

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 6, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 44: QUESTIONS & ANSWERS #14, 15, & 16

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Please find attached Budget Questions and Answers numbers 14, 15, and 16 raised at the February 21, 2007 work session on Personnel Compensation.

#### **14. What does the Personnel RFP cover?**

We expect to issue the Personnel RFP in the next two weeks. It will request proposals for the following audits/studies related to operations of the City's Personnel Services Department:

1. Pay for Performance Systems Study
2. Position Classification, Compensation, Salary Scale and Pay Progression Review
3. City Benefits study and Review of City Compensation Philosophy
4. Performance Audits and Efficiency Studies of Personnel Services Divisions
  - Benefits and Systems
  - Employee Relations and Training
  - Employment and Testing
  - Classification and Compensation
  - Administration
  - a. To analyze service levels, workload, output & staffing for the various functions;
  - b. To evaluate all programs and services offered in terms of necessity, efficiency, staffing, funding and customer service;
  - c. To identify and compare other local governments as benchmarks to compare service delivery systems, policies, and programs; and
  - d. To examine service standards and performance measurements for each division
5. Business Practice Analysis
  - a. To conduct analyses of current business practices, in conjunction with new or improved technology applications or services which would reasonably impact the current practices
    - (1) Business Process Improvement
    - (2) Business Process Re-engineering
  - b. To assess the need for redesigning business processes;
  - c. To develop flow charts of processes in use, conduct research on options to processes in use;
  - d. To gather customer and stakeholder data of effectiveness of processes and make recommendations for changes in operational activities; and
  - e. To develop programs for orienting individuals to re-engineered processes.

In addition to this RFP, City staff are also meeting on an RFI (RFP process to replace the City's outdated payroll/human resources systems). System implementation will need to incorporate any changed business practices that result from the study discussed above.

**15. Can we give departments ranges for the number of satisfactory versus non-satisfactory performance reviews that they give out?**

We are not aware of any public sector system which, as a core requirement, mandates a number or percentage range of satisfactory vs. non-satisfactory performance reviews. There are however, public and private sector comprehensive plans that limit the merit/bonus pay pool in such ways that pay increases are allocated/distributed based on performance. Because a non-satisfactory performance rating has consequences other than pay, it cannot be issued on anything else than individual employee performance. However, pay can be based on different levels of satisfactory performance, and these could be placed on a “curve,” although this is not common in the public sector.

The current performance evaluation system is structured to differentiate between satisfactory and non-satisfactory performance on a case-by-case basis. However, a review of the current rating system would be needed to see if the level descriptors are adequate to provide the scope of successful ratings gradations that are desired for pay-for-performance systems. This seems unlikely based on knowledge of our system.

To change the current performance evaluation process presupposes a major undertaking.

- Review the current rating system, and how departments use it.
- Determine whether the current rating system is adequate or requires adjustment or major changes.
- Develop a rating system and educate all employees about the new process.
- Train hundreds of supervisors in order to generate consistent and defensible results across city departments.
- Expect learning curve issues among supervisors and morale issues among employees over a number of years.

The planned Request for Proposal (RFP) by Personnel Services discussed above, is expected to be issued this summer and will include a pay-for-performance study as one of its elements.

**16. Do we have a strategic plan for attracting second career retirees?**

The City does not have a formal strategic plan for attracting 2<sup>nd</sup> career retirees. However, we currently have a significant number of retired employees serving in regular and civilian positions across the City. There are a wealth of Federal and Military retirees in the Washington Metropolitan area, and the City is open to employing them. While there is no formal plan for attracting retirees, and no perceived need to develop one, the City does take the opportunity to advertise at the sites listed below.

- HireVeterans.com
- Senior Job Bank
- AARP Senior Community Service Program
- Alexandria Senior Employment Resources Center
- Fairfax County Area Office on Aging