY 2016 it is staff's plan that the Human Resources Department (HRD) convene the three PSWGs in an effort to reach broad consensus on an option prior to the start of FY 2016.

By Non-Supervisory or Supervisory Rank

Each public safety agency has their own rank structure with multiple levels of jobs. These ranks can be categorized by whether or not their job duties and responsibilities are considered non-supervisory or supervisory. One option to implementing YOSAM could be to start with adjustments for either non-supervisory or supervisory categories. The table below shows a breakout by function for each public safety agency.

YOSAM Implementation: Non-Supervisory v. Supervisory

Department	Non-Supervisory	Supervisory	Grand Total
Fire	$194,844	$556,474	$751,318
Police	$259,941	$164,874	$424,815
Sheriff	$370,179	$127,761	$497,941
Total	**$824,964**	**$849,110**	$1,674,074

By Years of Service

A second option could be to provide YOSAM pay adjustments based on employees' years of service. For example, adjustments could be provided to those employees with the most years of service working towards those with the least years of service over multiple years, or vice versa. The table below shows ranges of years of service based on 5 year increments to exemplify how this implementation method could work.

YOSAM Implementation by Years of Service

Years of Service	Total
0-5	$10,545
5-10	$219,163
10-15	$679,758
15-20	$392,961
20-25	$206,779
25-30	$137,795
30-35	$23,651
35-40	$3,423
Salary + Benefits Total	**$1,674,074**

By Number of Step Adjustments Needed

The third option could be to provide pay increases based on the number of step adjustments required to align employees. The prevailing reason this option would be considered is to adjust the employees who need the greatest pay increase to achieve alignment first. Based on current YOSAM data, the number of step adjustments needed ranges from 1 to 11. The table below shows an example of the cost by step adjustments.

YOSAM Implementation:
by Number of Step Adjustments Needed

Steps Needed	Total
0-1	$285,620
2-3	$454,479
4-5	$554,298
6-8	$324,891
>8	$54,787
Salary + Benefits Total	**$1,674,074**

One option that would not be viable is to provide each employee an equal pay adjustment based on a percentage increase. For example, all employees receive a 10% adjustment or an adjustment of 25% of the total adjustment needed to align pay each year. Staff recommends against this type of method because the mathematic calculation would likely place employees between steps on the pay scale. Such an outcome would further confuse pay alignment and be administratively burdensome. Moving employees on-step could result in some employees receiving more than the agreed upon percentage increase.

In addition to the options presented above there are likely other ways YOSAM could be implemented on a multi-year basis. Because of this, it may serve employees and the City better if the focus in the short-term was on determining if any level of funding is available for YOSAM in FY 2016. If funding for YOSAM became available in FY 2016, Council should place the funds in Contingent Reserve to allow staff and the PSWGs to work to develop a multi-year implementation plan and present that plan before funding was appropriated. A component of this plan would be to identify the budget resources in future fiscal years needed to finalize implementation.

Finally, pay progression within public safety agencies is well-defined based on upward movement through a limited number of ranks and pay grades. This progression makes it easier to identify pay alignment issues and correct those using tools such as YOSAM. Pay alignment challenges are not however limited to the public safety ranks or pay scales. In recent years pay alignment concerns have been identified within the General Schedule employee population. These concerns have been limited to date in number and are not systemic like public safety, so a YOSAM style remedy has not been developed. Instead, revisions to the City's pay policies in FY 2013 created a provision to allow in special circumstances for within-grade increases (i.e., step increases) to be granted to address individual issues of pay equity within a department. Such requests must be submitted by Department Heads to the Human Resources Department for review and consideration. This provision has proven effective at dealing with General Schedule employee pay equity problems and will continue to be the primary method for dealing with such problems going forward. This case-by-case review of pay issues has worked to date with General Scale employees, but does not preclude General Scale employees from raising this issue in the future.

JAIL FINES (J. Chapman)

Question: **How does our jail fines stack up to neighboring jurisdictions? What would they have to be to recover the cost of associated staff?**

Answer: The Code of Virginia §53.1-131.3 allows local jails to charge each local inmate a reasonable fee, not to exceed $3.00 per day, for prisoner keep to help offset costs associated with housing inmates. Inmates who participate in the weekenders', work force, and work release programs, as well as Federal inmates are exempt. In addition, Alexandria inmates held at other facilities are not eligible to be charged. Any person jailed for an offense for which they are later acquitted shall be refunded any such fees paid during their incarceration.

There is no guarantee that funds would be collected for all eligible inmates. Approximately half of the Alexandria Detention Center inmate population has no funds available. Not all inmates come into the facility with funds, nor do all have funds sent to them. Therefore, if a daily fee were imposed, the inmate's account would carry a negative balance.

Fairfax, Loudoun, and Prince William Counties currently charge local inmates per day at varying rates, not exceeding $2.00 per day. Based on the City's average daily population of local eligible inmates (220) for FY 2015 (July 1, 2014 through March 31, 2015) at $1.00 per day, $80,000 would be the most that the City could potentially collect. In order to implement such a program, the Sheriff's Office believes it would need to hire staff to process and monitor the fees.

The Code of Virginia §53.1-131.1 states that inmates serving weekend and nonconsecutive day sentences may be charged a set amount to defray their cost. In 2007, the Sheriff's Office began collecting these fees in the amount of $8.00 per day which has generated $84,000 of total revenue over the last eight years combined. The FY 2016 proposed budget for the Sheriff's Office is $31.5 million, of which approximately $13.0 million is funded by State and federal funds and fees such as the ones discussed in this memorandum. Even at the maximum rate, jail fine revenue would not recover the cost to operate the facility.

LIBRARY'S STATEGIC PLAN (R. Pepper)

Question: **What are the sources of the Library materials 50-50-50 funding and how do materials fit into the Library's strategic plan?**

Answer: *50-50-50 Funding*

The sources of funding for the library materials 50-50-50 plan are as follows:

- Library Foundation – The Library has challenged the Library Foundation to raise $50,000 for new materials. The Library Foundation, a tax exempt organization which supports the library through private donations, has accepted this challenge given the understanding that the City will match the funds it raises (up to $50,000). This was documented by the email Kathleen Schloeder sent to Council on April 6, 2015 (Attachment 1). The Library Foundation has already begun to draft a plan for its fundraising efforts.
- City – The City will match the amount of money the Library Foundation raises for new materials, up to $50,000. The full $50,000 would be appropriated in the Library's budget, however the full amount would not be released unless the Library Foundation raised the full $50,000 (the library receives monthly non-personnel disbursements from the City, and the transfer could be adjusted accordingly). For clarification, the $50,000 is already in the proposed budget for the Library and additional funding is not required to be added. The City contribution through this match agreement would be one-time funding.
- Grants – the Library is applying for grants, which if awarded could potentially add another $50,000 in funding for library materials. This "third 50" is independent of the City/Foundation match.

In total, the Library materials budget could increase by a maximum of $150,000, but this maximum increase is uncertain. The Library Foundation's success in fundraising will determine the potential increase of $100,000, and whether the library is awarded grants it applied for will determine the last $50,000. If the Library Foundation falls short of its $50,000 fundraising goal, the City's $50,000 match would be adjusted downward to maintain a 1:1 ratio.

Materials in Context of Strategic Plan

Mandated by the State of Virginia, each public library must have a current five year plan on file in order to receive State Aid. The Alexandria Library's five year plan will expire in June 2015. As the Library creates a new plan, it is based on information/data primarily collected from a needs assessment conducted in 2014. The Library then cross walks that information with/through the various master plans of other City departments, i.e., Children and Youth Master Plan, Office on Aging, ACPS Strategic Plan (pending), etc. to strengthen the prioritization of the goals already identified.

As the Library finalizes its new five year plan, Library Collections has been identified as one of the seven priorities for long-term focus. This information is based on research from a 2014 comprehensive Library needs assessment study. This study identified the following seven areas of focus:

- Support for Learners of All Ages
- Library Collections
- Technology Management and Access
- Library as a Community Hub
- Community Relations, Marketing and Branding
- Organizational Health and Development
- Advocacy and Fundraising

<u>RECREATION CENTER HOUR REDUCTION (A. Silberberg)</u>

Question: **What is the cost breakdown of the reduction to Recreation Center hours between Sunday hours and holidays?**

Answer: The reduction in cost attributed to the closure at Ramsay and Cora Kelly on four holidays is budgeted at $9,190. The holidays closed are Martin Luther King Day, Presidents Day, day after Thanksgiving, and Columbus Day. Several recreation centers already closed on these holidays include Charles Barrett, Patrick Henry, Mt. Vernon, and Nannie J. Lee. The elimination of Sunday general operating hours at Ramsay is a reduction of $14,373. Ramsay will continue to have extended teen hours of Friday from 9 – 11 pm and Saturday from 6 – 11pm. Chinquapin and Charles Houston would be the only remaining centers with Sunday hours. Even though closed, centers still maintain rental activities and registered program uses. The Healthy & Thriving work session presentation erroneously stated the reduction of these two recreation centers' hours as $46K. The actual reduction is $23,563, as noted on page 13.71 of the FY 2016 Proposed Budget.

<u>RPCA STAFFING HOURS (J. Wilson)</u>

Question: **Are there opportunities to staff low usage hours with volunteers or through partnerships with private use functions?**

Answer: RPCA uses volunteers extensively to supplement and assist paid staff. However, when a center has general operating hours, it requires a minimum staffing level to meet liability, security and cash control responsibilities. On Sundays, the centers operate at minimum staffing levels, two City employees. One employee has to be at the counter and another employee in the facility to supervise activity areas. Both need to be able to handle and control cash. RPCA does not put volunteers in the position of having cash handling responsibilities. Furthermore, RPCA has experienced inconsistencies with reliability of volunteers and volunteers being able to commit to an on-going regular schedule. Committing a significant portion of staff time to recruit, schedule, train and provide back-up to volunteers would decrease the amount of time spent on other program activities.

For holidays, recreation centers have an additional staff person above minimum staffing levels. This is due to a longer schedule of hours (12 hours rather than 4), and more areas of the building being open for activities than compared to Sunday operation.