

**FY 2012 Budget Work Session  
Human Resources & Compensation and  
Strategic Plan Goal #5  
February 23, 2011**

Attachment 1

Goal 5 – Financial Sustainability Expenditure  
Summary Tables

Proposed Operating Budget Pages 6-9 & 6-10

Goal 5 – Financial Sustainability CIP Expenditure  
Tables

Proposed CIP Pages 3-10 & 3-11

# Expenditure Summary by Strategic Plan Goal Area

Attachment 1

## Financial Sustainability

Department	Program	FY 2011	FY 2012	% Change
City Council	City Council Program	528,151	524,884	-0.6%
City Manager's Office	City Council Policy Support Program	283,213	285,545	0.8%
City Manager's Office	Organizational Management	598,112	611,175	2.2%
City Manager's Office	Econ. and Community Development	287,206	293,836	2.3%
City Manager's Office	Responsive Government	209,432	213,362	1.9%
City Manager's Office	Intergovernmental Relations	376,840	385,797	2.4%
Management and Budget	Budget and Management Services	1,185,929	1,235,529	4.2%
Human Rights	Enforcement	447,639	462,542	3.3%
Human Rights	Community Inclusiveness and Awareness	163,219	172,711	5.8%
Internal Audit	Internal Audit Program	228,920	249,562	9.0%
Information Technology Services	Leadership and Mgmt Support Services	1,011,143	1,096,578	8.4%
Information Technology Services	Security	261,738	320,850	22.6%
Information Technology Services	IT Project Management	661,721	744,464	12.5%
Information Technology Services	Customer Services	513,052	901,389	75.7%
Information Technology Services	Network Operations	1,934,151	1,984,183	2.6%
Information Technology Services	Enterprise Business Systems Support	1,509,762	1,621,828	7.4%
Information Technology Services	Communications Support	1,053,606	722,426	-31.4%
Information Technology Services	Public Information and Internal Support	1,746,682	1,784,195	2.1%
City Clerk	City Clerk and Clerk of Council	411,365	429,809	4.5%
Finance	Leadership and Mgmt Support Services	310,390	434,547	40.0%
Finance	Accounting	2,606,538	2,634,335	1.1%
Finance	Treasury	2,545,950	2,409,717	-5.4%
Finance	Revenue	3,468,432	3,647,962	5.2%
Finance	Purchasing	946,306	979,607	3.5%
Finance	Pension Administration	306,062	276,088	-9.8%
Finance	Risk Management	290,908	323,294	11.1%
Real Estate Assessments	Real Estate Assessment	1,030,582	1,013,337	-1.7%
Real Estate Assessments	Property Data Services	634,641	660,010	4.0%
Human Resources	Leadership and Mgt Support Services	557,050	584,975	5.0%
Human Resources	Employee Relations	506,216	450,068	-11.1%

# Expenditure Summary by Strategic Plan Goal Area

Attachment 1

## Financial Sustainability (continued)

<b>Department</b>	<b>Program</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>% Change</b>
Human Resources	Classification and Compensation	485,069	567,415	17.0%
Human Resources	Employee Recruitment and Selection	481,959	498,059	3.3%
Human Resources	Benefits and Records	762,034	845,092	10.9%
City Attorney	Office of the City Attorney	2,998,772	2,651,302	-11.6%
Registrar of Voters	Registrar of Voters	1,128,653	1,135,598	0.6%
General Services	Leadership and Mgt Support Services	1,279,443	1,399,125	9.4%
General Services	Facilities Maintenance Program	4,790,301	5,006,903	4.5%
General Services	Energy Management	1,665,017	1,775,987	6.7%
General Services	Space Management	413,617	487,211	17.8%
General Services	Vehicle Operations and Maintenance	2,511,931	2,580,122	2.7%
General Services	Capital Projects Management	887,731	899,471	1.3%
General Services	Communications Services	186,428	410,114	120.0%
Non-Departmental	Insurance Charges	4,209,025	4,249,525	1.0%
Non-Departmental	Other Expenditures	2,679,814	2,109,633	-21.3%
Non-Departmental	OPEB	1,700,000	1,800,000	5.9%
Non-Departmental	City Memberships	280,230	288,774	3.0%
Non-Departmental	Contingent Reserves	1,900,000	961,249	-49.4%
<b>Total Financial Sustainability</b>		<b>54,974,980</b>	<b>55,120,185</b>	<b>0.3%</b>

# Expenditure Summary by Strategic Plan Goal Area

Attachment 1

Goal 5 - Financial Sustainability													Total
Section/Project	Unallocated	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021		FY 12-FY 21
<b>Information Technology</b>													
Business Tax System	\$0	\$0	\$50,000	\$60,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$160,000
Customer Relationship Management	50,000	25,000	50,000	250,000	250,000	50,000	50,000	0	0	0	0	0	675,000
Database Infrastructure	43,000	30,000	60,000	60,000	40,000	40,000	40,000	0	0	0	0	0	270,000
Document Management & Imaging In	0	0	50,000	50,000	50,000	50,000	0	0	0	0	0	0	200,000
Electronic Government	167,340	150,000	175,000	200,000	200,000	200,000	200,000	0	0	0	0	0	1,125,000
Enterprise Data Storage Infrastructure	96,000	200,000	175,000	175,000	75,000	75,000	75,000	0	0	0	0	0	775,000
Enterprise Maintenance Mgmt System	45,000	90,000	75,000	60,000	60,000	60,000	60,000	0	0	0	0	0	405,000
Finance Payment Kiosk	50,000	0	50,000	0	0	0	25,000	0	0	0	0	0	75,000
Financial Accounting & Asset Mgmt	0	0	50,000	0	0	0	0	0	0	0	0	0	50,000
IT Enterprise Management System	0	60,000	0	0	0	0	0	0	0	0	0	0	60,000
LAN/WAN Infrastructure	50,000	375,000	460,000	390,000	390,000	350,000	375,000	0	0	0	0	0	2,340,000
Network Server Infrastructure	25,000	125,000	175,000	175,000	175,000	175,000	175,000	0	0	0	0	0	1,000,000
Network Services Security	0	50,000	100,000	125,000	125,000	125,000	125,000	0	0	0	0	0	650,000
Personal Property Tax System	0	0	20,000	100,000	90,000	0	0	0	0	0	0	0	210,000
Real Estate Account Receivable Sys	35,000	150,000	150,000	0	0	0	20,000	0	0	0	0	0	320,000
T&ES Infrastructure Mgmt & Maint S	25,000	125,000	25,000	0	0	0	0	0	0	0	0	0	150,000
Upgrade Work Station Operating Sys	50,000	450,000	500,000	550,000	300,000	150,000	150,000	0	0	0	0	0	2,100,000
Virtual Adjudication	20,000	0	0	0	0	0	0	0	0	0	0	0	0
Voice Over IP	0	130,000	150,000	150,000	150,000	150,000	150,000	0	0	0	0	0	880,000
Voter System Replacement	0	0	270,000	0	0	0	0	0	0	0	0	0	270,000
Purchasing System Upgrade	0	15,000	0	0	0	0	0	0	0	0	0	0	15,000
Reciprocity Contractor System	0	37,000	30,000	0	0	0	0	0	0	0	0	0	67,000
Customer Management System	0	0	23,000	0	0	0	5,000	0	0	0	0	0	28,000
Municipal Fiber Network	0	160,000	0	0	0	0	0	0	0	0	0	0	160,000
LAN Development	50,000	25,000	25,000	25,000	25,000	25,000	25,000	0	0	0	0	0	150,000
Enterprise Resource Planning System	2,900,000	250,000	250,000	0	75,000	0	75,000	0	0	0	0	0	650,000
IT Lump Sum Funding	0	0	0	0	0	0	0	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000

# Expenditure Summary by Strategic Plan Goal Area

Attachment 1

Goal 5 - Financial Sustainability Section/Project	<i>Unallocated</i>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Total FY 12-FY 21
<b>Public Buildings</b>												
General Services CFMP	\$0	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$11,000,000
Energy Management Program	410,000	210,000	210,000	400,000	450,000	600,000	600,000	600,000	600,000	600,000	600,000	4,870,000
Space Management Program	100,000	50,000	50,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	900,000
Roof Replacement Program	0	1,195,000	0	1,445,000	0	0	0	0	0	0	0	2,640,000
Fleet Facility - Lift Replacement	0	745,000	0	585,000	0	0	0	0	0	0	0	1,330,000
Elevator Replacement/Refurbishment	0	0	500,000	0	500,000	0	0	0	0	0	0	1,000,000
City Hall HVAC & Infrastructure Re	0	0	0	3,200,000	8,000,000	6,800,000	0	0	0	0	0	18,000,000
Market Square Renovations	0	0	0	0	0	200,000	400,000	0	0	0	0	600,000
<b>Recreation &amp; Parks</b>												
City Median Conversions/Renovations	0	0	0	0	0	0	400,000	400,000	0	0	0	800,000
<b>Goal 5 Total</b>	<b>\$4,116,340</b>	<b>\$5,747,000</b>	<b>\$4,773,000</b>	<b>\$9,200,000</b>	<b>\$12,155,000</b>	<b>\$10,300,000</b>	<b>\$4,150,000</b>	<b>\$5,685,000</b>	<b>\$5,285,000</b>	<b>\$5,285,000</b>	<b>\$5,285,000</b>	<b>\$63,925,000</b>
<b>Less Total Non-City Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Net City Costs</b>	<b>\$4,116,340</b>	<b>\$5,747,000</b>	<b>\$4,773,000</b>	<b>\$9,200,000</b>	<b>\$12,155,000</b>	<b>\$10,300,000</b>	<b>\$4,150,000</b>	<b>\$5,685,000</b>	<b>\$5,285,000</b>	<b>\$5,285,000</b>	<b>\$5,285,000</b>	<b>\$63,925,000</b>

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**Attachment 2**

**Selected Pages from the FY 2012  
Proposed Budget Personnel Summary  
Section**

**Healthcare Rates –  
pages 8-18 thru 8-20**

**Retirement Rates  
Page 8-17**

## Employee Compensation – Health

Health care budgeted costs increase in the FY 2012 Proposed budget by \$0.18 million, or 0.9%.

The FY 2012 Proposed Budget continues the previously announced policy of gradually increasing the minimum employee share of health insurance premiums to 20% by FY 2013.

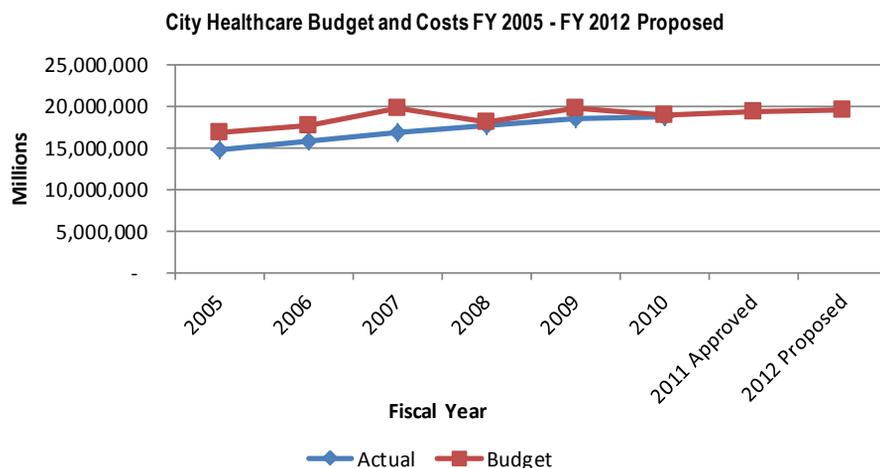
In FY 2012, City employees hired before July 1, 2010 would contribute a minimum of 16% of the cost of healthcare premiums, an increase of 3% from the prior year.

The 3% cost shift results in a savings of approximately \$0.6 million in FY 2012.

New employees and those hired after July 1, 2010 will pay a minimum 20% share.

### Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare costs from FY 2005 – FY 2010, and the budgeted amount for healthcare from FY 2005 – FY 2012 Proposed.



### Employee Cost Sharing

In prior years, the City paid 100% of the HMO premiums for employees. In FY 2007 it was decided that employees should share at least 10% of the premium costs, by phasing in increases over 3 years.

In FY 2011 the City commenced a plan to gradually increase employees' minimum share of premium costs to 20% by FY 2013. City Council approved a 3% cost shift as part of the FY 2011 Approved budget, resulting in an increase of current employees' share premium costs from 10% to 13%. New employees (those hired on or after July 1, 2010) began paying a minimum of 20% immediately. The FY 2012 Proposed budget recommends continuing the gradual increase in employees' share of premium costs for those not already paying 20%. This would result in an increase of 3%, resulting in a minimum employee share of 16%, for employees hired before July 1, 2010.

### Containing Healthcare Cost Growth

By adjusting the premium cost sharing rates the City is able to maintain a 5.1% overall growth rate in healthcare costs over the next three years. Furthermore, anticipated increases in future years would result in costs becoming unsustainable for the City if ratios are not adjusted.

# Personnel & Compensation Summary

## Employee Compensation – Health

**Premiums are expected to rise 5.0% for both Kaiser Permanente and United Healthcare plans.**

### Full-time Employee Healthcare Costs

The chart below shows the FY 2012 monthly healthcare premium rates paid by the City and full-time employees. The shaded areas represent monthly premium rates for employees hired after July 1, 2010 who already pay a minimum 20% share of premium costs.

CITY PLANS	HMO (In Plan Coverage Only)					POS Coverage (In Plan or out of Plan Coverage)				
	TOTAL COST	CITY COST	CITY SHARE	EMPLOYEE COST	EMPLOYEE SHARE	TOTAL COST	CITY COST	CITY SHARE	EMPLOYEE COST 16% + POS	CITY SHARE
<b>Kaiser Permanente Individual</b>										
Employee Hired Pre-FY 2011										
Monthly	\$463	\$389	84.0%	\$74	16.0%	\$605	\$389	64.3%	\$216	35.7%
Bi-Weekly				\$37					\$108	
Employee Hired Post-FY 2011										
Monthly	\$463	\$371	80.0%	\$93	20.0%	\$605	\$371	61.3%	\$234	38.7%
Bi-Weekly				\$46					\$117	
<b>Family</b>										
Employee Hired Pre-FY 2011										
Monthly	\$1,093	\$918	84.0%	\$175	16.0%	\$1,415	\$918	64.9%	\$497	35.1%
Bi-Weekly				\$87					\$248	
Employee Hired Post-FY 2011										
Monthly	\$1,093	\$874	80.0%	\$219	20.0%	\$1,415	\$874	61.8%	\$540	38.2%
Bi-Weekly				\$109					\$270	
<b>United Health Care Individual</b>										
Employee Hired Pre-FY 2011										
Monthly	\$532	\$447	84.0%	\$85	16.0%	\$636	\$447	70.3%	\$189	29.7%
Bi-Weekly				\$43					\$94	
Employee Hired Post-FY 2011										
Monthly	\$532	\$426	80.0%	\$106	20.0%	\$636	\$426	67.0%	\$210	33.0%
Bi-Weekly				\$53					\$105	
<b>Family</b>										
Employee Hired Pre-FY 2011										
Monthly	\$1,256	\$1,055	84.0%	\$201	16.0%	\$1,487	\$1,055	70.9%	\$432	29.1%
Bi-Weekly				\$100					\$216	
Employee Hired Post-FY 2011										
Monthly	\$1,256	\$1,005	80.0%	\$251	20.0%	\$1,487	\$1,005	67.6%	\$482	32.4%
Bi-Weekly				\$126					\$241	

# Personnel & Compensation Summary

## Employee Compensation – Health

### Part-time Employee Healthcare Costs

The chart below shows the FY 2012 monthly healthcare premium rates paid by the City and part-time employees. Part-time employees already paid a minimum 50% share of premium costs prior to the implementation of the plan to increase full-time employees' share of premium costs.

CITY PLANS	HMO (In Plan Coverage Only)					POS Coverage (In Plan or out of Plan Coverage)				
	TOTAL COST	CITY COST	CITY SHARE	EMPLOYEE COST 50%	EMPLOYEE SHARE	TOTAL COST	CITY COST	CITY SHARE	EMPLOYEE COST 50% + POS	EMPLOYEE SHARE
<b>Kaiser Permanente</b>										
<b>Individual</b>										
Monthly	\$463	\$232	50.0%	\$232	50.0%	\$605	\$232	38.3%	\$373	61.7%
Bi-Weekly				\$116					\$187	
<b>Family</b>										
Monthly	\$1,093	\$546	50.0%	\$546	50.0%	\$1,415	\$546	38.6%	\$868	61.4%
Bi-Weekly				\$273					\$434	
<b>United Health Care</b>										
	<b>Choice (In Plan Coverage Only)</b>					<b>Choice Plus Coverage (In Plan or out of Plan Coverage)</b>				
<b>Individual</b>										
Monthly	\$532	\$266	50.0%	\$266	50.0%	\$636	\$266	41.9%	\$370	58.1%
Bi-Weekly				\$133					\$185	
<b>Family</b>										
Monthly	\$1,256	\$628	50.0%	\$628	50.0%	\$1,487	\$628	42.2%	\$859	57.8%
Bi-Weekly				\$314					\$430	

# Personnel & Compensation Summary

## Employee Compensation – Retirement

Retirement contribution percentages by the City and employees vary based on the type of retirement plan and an employee's hire date.

The table to the right shows the FY 2011 Approved and FY 2012 Proposed retirement contribution rates.

In the current fiscal year, General Schedule employees' contribution rates for retirement vary from 0% to 6% depending on when an employee was hired.

The FY 2012 Proposed budget would require all General Schedule employees to pay a minimum 1% share of the City Supplemental retirement benefit. Contribution rates for those employees already contributing 2% - 4% would not further increase.

The FY 2012 Proposed budget increases Police Officer and Firefighter pension contributions by 1 percentage point.

Employee Type Based on Hire Date	FY 2011			FY 2012 Proposed		
	City Share	Employee Share	Total Retirement Contributions	City Share	Employee Share	Total Retirement Contributions
<b>Full-Time General Government Hired Pre-FY 2010</b>						
VRS	12.78%	0.00%	12.78%	12.78%	0.00%	12.78%
City Supplemental <sup>1,4</sup>	<u>6.47%</u>	<u>0.00%</u>	<u>6.47%</u>	<u>6.26%</u>	<u>1.00%</u>	<u>7.26%</u>
Total	19.25%	0.00%	19.25%	19.04%	1.00%	20.04%
<b>Full-Time General Government Hired FY 2010</b>						
VRS	12.78%	0.00%	12.78%	12.78%	0.00%	12.78%
City Supplemental <sup>2</sup>	<u>4.47%</u>	<u>2.00%</u>	<u>6.47%</u>	<u>5.26%</u>	<u>2.00%</u>	<u>7.26%</u>
Total	17.25%	2.00%	19.25%	18.04%	2.00%	20.04%
<b>Full-Time General Government Hired FY 2011</b>						
VRS <sup>3</sup>	8.78%	4.00%	12.78%	8.78%	4.00%	12.78%
City Supplemental	<u>4.47%</u>	<u>2.00%</u>	<u>6.47%</u>	<u>5.26%</u>	<u>2.00%</u>	<u>7.26%</u>
Total	13.25%	6.00%	19.25%	14.04%	6.00%	20.04%
<b>Part-Time General Government Hired Pre FY 2010</b>						
VRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City Supplemental <sup>4</sup>	<u>6.47%</u>	<u>0.00%</u>	<u>6.47%</u>	<u>4.26%</u>	<u>1.00%</u>	<u>5.26%</u>
Total	6.47%	0.00%	6.47%	4.26%	1.00%	5.26%
<b>Part-Time General Government Hired Post FY 2011</b>						
VRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City Supplemental	<u>4.47%</u>	<u>2.00%</u>	<u>6.47%</u>	<u>5.26%</u>	<u>2.00%</u>	<u>7.26%</u>
Total	4.47%	2.00%	6.47%	5.26%	2.00%	7.26%
<b>Deputy Sheriff's/ERTs/Fire Marshals Hired Pre FY 2011</b>						
VRS	12.78%	0.00%	12.78%	12.78%	0.00%	12.78%
Supplemental <sup>4</sup>	<u>9.82%</u>	<u>0.00%</u>	<u>9.82%</u>	<u>9.89%</u>	<u>1.00%</u>	<u>10.89%</u>
Total <sup>5</sup>	22.60%	0.00%	22.60%	22.67%	1.00%	23.67%
<b>Deputy Sheriff's/ERTs/Fire Marshals Hired FY 2011</b>						
VRS	8.78%	4.00%	12.78%	8.78%	4.00%	12.78%
Supplemental	<u>9.82%</u>	<u>0.00%</u>	<u>9.82%</u>	<u>10.89%</u>	<u>0.00%</u>	<u>10.89%</u>
Total <sup>5</sup>	18.60%	4.00%	22.60%	19.67%	4.00%	23.67%
<b>Public Safety (Fire/Police)</b>						
Pension <sup>6</sup>	21.93%	7.20%	29.13%	23.28%	8.20%	31.48%
Disability	<u>3.65%</u>	<u>0.80%</u>	<u>4.45%</u>	<u>4.35%</u>	<u>0.80%</u>	<u>5.15%</u>
Total	25.58%	8.00%	33.58%	27.63%	9.00%	36.63%

<sup>1</sup>In FY 2011, for employees hired before July 1, 2009 (FY 2010) the 2% employee share of the City supplemental retirement benefit is paid for by the City.

<sup>2</sup>As of FY 2010, General Salary employees hired on or after July 1, 2009 will pay 2% into the supplemental retirement system. This does not include employees who are Deputy Sheriffs, Fire Marshals, or ERTs.

<sup>3</sup>In FY 2010 the Virginia General Assembly enacted changes to the VRS that allows localities to decide whether to have new employees pay part of the 5% employee share. Since the 1980's the employee share has been paid for by the City.

Subsequent to adoption of the FY 2011 budget, City Council passed a resolution requiring all new employees (those hired after July 1, 2010) hired into VRS-covered positions to pay 4% of the employee share. The City will continue to pay 1% for a total of 8.78% of salary. Contributions by new employees are expected to result in a savings to the City of approximately \$120,000-\$140,000 in FY 2011. Savings will increase in future years as additional new employees are hired.

<sup>4</sup>The FY 2012 Proposed Budget proposes a 1% minimum increase in the employees share of the cost of the City Supplemental retirement plan. This proposal would increase the total retirement contribution for employees hired before July 1, 2009 from 0% to 1%.

<sup>5</sup>This contribution includes VRS and the City Supplemental Plan plus a defined contribution amount to equal the Sworn Fire & Police FY 2008 contribution rate of 22.35%. This rate has not changed as the Sworn Fire & Police rate change due to actuarial assumptions.

<sup>6</sup>Beginning in FY 2010 the City allocated expenses for pension plan management through a pension administration recover fee. This fee results in a 0.4% increase to the City contribution for the Sworn Fire & Police pension plan. The FY 2012 Proposed budget increases Police Officer and Firefighter pension contributions by 1%.

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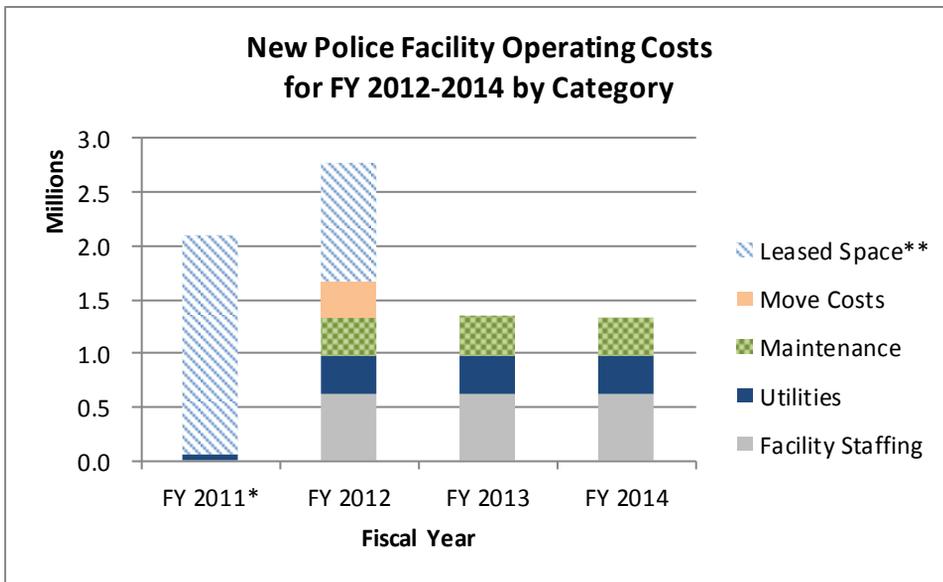
**Attachment 3**

Handout with additional information  
on New Police Facility Operating Costs

## Operating Costs for the New Alexandria Police Facility

Completion of the New Police Facility project is scheduled for Fall 2011 (see pages 6-85 & 6-86 of the FY 2012 Proposed CIP for additional information). The table and graph below display the operating costs associated with the new facility. The increase in FY 2012 is primarily due to crossover costs such as the continuation of leased space until the facility is fully operational and one-time moving expenses. In later years, non-personnel operating costs associated with the facility should decrease due to the one-time nature of most of the costs in FY 2012.

	FY 2011*	FY 2012	FY 2013	FY 2014
Facility Staffing	0	623,778	623,778	623,778
Utilities	61,000	361,000	361,000	361,000
Maintenance	0	344,250	376,250	344,250
Move Costs	0	350,000	0	0
Leased Space**	2,038,304	1,087,468	0	0
<b>Total</b>	<b>2,099,304</b>	<b>2,766,496</b>	<b>1,361,028</b>	<b>1,329,028</b>



\*FY 2011 costs represent expenditures for current leased space

\*\*Represents expenditures for leased space that will be discontinued after the new facility becomes operational. Lease costs in FY 2012 could be lower if the move to the new facility is completed earlier than estimated. Costs do not include leased space for the Vice/Narcotics unit, which will remain off-site after the move to the New Police Facility.