

Personnel & Compensation Summary

Personnel & Compensation Highlights

Compensation up 3.8% overall

\$4.0 million in funding provided for merit-based pay increases

In FY 2013 113 General Schedule and Public Safety employees were elevated as part of the process to improve the City's career ladder program. In FY 2014, \$0.9 million is allocated to continue to fund career ladders

1% added to the General Schedule pay scale to offset changes in Virginia Retirement System contributions

27.8 positions are eliminated and 23.1 new positions are added

- All Funds total compensation for City staff increases by \$10.9 million or 3.8%. The two primary drivers of this are increased costs associated with employee health insurance and retirement.
- The budget includes \$3.6 million for the merit-based pay increases for eligible employees in FY 2014. The budget also includes \$0.4 million in funding for a 2.3% one-time pay supplement (the equivalent of one step) for all employees at the top of their grade if warranted by performance. Employees eligible on a merit basis for a pay increase will receive salary increases ranging from 2.3% – 5.0% of salary.
- There will be no across-the-board pay increase for City employees for the sixth straight year, however, the General Schedule pay scale will be increased by 1% to offset the 1% shift in the VRS contribution rate from the employer to the employee.
- In FY 2013, City Council allocated \$900,000 to enhance the City's career ladder program and address pay compression issues among sworn public safety personnel. In FY 2014 the City has 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, as part of the initial phase to expand the Department's career ladder program.
- On a net basis, the City workforce is nearly the same compared to the number of FTEs approved in FY 2013. As a result of grant funding and other current year adjustments, the FTE count has been increased by 4.5 FTEs. Reductions proposed by the City Manager results in the reduction of 4.7 FTEs. The budget eliminates 27.8 funded full and part-time FTEs but these reductions are partially offset by the addition of 23.1 FTEs. Of the 27.8 FTE reductions, 14.0 FTEs are filled and the remaining 13.8 FTEs are currently vacant.
- There are no reallocations of FTEs between any City departments in the FY 2014 proposed budget.
- The total number of FTEs in FY 2014 remains well below (-4.5%) peak FY 2009 levels.

Personnel & Compensation Summary

Personnel & Compensation Highlights

Increase VRS rates continues to have a significant cost impact

State law requires changes to employee retirement contribution rates

All employees now contributing a minimum of 2% to toward their retirement plans

Premiums are currently projected to increase by 1.4% for plans under United Healthcare and by 2.8% Kaiser Permanente.

Initial estimates for healthcare premiums included 10% increases in premium costs.

Significant plan design changes, requiring more employee out of pocket expenses for plan utilization reduced this costs considerably.

All employees contribute a minimum of 20% toward their health care premiums

\$2.6 million budgeted for retiree healthcare and life insurance liabilities (OPEB)

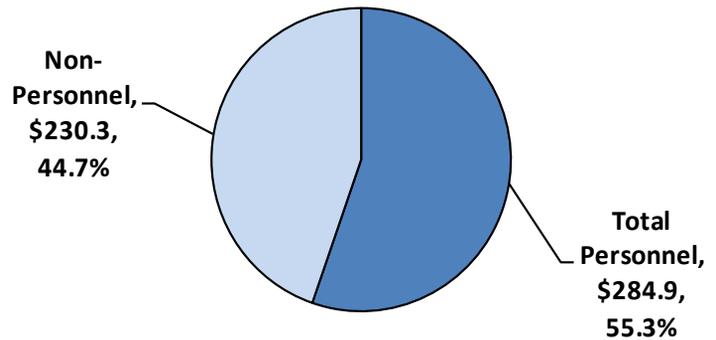
- The City's cost for retirement increases by \$2.2 million and is driven by increases in the liability cost for the Police/Fire Pension. This increase is offset by an increase in the employee's share of the pension costs. The retirement costs for General Schedule employees is decreasing by \$0.7 million, but this decrease is offset by an increase in total compensation for General Schedule employees.
- In April 2012 the Virginia General Assembly passed legislation impacting contribution rates for the Virginia Retirement System. The employee share can no longer be paid by the employer, but must be contributed by the employee.
- The City will be phasing in the shift of the contribution rates for the next 5 years until all members of VRS are contributing at least 5% towards their retirement.. Beginning in FY 2013 all members will contribute at least 2%. General Government employees, Sheriff Deputies/Fire Marshals/EMTs hired prior to FY 2010 (July 1, 2009) are now contributing 2% toward their retirement. General Government employees and Sheriff Deputies/Fire Marshals/EMTs hired after July 1, 2009 already contributing 2-6% of their salary towards retirement will pay 1% more than they did in FY 2013.
- Public Safety employees (sworn Fire & Police) will be paying 2% more of their salary towards their pensions than they did in FY 2013, changing from 8% to 10% in FY 2014. This change will save the City approximately \$0.6 million.
- Healthcare insurance premiums are currently projected to increase by 1.4% for plans under United Healthcare and 2.8% for plans under Kaiser Permanente.
- The retiree health insurance subsidy annual maximum of \$3,120 will remained unchanged in FY 2014.
- The budget continues to fund the multi-year plan to address unfunded liabilities for future benefits to City employees after retirement. The budget provides \$2.4 million in new funding in FY 2014 and \$0.2 million from fund balance to the Other Post Employment Benefit Trust Fund (OPEB) towards the City's future OPEB obligations.
- The living wage will continue to be frozen at the FY 2009 level of \$13.13/hour.

Personnel & Compensation Summary

Personnel Budget

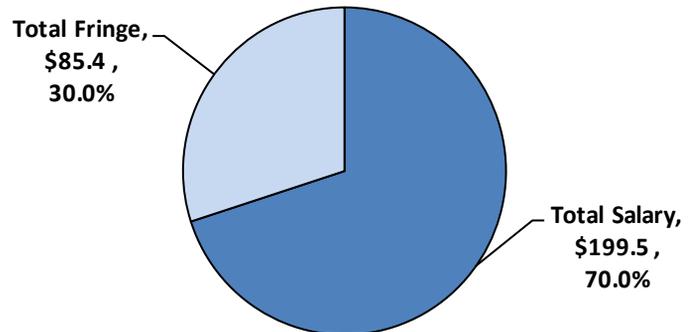
Personnel expenditures account for 55% of the All Funds budget

FY 2014 Proposed All Funds Budget
(excludes Schools)
\$515.2 M



Of the \$284.9 million personnel budget, \$199.5 million, or 70.0%, is for salaries, and about \$85.4 million, or 30.0%, is for fringe benefits

FY 2014 Proposed All Funds Personnel Budget
(excludes Schools)
\$284.9 M



Retirement and Healthcare are the largest components of fringe benefit costs

Retirement costs include Pension, Line of Duty and Other Post Employment Benefit liability costs

Retirement accounts for 51.9% of the fringe benefit costs, and healthcare 27.5%

Personnel & Compensation Summary

Personnel Budget

Total All Funds compensation increases by \$10.9 million, or 3.8%. The budget for salaries increases by \$3.4 million (1.7%) and total fringe benefits increases by \$7.5 million (8.8%).

Increases to the cost of fringe benefits are mainly driven by the rising cost of retirement, which has more than doubled over the past decade.

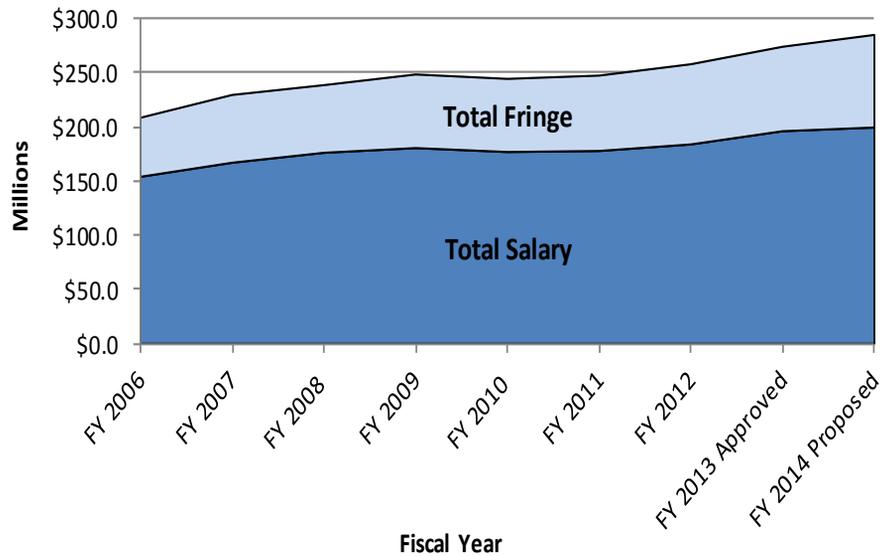
With the exception of FY 2010, the cost of salary increases is the result of funding for merit-based pay increases for employees. In FY 2010, the City froze employee salaries at FY 2009 levels due to fiscal pressures resulting from the recent economic crisis

All Funds Budget in millions (Excludes Schools)

Title	FY 2013	FY 2014	\$Change	%Change
	Approved	Proposed	FY13/14	FY13/14
Total Salary	\$196.0	\$199.5	\$3.4	1.7%
<u>Fringe</u>				
FICA	13.7	14.8	\$1.0	7.0%
Retirement	41.2	44.4	\$3.2	7.2%
Health	21.0	23.5	\$2.5	10.5%
Other*	2.0	2.8	\$0.9	30.1%
Total Fringe	77.9	85.4	\$7.54	8.8%
Total Personnel	\$274.0	\$284.9	\$10.9	3.8%

*Includes Group Life; Workers Compensation; Clothing/Car Allowances; Unemployment; Recruitment ;LT Disability

History of Salary and Fringe Benefits



Personnel & Compensation Summary

Personnel Budget

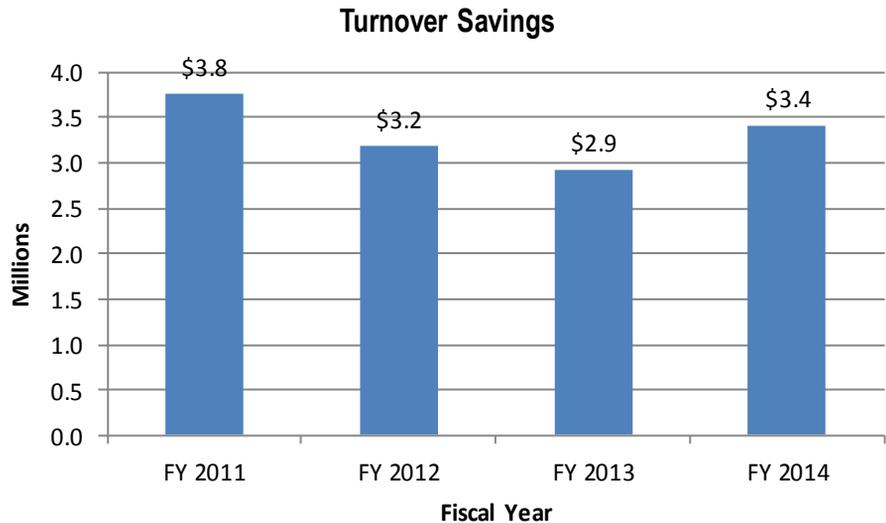
\$3.4 million is budgeted for turnover savings, an increase of \$0.5 million from the FY 2013 turnover savings amount

Turnover Savings

Turnover savings is the result of a position becoming vacant during the course of the fiscal year and remaining unfilled for a certain period of time. Because approximately 6-9% of the City's workforce "turns over" during the fiscal year departments do not expend all of the money that has been budgeted for positions. This lapse in spending is accounted for by applying a turnover savings amount to departmental budgets, effectively reducing the amount a department can spend.

Since FY 2010, the City has been reducing the amount budgeted for turnover savings in order to better align the budget with the turnover being experienced within departments. Most mid- and large-sized departments have a turnover savings factor applied to their personnel budget of 2%. The Police Department and Sheriff's Office have 1% savings applied. DCHS experiences the most turnover and was given a rate increase from 2% to 2.25% in FY 2014 based on prior year experience. Smaller departments or departments with very little historical turnover do not have turnover savings taken from their budget.

The table below shows the budget for turnover savings from FY 2011 – FY 2014.



Personnel & Compensation Summary

City Workforce by Full-time Equivalent (FTE)

During FY 2013 the City added 4.5 full-time equivalents (FTEs). Of these additions, 1.0 FTE was added to General Services, 1.0 FTE was added to Sheriff, 1.0 FTE was added to OMB, 2.0 FTEs were added to Police and 2.0 FTEs were added to DCCHS. These additions were offset by 1.0 FTE deleted from General Services, 0.75 FTE deleted from Police and 0.75 FTE deleted from DCCHS.

The FY 2014 Proposed budget eliminates 27.8 FTEs and adds 23.1 FTEs for a net change of 4.7 FTEs (-0.2%).

No positions are being reallocated between departments in FY 2014.

(1.00 FTE represents a position working full-time at 80 hours per pay period. FTE's that are less than 1.00 represent a position that works less than full-time hours.)

FTE Summary	FY 2013 Mid-Year FTE Changes					
	FY 2013 Approved	Positions Added	Positions Deleted	FY 2013 Amended	Change # %	
Full-time	2,398.0	6.0	(1.0)	2,403.0	5.0	0.2%
Part-time	146.6	1.0	(1.5)	146.1	(0.5)	-0.3%
Total FTE	2,544.6	7.0	(2.5)	2,549.1	4.5	0.2%

FTE Summary	FTE Changes from FY 2013 - FY 2014 Proposed					
	FY 2013 Amended	Positions Added	Positions Deleted	FY 2014 Proposed	Change # %	
Full-time	2,403.0	22.0	(22.0)	2,403.0	0.0	0.0%
Part-time	146.1	1.1	(5.8)	141.5	(4.7)	-3.2%
Total FTE	2,549.1	23.1	(27.8)	2,544.5	(4.7)	-0.2%

Personnel & Compensation Summary

City Workforce by Full-time Equivalent (FTE)

The table to the right shows the position reductions and additions in the FY 2014 budget

The FY 2014 budget eliminates 27.8 FTEs and adds 23.1 FTEs for a net decrease of 4.7 FTEs

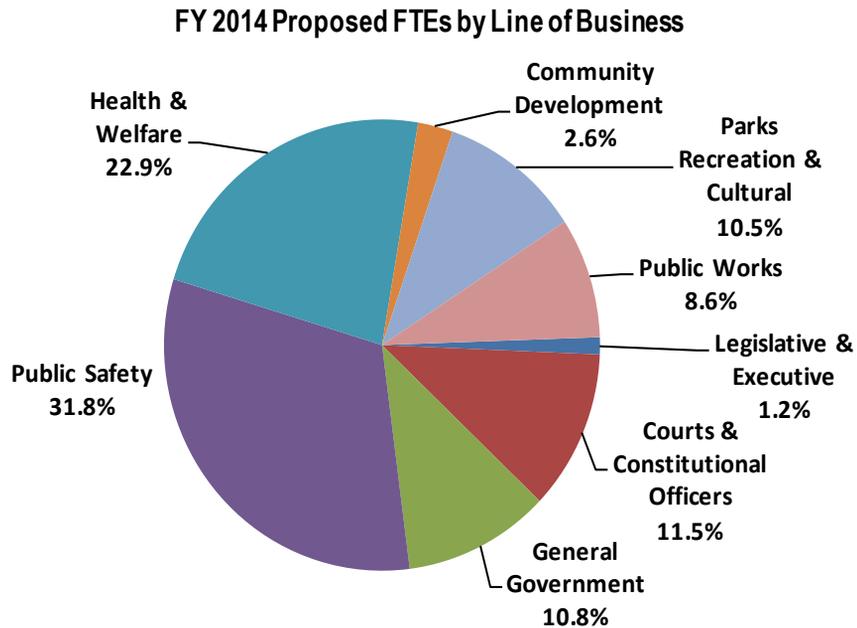
Additional details on each position can be found in the individual department's budget text.

FY 2014 Proposed Position Reductions and Additions		FTE
Department	Position	(Increase/Decrease)
CSU	Coord/ Youth Services	-1.000
DCHS	Cook	-1.000
DCHS	Cook	-1.000
DCHS	Cook	-0.750
DCHS	Cook	-0.750
DCHS	Employment & Training Spec.	-1.000
DCHS	Food Services Specialist	-1.000
DCHS	Health & Comm Education Spec.	-1.000
DCHS	HS Benefits Program Tech	-1.000
DCHS	Regis Nurse	-0.800
DCHS	Residential Counselor	-0.500
DCHS	Residential Counselor	-0.450
DCHS	Soc Worker II	-1.000
DCHS	Therapist	-1.000
DCHS	Therapist Supervisor	-1.000
DCHS	Senior Therapist	-1.000
DCHS	Therapist Supervisor	-1.000
General Services	Space Planner	-1.000
Library	Librarian I	-0.400
Library	Librarian I	-0.375
Library	Librarian I	-0.250
Library	Library Assistant I	-0.500
Library	Library Assistant II	-0.500
Library	Library Associate I	-1.000
OHA	Public Information Spec	-0.500
Police	Police Officer I	-5.000
Police	Social Worker I	-1.000
Sheriff	Deputy Sheriff I	-1.000
Sheriff	MH Probation Officer	-1.000
Total Reductions		-27.8
Code	Administrative Assistant	0.625
Code	Division Chief, New Construction Inspection Services	1.000
Code	Plans Examiner - Site Plan Coordinator	1.000
Finance	Compliance Officer	1.000
Housing	Relocation Advisor II	1.000
P & Z	Urban Planner III (Development Review)	1.000
P&Z	P&Z - 1/2 yr New GIS permit plan support position	1.000
Police	Parking Enforcement Officer I	1.000
Police	Parking Enforcement Officer I	1.000
Real Estate	Appraiser	1.000
RPCA	Laborer II	1.000
RPCA	Laborer III	1.000
T & ES	Admin Analyst	1.000
T & ES	Civil Engineer I	1.000
T & ES	Civil Engineer III	1.000
T & ES	Civil Engineer III	1.000
T & ES	Civil Engineer IV	1.000
T & ES	Civil Engineer IV	1.000
T & ES	Civil Engineer IV	1.000
T & ES	Contract Specialist	1.000
T & ES	Equipment Operator II	0.500
T & ES	Equipment Operator II	1.000
T & ES	Principal Planner	1.000
T & ES	Equipment Operator I	1.000
Total Additions		23.1
Net Change		-4.7

Personnel & Compensation Summary

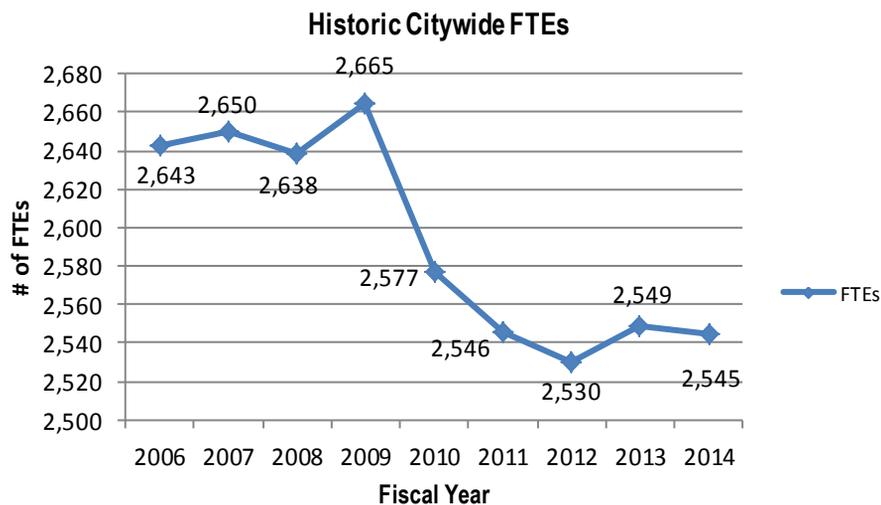
City Workforce by Line of Business

In the FY 2014 Proposed Budget, 55% of total FTEs work in the Public Safety and Health & Welfare lines of business.



From FY 2006-FY 2009 the City averaged about 2,650 total FTEs. This was followed by a 4.2% decrease in FTEs over the next two years (FY 2010 and FY 2011) as a result of the economic downturn. FY 2013 saw a slight increase of 0.4%.

In FY 2014, total FTEs decrease by 0.2% remaining well below levels experienced in the years prior to FY 2010.



Personnel & Compensation Summary

City Workforce Totals from FY 2012 – FY 2014

In the FY 2014 Proposed budget total FTEs decrease by 4.7 (-0.2%) over FY 2013.

FY 2013 has been amended for several mid-year adjustments compared to the FY 2013 Approved FTE total.

Since the beginning of FY 2013, 4.5 FTEs have been added to reflect new grant revenues and other operational changes.

	Total FTEs		
	Amended FY 2012	Amended FY 2013	Proposed FY 2014
<u>Legislative & Executive</u>			
City Council	1.0	1.0	1.0
City Manager	10.0	12.0	12.0
City Attorney	14.0	14.0	14.0
City Clk & Clk of Council	4.0	4.0	4.0
Subtotal	29.0	31.0	31.0
<u>Courts & Constitutional Officers</u>			
18th Circuit Court	13.0	13.0	13.0
Clerk of Court	22.0	22.0	22.0
Commonwealth's Attorney	27.0	27.0	27.0
Court Services Unit	9.5	9.5	8.5
Law Library	1.0	1.0	1.0
Registrar of Voters	6.6	6.6	6.6
Sheriff	215.0	216.0	214.0
Subtotal	294.1	295.1	292.1
<u>General Government</u>			
Office of Communications	13.5	13.5	13.5
Finance	90.5	91.5	92.5
General Services	70.0	67.0	66.0
Human Rights	5.5	5.5	5.5
Human Resources	22.0	22.0	22.0
ITS	42.0	43.0	43.0
OPA	2.0	5.0	5.0
OMB	11.0	11.0	11.0
Non-Departmental	-	2.0	2.0
Real Estate	15.0	14.0	15.0
Subtotal	271.5	274.5	275.5
<u>Public Safety</u>			
Police	415.0	416.3	412.3
Fire	272.0	290.0	290.0
Code	47.5	48.0	50.6
Emergency Communications	55.0	55.0	55.0
Subtotal	789.5	809.3	807.9
<u>Health & Welfare</u>			
DCHS	584.8	581.1	566.8
Health	18.3	16.8	16.8
Subtotal	603.1	597.9	583.6
<u>Community Development</u>			
Housing	17.0	15.0	16.0
Planning & Zoning	47.5	48.0	50.0
Subtotal	64.5	63.0	66.0
<u>Parks, Recreation & Cultural</u>			
Historic Alexandria	26.0	26.2	25.7
Library	75.4	73.2	70.1
Rec Parks & Ctr'l Actv'ts	169.6	170.6	172.6
Subtotal	271.0	269.9	268.4
<u>Public Works</u>			
Transp & Envir Svc's	210.5	208.5	220.0
Subtotal	210.5	208.5	220.0
Grand Total	2,533.2	2,549.1	2,544.5

Personnel & Compensation Summary

City Workforce Changes for FY 2014 Proposed

The FY 2014 Proposed Budget includes a decrease of 4.7 FTEs (-0.2%)

	FY 2013	FY 2014 Proposed			Change in FTE's	
	Amended FTE's	Full- Time	Part- Time	Total (FTE)	FY 13 to FY 14 #	%
<u>Legislative & Executive</u>						
City Council	1.0	1.0	-	1.0	-	-
City Manager	12.0	12.0	-	12.0	-	-
City Attorney	14.0	14.0	-	14.0	-	-
City Clk & Clk of Council	4.0	4.0	-	4.0	-	-
Subtotal	31.0	31	-	31.0	-	-
<u>Courts & Constitutional Officers</u>						
18th Circuit Court	13.0	13.0	-	13.0	-	-
Clerk of Court	22.0	22.0	-	22.0	-	-
Commonwealth's Attorney	27.0	26.0	1.0	27.0	-	-
Court Services Unit	9.5	8.0	0.5	8.5	(1.0)	(10.5%)
Law Library	1.0	1.0	-	1.0	-	-
Registrar of Voters	6.6	6.0	0.6	6.6	-	-
Sheriff	216.0	214.0	-	214.0	(2.0)	(0.9%)
Subtotal	295.1	290	2.1	292.1	(3.0)	(1.0%)
<u>General Government</u>						
Office of Communications	13.5	13.0	0.5	13.5	-	-
Finance	91.5	89.0	3.5	92.5	1.0	1.1%
General Services	67.0	65.0	1.0	66.0	(1.0)	(1.5%)
Human Rights	5.5	5.0	0.5	5.5	-	-
Human Resources	22.0	22.0	-	22.0	-	-
ITS	43.0	43.0	-	43.0	-	-
OPA	5.0	5.0	-	5.0	-	-
OMB	11.0	11.0	-	11.0	-	-
Non-Departmental	2.0	2.0	-	2.0	-	-
Real Estate	14.0	15.0	-	15.0	1.0	7.1%
Subtotal	274.5	270.0	5.5	275.5	1.0	0.4%
<u>Public Safety</u>						
Police	416.3	410.0	2.3	412.3	(4.0)	(1.0%)
Fire	290.0	290.0	-	290.0	-	-
Code	48.0	49.0	1.6	50.6	2.6	5.5%
Emergency Communications	55.0	55.0	-	55.0	-	100.0%
Subtotal	809.3	804.0	3.9	807.9	(1.4)	(0.2%)
<u>Health & Welfare</u>						
DCHS	581.1	510.0	56.8	566.8	(14.3)	(2.5%)
Health	16.8	13.0	3.8	16.8	-	-
Subtotal	597.9	523.0	60.6	583.6	(14.3)	(2.4%)
<u>Community Development</u>						
Housing	15.0	16.0	-	16.0	1.0	6.7%
Planning & Zoning	48.0	49.0	1.0	50.0	2.0	4.2%
Subtotal	63.0	65.0	1.0	66.0	3.0	4.8%
<u>Parks, Recreation & Cultural</u>						
Historic Alexandria	26.2	16.0	9.7	25.7	(0.5)	(1.9%)
Library	73.2	54.0	16.1	70.1	(3.0)	(4.1%)
Rec Parks & Ctr'l Actv'ts	170.6	131.0	41.6	172.6	2.0	1.2%
Subtotal	269.9	201.0	67.4	268.4	(1.5)	(0.6%)
<u>Public Works</u>						
Transp & Envir Svc's	208.5	219.0	1.0	220.0	11.5	5.5%
Subtotal	208.5	219.0	1.0	220.0	11.5	5.6%
Grand Total	2,549.1	2,403	141	2,544.5	(4.7)	(0.2%)

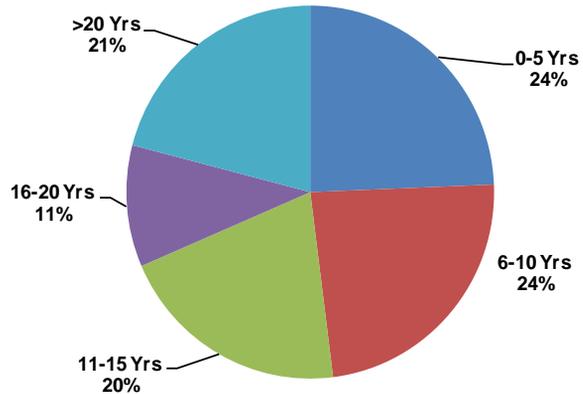
Personnel & Compensation Summary

City Workforce Years of Service

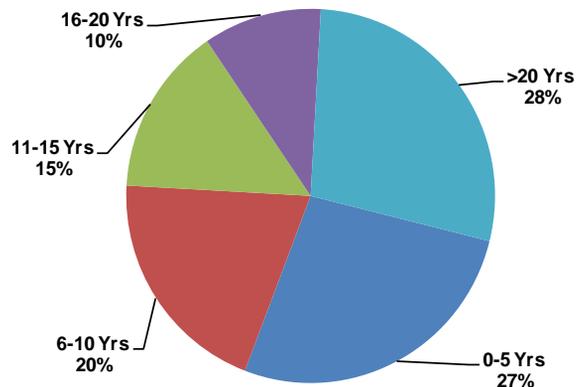
About half of the current General Schedule workforce has been employed with the City for 10 years or less. 21% have worked for the City for 20 years or more.

A little less than half of the current Public safety workforce has been employed with the City for 10 years or less. 28% have worked for the City for 20 years or more.

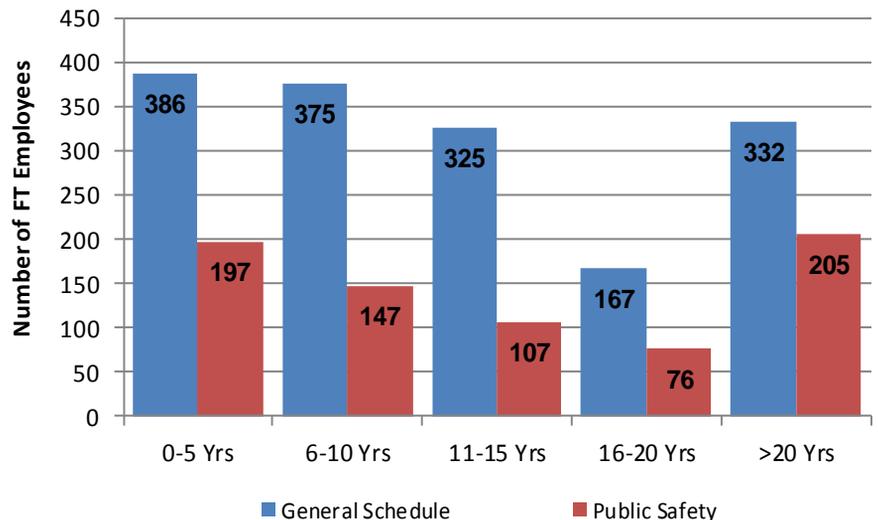
Full Time General Schedule Years of Service



Full Time Public Safety Years of Service



Full Time Employees Years of Service



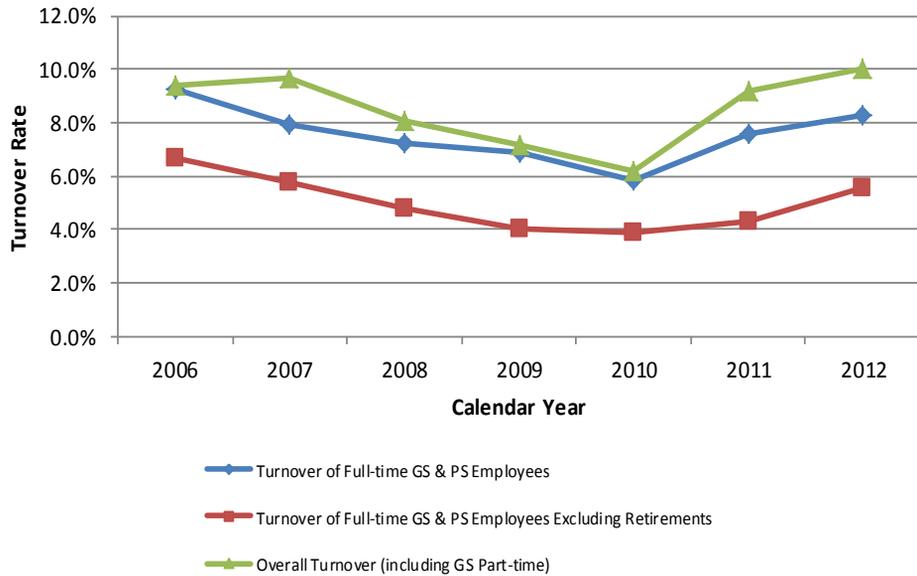
Personnel & Compensation Summary

City Workforce Turnover and Retirements

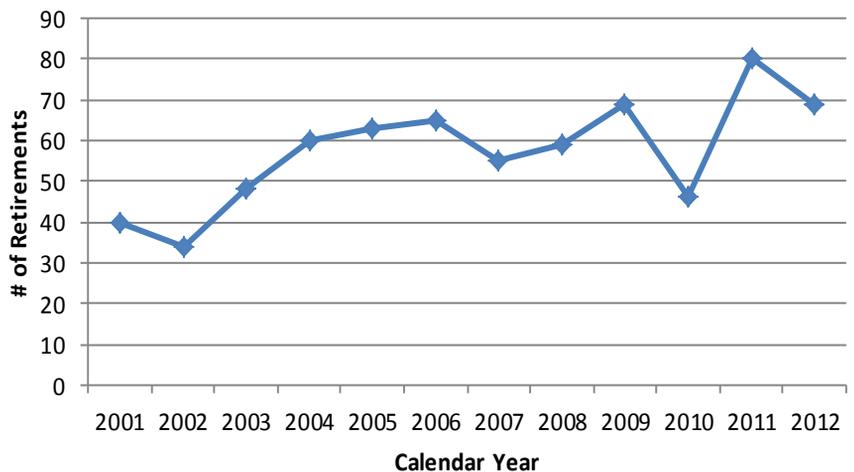
In CY 2012 overall employee turnover increased by 7.3%, or 263 employees. CY 12 levels are nearly equal to the previous peak in CY 2007 of 269 employees. The lowest number of employees leaving the City (165) occurred in CY 2010. This matches the national trend during the same time period as a result of a restrained economy. (<http://www.bls.gov/jlt/>)

A total of 69 employees retired from city service in CY 2012, a decrease of almost 14% from the prior year.

Historic Citywide Full-Time Employee Turnover



Employee Retirements CY 2001 - 2012



Personnel & Compensation Summary

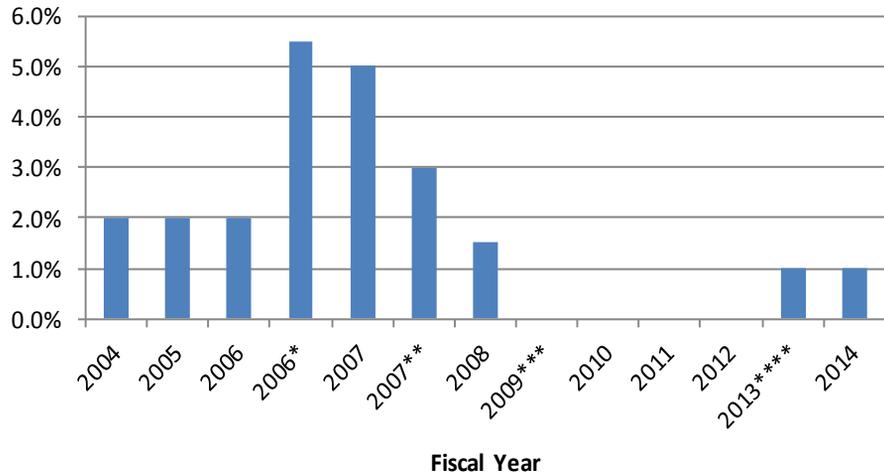
Aligning Pay Scales to Compensate for VRS Changes

The budget recommends and funds adjustments to the General Schedule pay scale as a result of the changes to VRS.

The FY 2014 Proposed budget includes funding for a merit-based step increase for qualified employees.

Employees at the top of their grade will be eligible for a one-time 2.3% pay supplement.

Across-the-Board Salary Adjustments



*During FY 2006, all sworn Public Safety employees received a 5.5% salary adjustment based on the results of a consultant survey. General Schedule employees received a 2.5% adjustment during this year.

**In FY 2007, City Council approved a total salary adjustment of 5% (comprised of a 3% COLA and 2% MRA). Public Safety employees were only given a 3.0% adjustment.

***In FY 2009, a one-time \$500 pay supplement and one-time 2% longevity pay supplement for top-of-grade employees was given in lieu of an across-the-board salary adjustment.

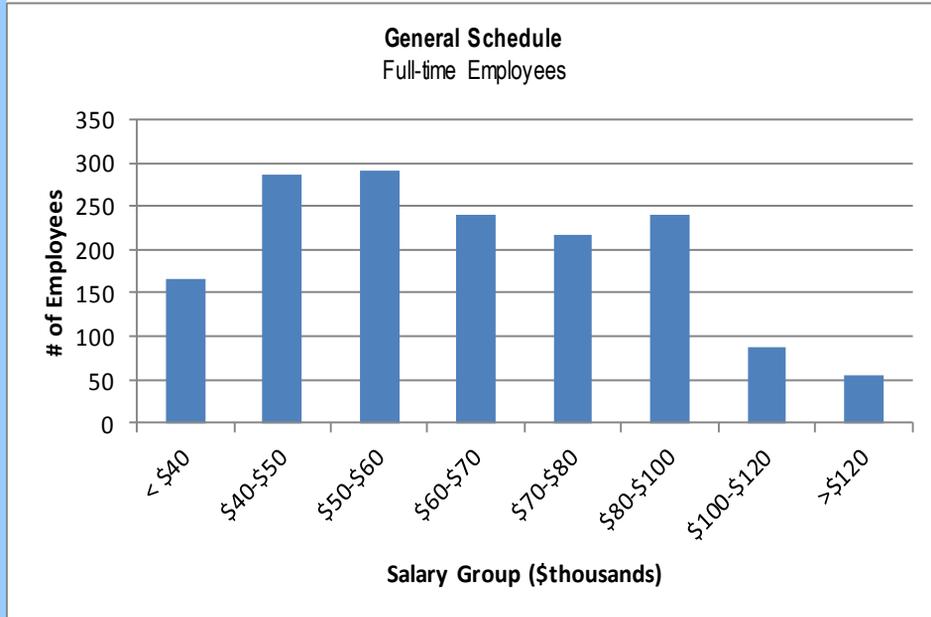
****Beginning in FY 2013, a 1% salary increase each year for five years will be applied to the General Schedule pay scale and the Sheriff pay scale, which includes Deputy Sheriffs, Fire Marshals and Medics to offset the 1% increase over 5 years in the employee contribution to the Virginia Retirement System.

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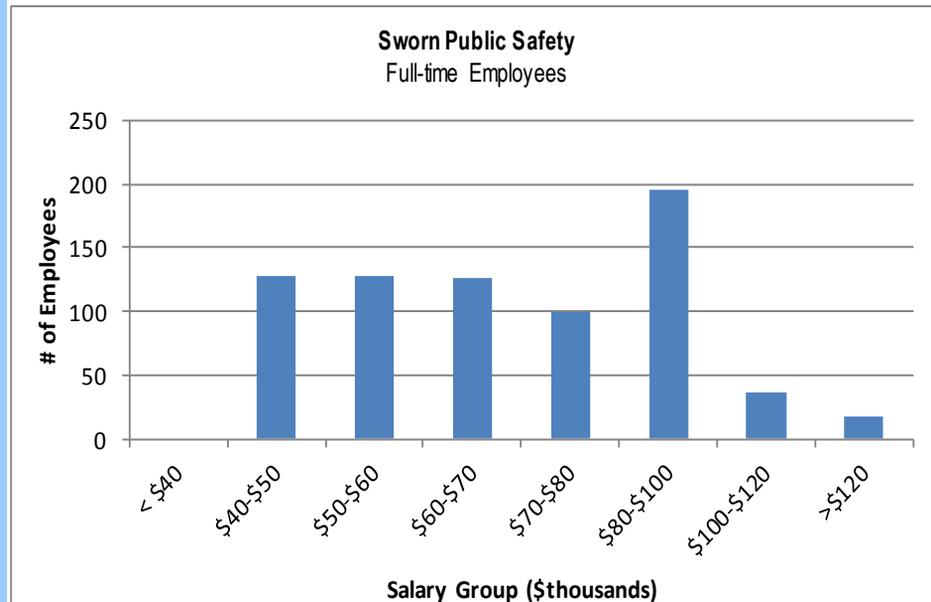
The table to the right shows the average salary (as of January 1, 2013) of City employees.

	Average Salary as of 1/1/2013
General Schedule (FT)	\$67,212
Public Safety (FT)	\$70,583
General Schedule (PT)	\$31,437

The majority of current General Schedule full-time employees earn between \$40,000 to \$100,000 annually. About half earn less than the average salary for GS full-time employees (\$67,212). About 9.0% earn more than \$100,000.



A little more than half of all sworn Public Safety employees earn less than the average salary of that group (\$70,583). About 7.7% earn more than \$100,000.



Personnel & Compensation Summary

Employee Compensation – Retirement

FICA payments by the City increase by \$1.0 million (7.6%) in FY 2014 due to funding for salary increases.

Retirement costs for the City are \$44.4 million in the FY 2014 Budget, a \$3.2 million (7.7%) increase from the prior year.

The General Assembly now requires that all employees pay at least 2% of the VRS contribution rate to be phased in to 5%. Prior to this legislation, the City paid the employee contribution for employees that were hired before July 1, 2009.

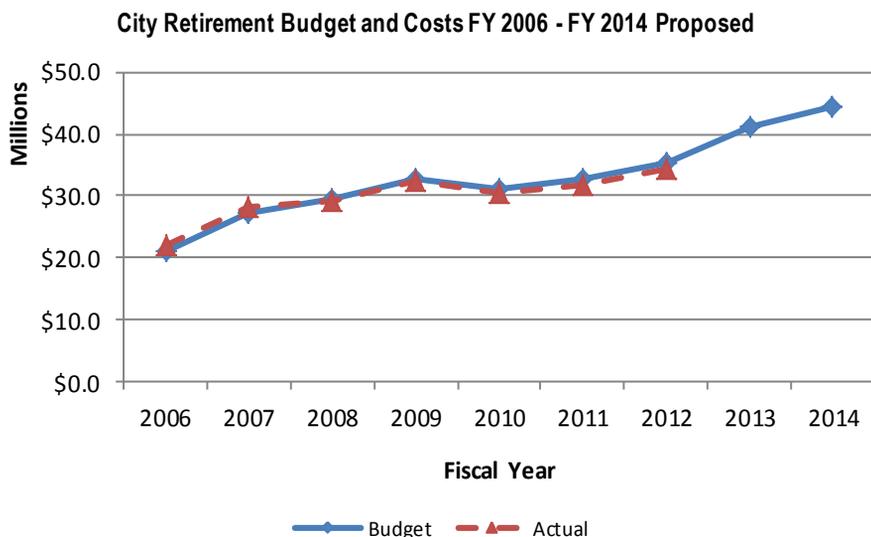
Details on the City's and employees' retirement contribution rates can be found on the following page.

Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare tax which is budgeted at \$13.7 million budgeted in FY 2014. The CY 2013 maximum earnings cap increases by \$3,600 to \$113,700 from the CY 2012 level of \$110,100. Earnings above this amount will not be taxed for Social Security, but are still subject to Medicare.

Retirement

The FY 2014 retirement budget represents the contribution that the City pays towards employee retirement plans. The chart below shows actual retirement costs from FY 2006 – 2012 and the budgeted costs for retirement from FY 2006 – 2014. The chart on the following page details the planned contribution rates the City and employees pay.



FY 2014 City Paid Retirement Rate Increases (employees hired before July 2009)

	Rate as % of Salary		Percentage	
	FY 2013	FY 2014	Point Change	% Change
Virginia Retirement System (VRS)	14.3	13.3	-1	-7.0%
City Supplemental Plan	6.94	7.05	0.11	1.6%
Deputy Sheriffs/EMTs (VRS and Supplemental)	25.14	24.26	-0.88	-3.5%
Police/Fire Pension Plan* (Pension and Disability)	30.4	34.93	4.53	14.9%

*Rate includes 0.4% City contribution for allocated expenses for pension administration

Personnel & Compensation Summary

Employee Compensation – Retirement

Retirement contribution percentages paid 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 2013 and FY 2014 retirement contribution rates.

Depending on their date of hire, General Schedule employees' contribute 2% to 7% towards retirement.

Sheriff Deputies, Fire Marshals and EMTs contribute 2% to 5% towards retirement, depending on an employee's hiring date.

Sworn Public Safety Employees contribute 10% of salary towards their pensions.

Employee Type Based on Hire Date	FY 2013			FY 2014		
	City Share	Employee Share	Total Retirement Contributions	City Share	Employee Share	Total Retirement Contributions
Full-Time General Government Hired Pre-FY 2010						
VRS	14.30%	1.00%	15.30%	13.30%	2.00%	15.30%
<u>City Supplemental¹</u>	<u>6.94%</u>	<u>0.00%</u>	<u>6.94%</u>	<u>7.05%</u>	<u>0.00%</u>	<u>7.05%</u>
Total	21.24%	1.00%	22.24%	20.35%	2.00%	22.35%
Full-Time General Government Hired FY 2010						
VRS	14.30%	1.00%	15.30%	13.30%	2.00%	15.30%
<u>City Supplemental²</u>	<u>4.94%</u>	<u>2.00%</u>	<u>6.94%</u>	<u>5.05%</u>	<u>2.00%</u>	<u>7.05%</u>
Total	19.24%	3.00%	22.24%	18.35%	4.00%	22.35%
Full-Time General Government Hired FY 2011						
VRS ³	10.30%	5.00%	15.30%	10.30%	5.00%	15.30%
<u>City Supplemental</u>	<u>4.94%</u>	<u>2.00%</u>	<u>6.94%</u>	<u>5.05%</u>	<u>2.00%</u>	<u>7.05%</u>
Total	15.24%	7.00%	22.24%	15.35%	7.00%	22.35%
Part-Time General Government Hired Pre FY 2010						
VRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>City Supplemental</u>	<u>6.94%</u>	<u>0.00%</u>	<u>6.94%</u>	<u>7.05%</u>	<u>0.00%</u>	<u>0.00%</u>
Total	6.94%	0.00%	6.94%	7.05%	0.00%	7.05%
Part-Time General Government Hired Post FY 2010						
VRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>City Supplemental</u>	<u>4.94%</u>	<u>2.00%</u>	<u>6.94%</u>	<u>5.05%</u>	<u>2.00%</u>	<u>7.05%</u>
Total	4.94%	2.00%	6.94%	5.05%	2.00%	7.05%
Deputy Sheriff's/ERTs/Fire Marshals Hired Pre FY 2011						
VRS	14.30%	1.00%	15.30%	13.30%	2.00%	15.30%
<u>Supplemental</u>	<u>10.84%</u>	<u>0.00%</u>	<u>10.84%</u>	<u>10.96%</u>	<u>0.00%</u>	<u>10.96%</u>
Total	25.14%	1.00%	26.14%	24.26%	2.00%	26.26%
Deputy Sheriff's/ERTs/Fire Marshals Hired FY 2011						
VRS	10.30%	5.00%	15.30%	10.30%	5.00%	15.30%
<u>Supplemental</u>	<u>10.84%</u>	<u>0.00%</u>	<u>10.84%</u>	<u>10.96%</u>	<u>0.00%</u>	<u>10.96%</u>
Total	21.14%	5.00%	26.14%	21.26%	5.00%	26.26%
Public Safety (Fire/Police)						
Pension ⁴	25.34%	7.20%	32.54%	28.77%	9.20%	37.97%
<u>Disability</u>	<u>5.06%</u>	<u>0.80%</u>	<u>5.86%</u>	<u>6.16%</u>	<u>0.80%</u>	<u>6.96%</u>
Total	30.40%	8.00%	38.40%	34.93%	10.00%	44.93%

¹In 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.

²As of FY 2010, General Salary employees establishing membership in the supplemental retirement system after July 1, 2009 pay 2% into system. This does not include employees who are Deputy Sheriffs, Fire Marshals, or ERTs.

³In FY 2012 the Virginia General Assembly enacted changes to the VRS that requires localities to phase in a 5% shift in the employee share and requires that employees pay this. Prior to this legislative change, the City paid the employee share for employees hired before July 1, 2009. Beginning in July 2012, employees hired after July 1, 2009, will pay the 5% employee contribution to VRS. Employees hired before July 1, 2009, who are in VRS (General Schedule employees, Deputy Sheriffs, Fire Marshals and Emergency Rescue Technicians) will pay a 2% employee share. This shift was partially offset by a mandatory 2% increase in the pay scales for these employees. This will be phased in 1% per year through FY 2017.

⁴Beginning 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.

Personnel & Compensation Summary

Employee Compensation – Health

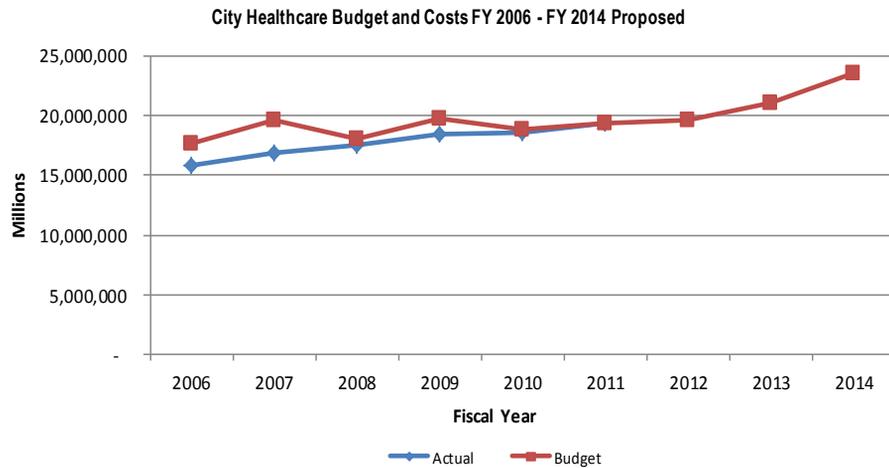
Health care budgeted costs increase in by \$2.4 million, or 11.7% in FY 2014.

In FY 2014, all employees are contributing a minimum of 20% towards their health care premium costs.

Proposed health insurance plan designs introduce deductibles and increase costs for certain copays in FY 2014.

Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare costs from FY 2006 – FY 2012, and the budgeted amount for healthcare from FY 2006 – FY 2014.



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 by FY 2013. The most recent adjustments to the employee's contribution to premiums helped the City maintain a 5.1% overall growth rate in healthcare costs from FY 2011-2013. No changes to cost sharing are proposed in FY 2014.

Containing Healthcare Cost Growth

The health insurance plans available to City employees are far more generous than those offered to public employees in surrounding jurisdictions and will become unsustainable in future years if changes are not made. The proposed budget recommends plan design changes that introduce a new deductible provision and increase certain copays. These proposed changes are currently projected to limit healthcare premiums to no more than 3% over FY 2013 rates. In addition, the plan design changes shift the costs of health care to employees who more extensively use it and begin to prepare the City for federal healthcare reform which will take effect in FY 2014, while keeping the City's benefits competitive with the labor market.

Personnel & Compensation Summary

Employee Compensation – Health

Premiums are currently projected to increase by 1.4% for plans under United Healthcare and by 2.8% Kaiser Permanente.

Initial estimates for healthcare premiums included 10% increases in premium costs.

Significant plan design changes, requiring more employee out of pocket expenses for plan utilization reduced this costs considerably.

Full-time Employee Healthcare Costs

The chart below shows the FY 2014 monthly healthcare premium rates paid by the City and full-time employees. The chart shows all employees contributing a minimum of 20% of health care premium costs.

FY 2014 Health Insurance Premiums
Regular Full-Time Employees

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 20% + POS	EMPLOYEE SHARE
Kaiser Permanente Individual										
Monthly	\$515	\$412	80.0%	\$103	20.0%	\$671	\$412	61.4%	\$259	38.6%
Bi-Weekly				\$51					\$130	
Employee + One										
Monthly	\$1,030	\$824	80.0%	\$206	20.0%	\$1,570	\$824	52.5%	\$746	47.5%
Bi-Weekly				\$103					\$373	
Family										
Monthly	\$1,313	\$1,050	80.0%	\$263	20.0%	\$1,946	\$1,050	54.0%	\$896	46.0%
Bi-Weekly				\$131					\$448	
United Health Care Individual										
Monthly	\$602	\$481	80.0%	\$120	20.0%	\$719	\$481	67.0%	\$237	33.0%
Bi-Weekly				\$60					\$119	
Employee + One										
Monthly	\$1,203	\$963	80.0%	\$241	20.0%	\$1,519	\$963	63.4%	\$557	36.6%
Bi-Weekly				\$120					\$278	
Family										
Monthly	\$1,546	\$1,237	80.0%	\$309	20.0%	\$1,953	\$1,237	63.3%	\$716	36.7%
Bi-Weekly				\$155					\$358	

Personnel & Compensation Summary

Employee Compensation – Health

Part-time Employee Healthcare Costs

The chart below shows the FY 2014 monthly healthcare premium rates paid by the City and part-time employees.

FY 2014 Health Insurance Premiums For Regular Part-Time Employees

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
Kaiser Permanente Individual										
Monthly	\$515	\$257	50.0%	\$257	50.0%	\$671	\$257	38.4%	\$414	61.6%
Bi-Weekly				\$129		.			\$207	
Employee + One										
Monthly	\$1,030	\$515	50.0%	\$515	50.0%	\$1,570	\$515	32.8%	\$1,055	67.2%
Bi-Weekly				\$257					\$527	
Family										
Monthly	\$1,313	\$656	50.0%	\$656	50.0%	\$1,946	\$656	33.7%	\$1,290	66.3%
Bi-Weekly				\$328					\$645	
United Health Care Individual										
Monthly	\$602	\$301	50.0%	\$301	50.0%	\$719	\$301	41.9%	\$418	58.1%
Bi-Weekly				\$150					\$209	
Employee + One										
Monthly	\$1,203	\$602	50.0%	\$602	50.0%	\$1,519	\$602	39.6%	\$918	60.4%
Bi-Weekly				\$301					\$459	
Family										
Monthly	\$1,546	\$773	50.0%	\$773	50.0%	\$1,953	\$773	39.6%	\$1,180	60.4%
Bi-Weekly				\$387					\$590	

Personnel & Compensation Summary

Employee Compensation – Security

GASB accounting standards mandate accounting for long term unfunded obligations for other post employment benefits (OPEB).

The FY 2014 Proposed Budget provides \$2.4 million in new funding for the City's OPEB obligations.

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 new requirements and the City's response will influence the bond rating agency ratings of City debt.

Dollars in millions

	Estimated Unfunded Liability	Annual Required Contribution (ARC)
City ^{1,2,3}	\$82.5	\$10.3
Schools ⁴	\$13.4	\$1.7

1 As of December 31, 2010.

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

3 City's liability calculated by actuaries using the trust fund model with a 7.5% annual return assumption.

4 Source: ACPS FY 2012 Comprehensive Annual Financial Report (CAFR)

CASH FLOW PROJECTIONS

Other Post Employment Benefits Plan for Funding

	2013	2014	2015	2016	2017	2018	2019
Reimbursement	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3	\$ 3.3
Life Insurance	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
Total Cash Flow	\$ 4.0	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2	\$ 4.2
Current General Fund	\$ 2.1	\$ 2.4	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1
Fund Balance Draw Down	\$ 0.7	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Contributions							
(All Sources)	\$ 6.8	\$ 6.8	\$ 6.9	\$ 7.0	\$ 7.1	\$ 7.2	\$ 7.3
Required Contributions	\$ 6.9	\$ 6.9	\$ 6.9	\$ 7.0	\$ 7.1	\$ 7.2	\$ 7.3
Investible Funds	\$ 2.8	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1
Ending Fund Balance	\$ 22.3	\$ 26.7	\$ 31.6	\$ 36.8	\$ 42.4	\$ 49.4	\$ 51.9
% of Annual Required Contribution Funded	99%	99%	100%	100%	100%	100%	100%
% of Annual Required Contribution Funded by Current General Fund Sources	88%	96%	100%	100%	100%	100%	100%

Personnel & Compensation Summary

Employee Compensation – Security

Effective in March 2012 the employee rate for Long Term Disability insurance will increase slightly from .073 to .10 per thousand of coverage as a result of the City's new 3-year life insurance contract

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	2x Annual Salary

Line of Duty Coverage:

Police Officers and Firefighters Only - City Funded	\$200,000
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Long Term Disability*

120 Day Plan - City Funded	City Pays \$0.266 percent of Insured Earnings
90 Day Plan - City & Employee Funded	Employee Pays \$0.10 percent of Insured Earnings. City Pays Remaining Cost

*Rates are effective as of 03/1/2012

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 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 very low in the category of paid time off when compared to our comparator jurisdictions.

Employee Compensation – Paid Time Off

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

*Prorated for part-time employees

Personnel & Compensation Summary

Creative Forms of Compensation

The City Manager continues to explore to identify creative forms of compensation to reward employees. The benefits below represent a portion of the forms of compensation that meet this criteria which will be available to staff in FY 2014.

Transit benefit to remain at \$75 per month

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 2014. Regular City employees are eligible to receive \$75 per month with an option to contribute \$155 of their own money on a pre-tax basis. Given the large number of City employees who commute to Alexandria from outside jurisdictions each day, this benefit helps to offset commuting costs.

Telecommuting program to continue in FY 2014

The City's telecommuting policy will continue unchanged in FY 2014. The policy permits interested employees to establish a telecommuting agreement with their supervisor and department head.

Tuition assistance for education and training provided to employees

To help further the professional development of City employees, tuition assistance is provided for education and training classes. Regular full-time employees can receive up to \$1,500 per fiscal year, with regular part-time employees receiving \$750 per fiscal year. Assistance is provided based on the availability of funding.

Wellness Program

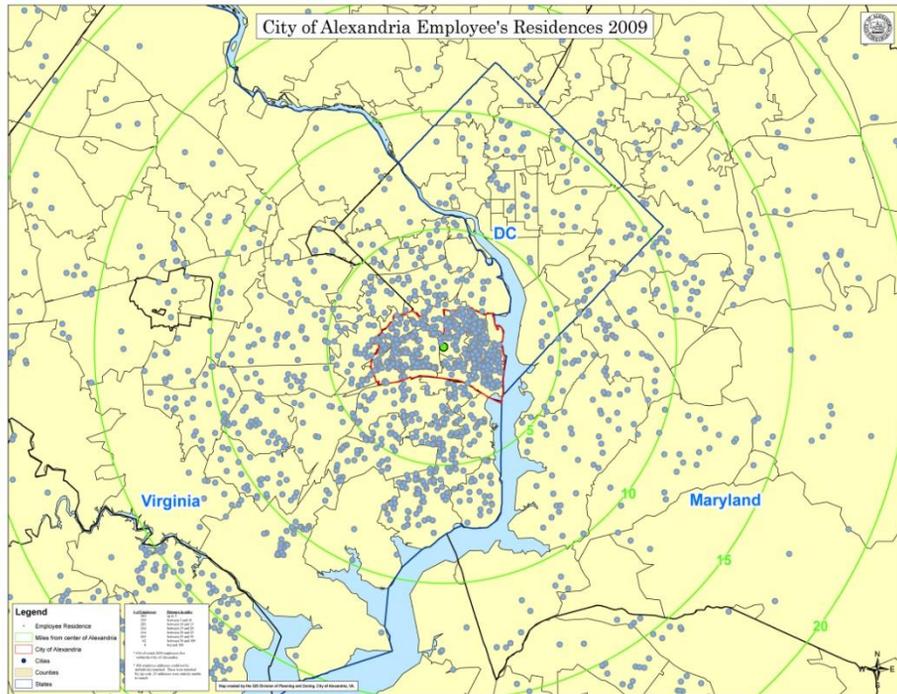
The goal of the City's Wellness Program is to provide wellness opportunities to employees in an effort to enhance their overall health and well being and to promote a long term health promotion strategy to reduce health care costs. The Wellness Program is administered by the Human Resources Department (HRD). Since FY 2011, the City has been partnering INOVA Healthworks to develop and implement wellness activities specific to the City of Alexandria workforce. The FY 2014 budget will be eliminating the wellness coordinator contract but the department will continue to perform these services using existing staff.

Awards and Recognition Programs

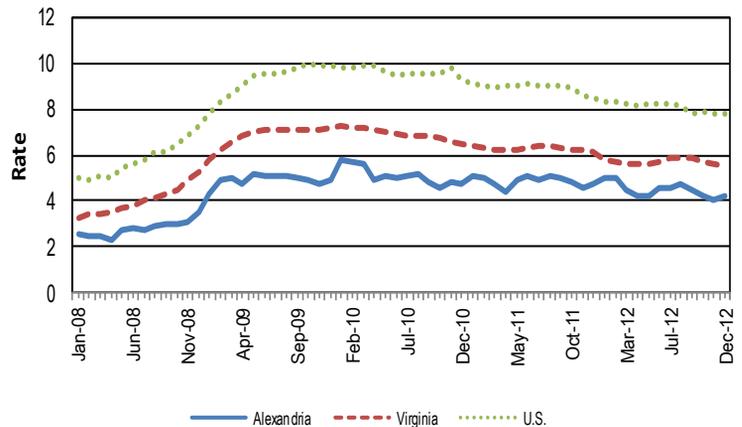
The City has several awards and recognition programs designed to acknowledge employees who work above and beyond expectations, who provide excellent customer service, who reach education milestones, who work well in team environments, and also for those employees who have worked for the City for an extended period of time.

Labor Market Data

The map to the right shows the dispersion of City employee residences. The vast majority of Alexandria City employees live outside the City. As a consequence, Alexandria competes in the regional labor market for workers.



Unemployment Rate - U.S., Virginia, and Alexandria



Source: U.S. Department of Labor, Bureau of Labor Statistics

*Alexandria unemployment is not seasonally-adjusted, while U.S. and Virginia are seasonally-adjusted.

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