



# FY 2017 CITY MANAGER'S PROPOSED BUDGET

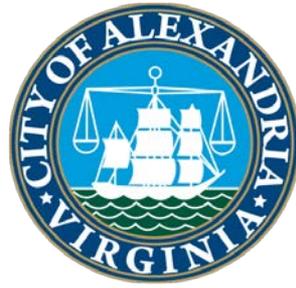
Revenues/Five Year Financial Planning Model/Compensation

March 1, 2016



# AGENDA

- Revenues
- Five Year Financial Planning Model
- Compensation
- Budget Process (Budget Memo #1)

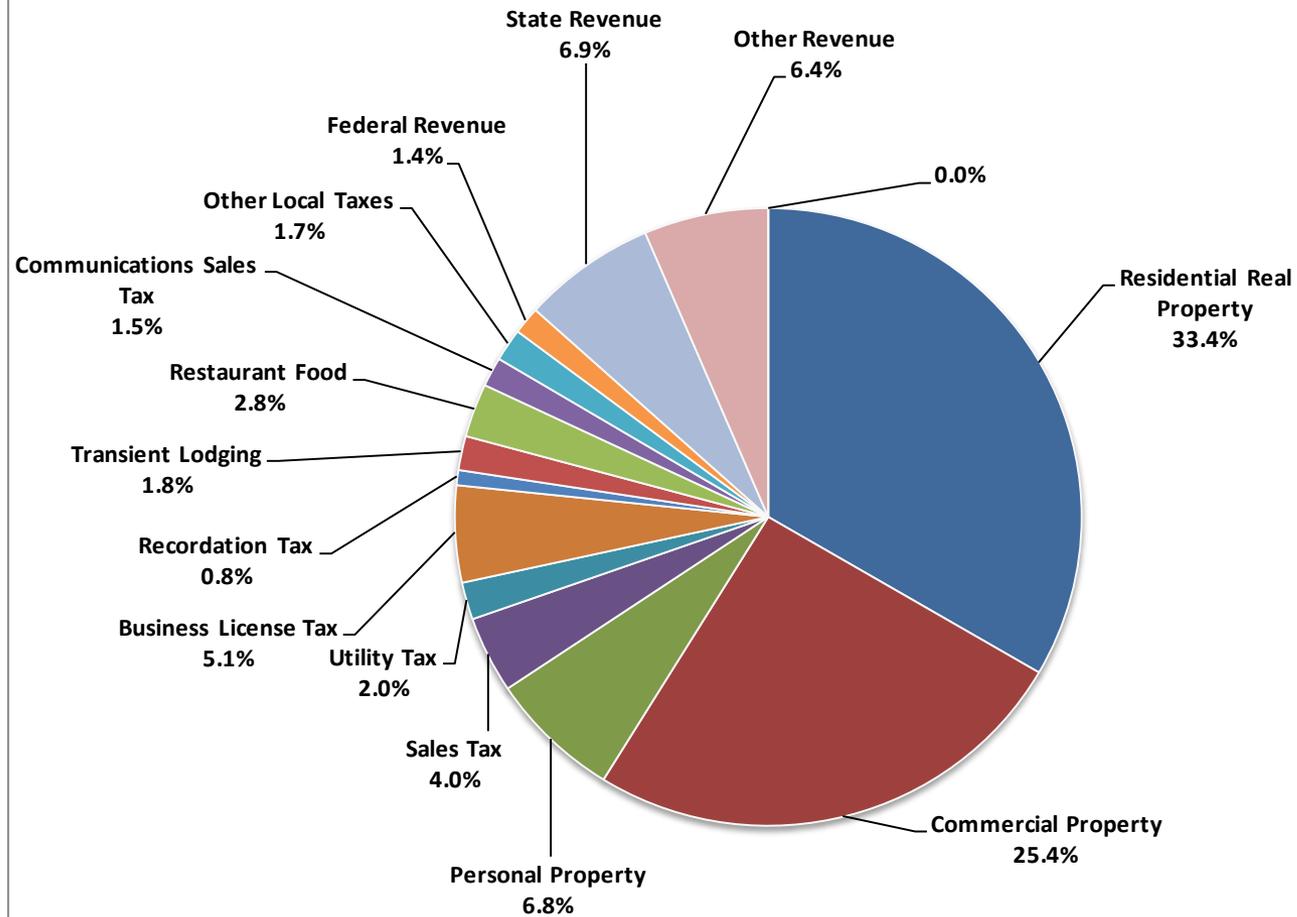


# REVENUES



# FY 2017 GENERAL FUND REVENUE

## \$671.6 M





# REAL ESTATE PROPERTY TAX RATE

## Comparison to Other Jurisdictions

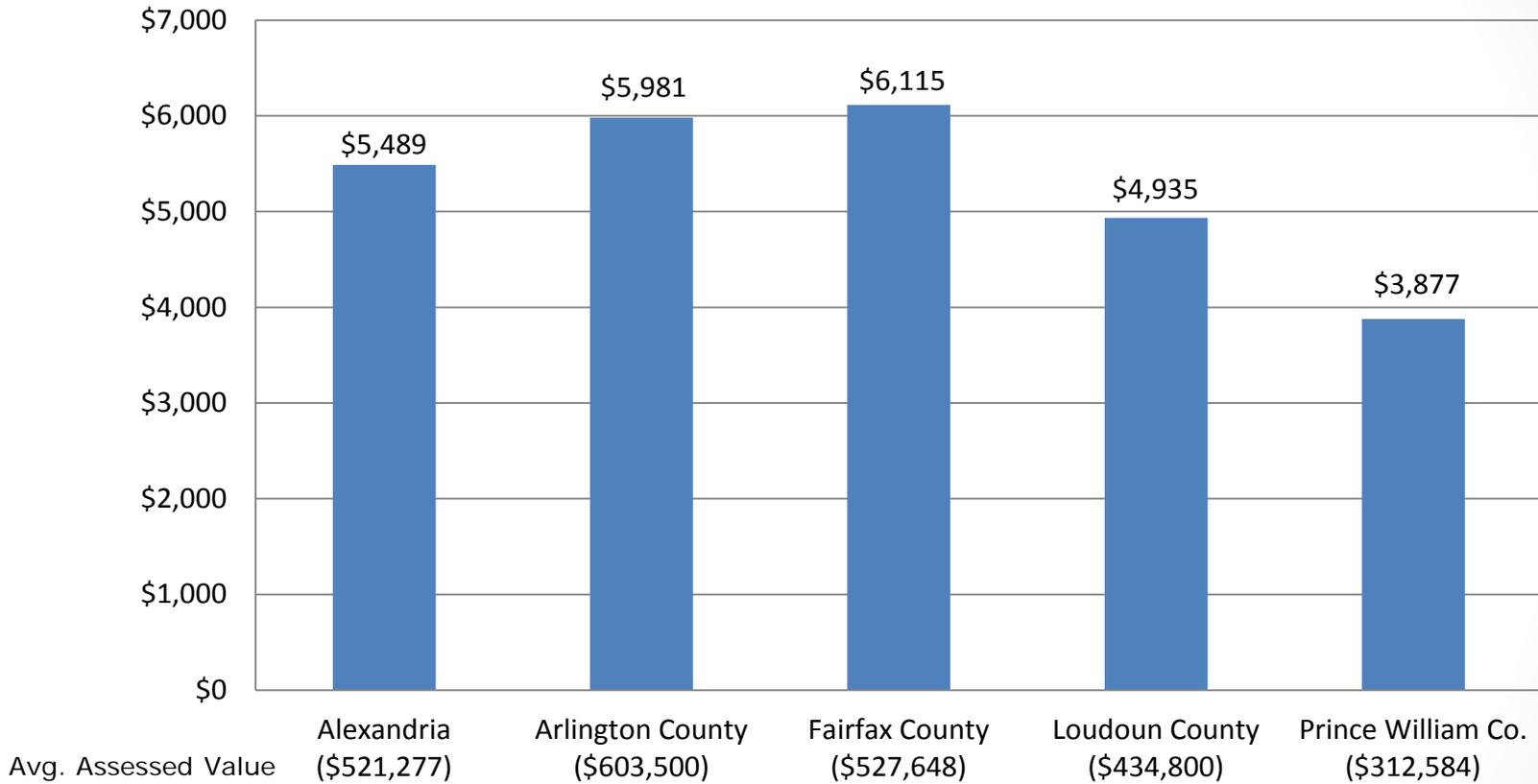
### FY 2017 Proposed Tax Rates

	Alexandria	Arlington	Fairfax County	Loudoun County	Prince William County
Real Property (base rate)	1.048	0.978	1.130	1.135	1.145
Storm water management initiatives	0.005	0.013	0.028	0.000	0.000
Pest infestation/management	-	0.000	0.001	0.000	0.003
Fire & Rescue	0.000	0.000	0.000	0.000	0.071
<b>Total Residential Tax Rate</b>	<b>1.053</b>	<b>0.991</b>	<b>1.159</b>	<b>1.135</b>	<b>1.218</b>
Commercial Add-on	0.000	0.125	0.125	0.000	0.000
<b>Total Commercial Tax Rate</b>	<b>1.053</b>	<b>1.116</b>	<b>1.2835</b>	<b>1.135</b>	<b>1.218</b>
Rate Change	+1 cent	-0.5 cents	+3 cents	N/A	+2.3 cents
Additional Option	+1 cent	N/A	+1 cent	+1.5 cents	N/A

- Residential real estate tax rate is the second lowest in Northern Virginia
- Commercial real estate tax rate is the lowest in Northern Virginia



# REAL ESTATE TAXES ASSESSED ON A TYPICAL HOME





# AVERAGE RESIDENTIAL REAL ESTATE TAX BILL IMPACT

## FY 2017 Proposed Tax Rate \$1.053

Real Property	2015 (CY) Avg. Tax Bill \$1.043 (A)	Assessment Increase % (B)	Assessment Increase Only \$ (C)	1.0 cent Increase (D)	2016 (CY) Avg. Tax Bill \$1.053 (A+C+D)	Monthly Impact	Annual Impact
Average SF & Condo (Avg. Value = \$521,227)	\$5,318	2.2%	\$119	\$52	\$5,489	\$14	\$171
Single Family (SF) (Avg. Value = \$720,701)	\$7,323	2.6%	\$194	\$72	\$7,589	\$22	\$266
Condo (Avg. Value = \$306,883)	\$3,159	1.3%	\$42	\$31	\$3,231	\$6	\$73

- Reassessment = +\$119
- 1 Cent Increase = +\$52
- 2 Cent Increase = +\$104



# RATE CHANGES

## Refuse Fee Collection

### Comparison to Other Jurisdictions

	Alexandria	Arlington	Fairfax County	Loudoun County*	Prince William County*
Residential Refuse Fee	\$353.00	\$307.28	\$345.00	\$0.00	\$0.00

\* Loudoun County and Prince William County do not provide curbside refuse collection. Homeowners pay disposal fees to private haulers.

- Residential refuse fee increased from \$337 to \$353 due to reduction in market pricing of recyclable materials
  - Monthly Impact \$1.33
  - Annual Impact \$16.00

## Sanitary Sewer Maintenance Fee

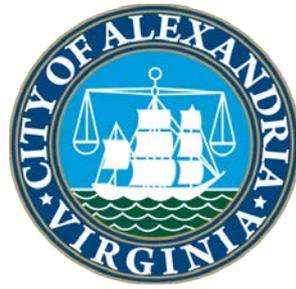
- Increase from \$1.25 to \$1.40 per 1,000 gallons of water
  - Monthly Impact \$0.68
  - Annual Impact \$8.15



# IMPACT OF TAX RATES AND FEE CHANGES

	<b>Monthly Impact</b>	<b>Annual Impact</b>
Real Property Tax (avg. tax bill)	\$14.25	\$171.00*
Refuse Fee	\$1.33	\$16.00
Sanitary Sewer Maintenance Fee	\$0.68	\$8.15
<b>Total Impact</b>	<b>\$16.26</b>	<b>\$195.15*</b>

\* = +1 Cent Real Estate Tax Rate Increase



# FIVE YEAR FINANCIAL PLANNING MODEL



# Five Year Financial Planning Model Changes

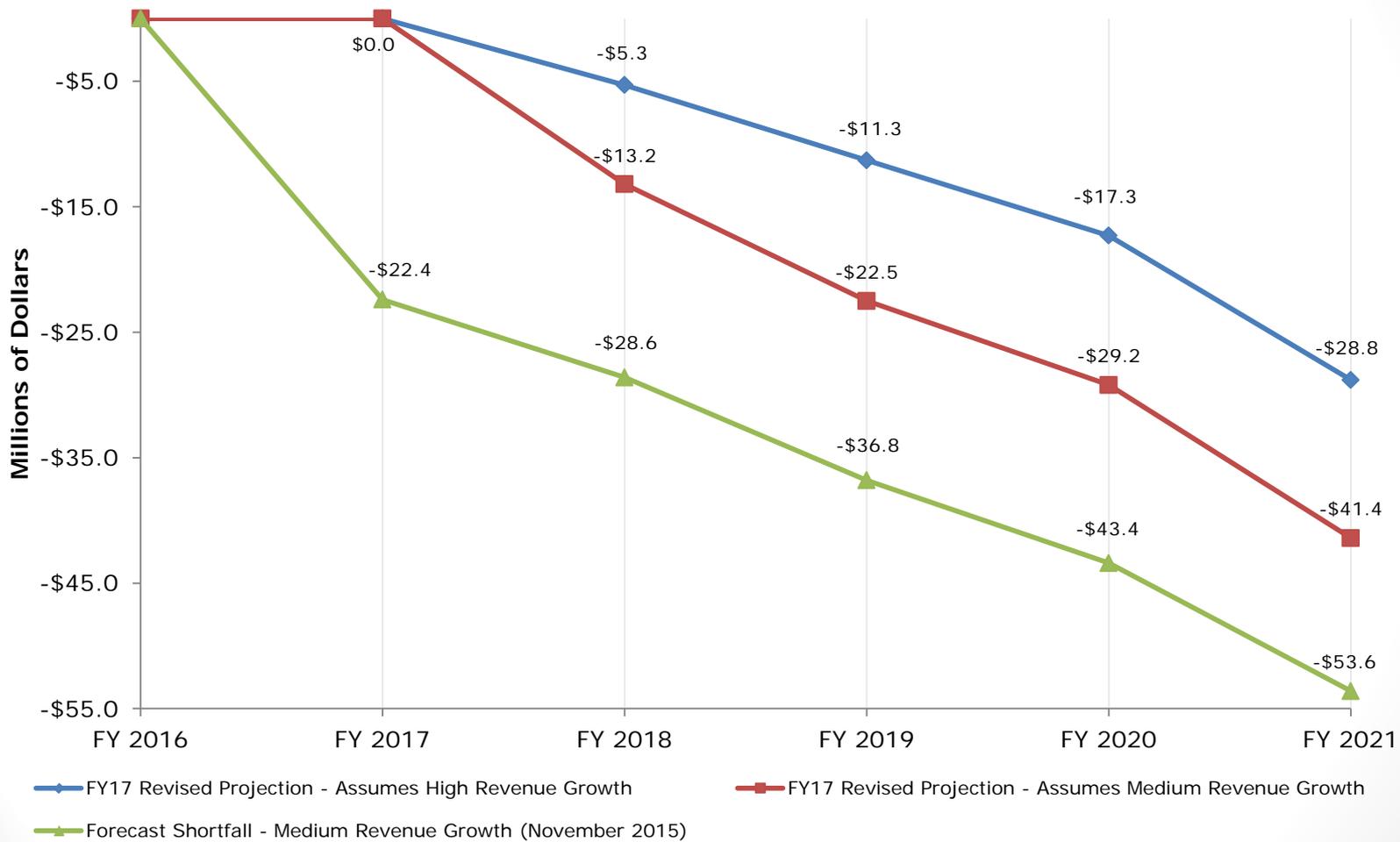
## Revenues

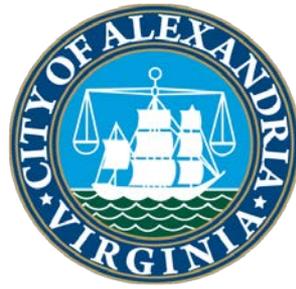
- Revised revenue assumptions based on FY 2017 proposed revenue and ongoing monitoring of the economic climate

## Expenditures

- Capital Improvement Program (CIP) cash capital and debt service funding in the operating budget have been reduced from the amounts included in the out-years of the FY 2016-2025 approved ten-year CIP based on the Manager's proposed FY 2017 budget.
- Departmental operating budgets have been reduced through the combination of efficiency reductions and service reductions outlined in the Manager's proposed FY 2017 proposed budget.

# Five Year Financial Planning Model Updated





# COMPENSATION



# FIRE DEPARTMENT

## FIREFIIGHTERS

A market-pay analysis was conducted revealing that the pay for sworn Firefighters was below market.

Entry Level	Minimum	Midpoint	Maximum
Arlington	\$ 48,006	\$ 75,576	\$ 103,147
Fairfax	\$ 53,732	\$ 72,715	\$ 91,699
Montgomery	\$ 44,813	\$ 64,407	\$ 84,002
Prince George's	\$ 40,848	\$ 72,072	\$ 103,297
Prince William	\$ 47,299	\$ 67,516	\$ 87,734
Market Average	<b>\$46,940</b>	<b>\$70,458</b>	<b>\$93,976</b>
Alexandria	<b>\$45,801</b>	<b>\$68,802</b>	<b>\$91,802</b>
Market Deviation	<b>-2.42%</b>	<b>-2.35%</b>	<b>-2.31%</b>



# FIRE DEPARTMENT

## FIREFIIGHTERS

To bring entry level pay closer to the average of the market, a 2.5% increase to the Sworn Fire Pay Scale is proposed.

Entry Level	Minimum	Midpoint	Maximum
Market Average	\$46,940	\$70,458	\$93,976
Alexandria (after 2.5% increase)	\$46,946	\$70,522	\$94,097
Market Deviation	0.08%	0.15%	0.19%



# FIRE DEPARTMENT OFFICERS

This same market-pay analysis revealed that the pay for Fire Officers was also below the average of the market, particularly for Fire Captains.

Min/Max Salary* Jurisdiction	Lieutenants			Captains			Battalion Chief		
	Year 6	Year 20	Actual Avg. Salary	Year 8	Year 20	Actual Avg. Salary	Year 11	Year 20	Actual Avg. Salary
Arlington	\$79,165	\$103,147	\$89,106	\$100,818	\$127,067	\$105,314	\$126,523	\$147,368	\$133,447
Fairfax	\$78,694	\$100,437	\$97,310	\$90,892	\$127,297	\$122,348	\$116,892	\$142,005	\$145,878
Montgomery	\$73,497	\$96,787	\$83,310	\$88,781	\$112,958	\$105,218	\$105,911	\$130,048	\$118,537
Prince George's	\$62,233	\$100,737	\$94,088	\$73,333	\$110,810	\$109,991	\$89,436	\$121,892	\$126,586
Prince William	\$69,735	\$112,749	\$75,258	\$81,612	\$124,934	\$94,132	\$104,278	\$143,806	\$120,261
<b>Market Average</b>	<b>\$72,665</b>	<b>\$102,771</b>	<b>\$87,814</b>	<b>\$87,087</b>	<b>\$120,613</b>	<b>\$107,401</b>	<b>\$108,608</b>	<b>\$137,024</b>	<b>\$128,942</b>
<b>Alexandria</b>	<b>\$72,476</b>	<b>\$96,387</b>	<b>\$81,450</b>	<b>\$85,592</b>	<b>\$106,263</b>	<b>\$95,915</b>	<b>\$112,372</b>	<b>\$128,800</b>	<b>\$115,497</b>
<b>Deviation</b>	<b>-0.26%</b>	<b>-6.21%</b>	<b>-7.25%</b>	<b>-1.72%</b>	<b>-11.90%</b>	<b>-10.69%</b>	<b>3.47%</b>	<b>-6.00%</b>	<b>-10.43%</b>



# FIRE DEPARTMENT OFFICERS

In addition to the 2.5% increase to the Sworn Fire Pay Scale, it is proposed that the pay grades for Fire Officers be reallocated one grade higher than they are today (additional 5%).

**Fire Officer Pay Range Market Comparability**

	Deviation from Average Minimum Salary*	Deviation from Average Midpoint Salary	Deviation from Average Maximum Salary*
<b>Lieutenant</b>	-0.26%	-3.89%	-6.62%
<b>Reallocation + 2.5% PSA</b>	6.85%	3.47%	0.94%
<b>Captain</b>	-1.75%	-8.26%	-13.50%
<b>Reallocation + 2.5% PSA</b>	5.45%	-0.60%	-5.48%
<b>Battalion Chief</b>	3.35%	-1.64%	-5.99%
<b>Reallocation + 2.5% PSA</b>	10.20%	5.57%	1.53%
*Minimum salary reflects earliest salary in rank based on a typical career progression			
*Maximum salary reflects the year employees in every comparator should reach the top of their pay scale			



# Years of Service Alignment Model (YOSAM)

- \$1.8 million annual total cost for public safety employees
- Matches step on pay scale with years of service
- Could be phased in
- Equity question with General Scale employees (cost of General Scale YOSAM would be \$4.4 million annually)
- YOSAM would encourage earlier retirement



# COMPARATOR JURISDICTIONS

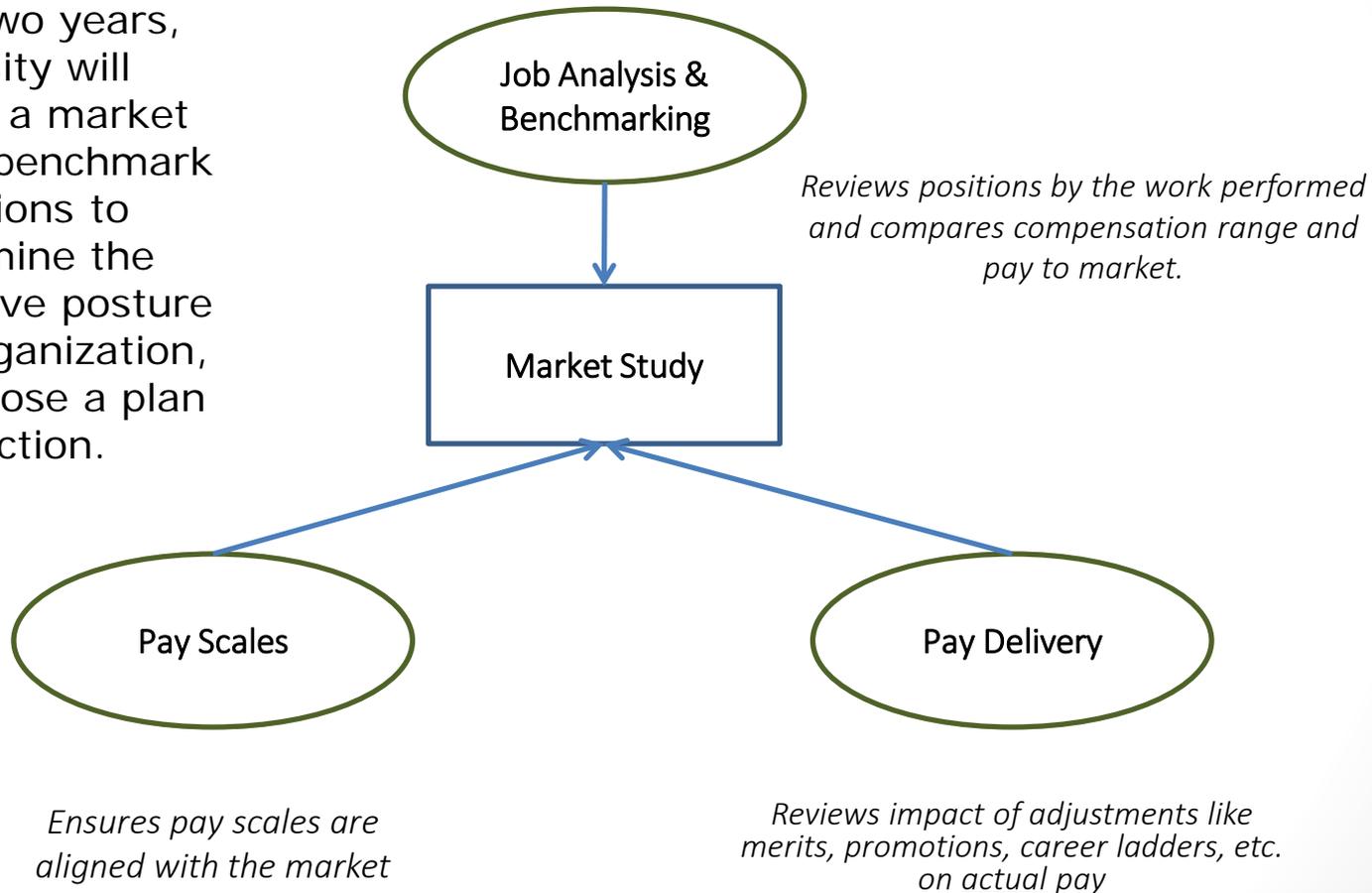
## FY 2017 Proposed Market Salary/Scale Changes among Comparators\*

Jurisdiction	Payscale Adjustments	Merit
<b>Alexandria</b>	2.50% Fire Fighters and Officers 1 pay grade increase Fire Officers TBD EMS in review \$14.13 New living wage 1% VRS offset	Merit Increases between 5% and 2.3%
<b>Arlington</b> (Budget Adoption Date 4/19/2016)	New End of Scale Step of 1.75% \$14.50 New living wage \$500 CDL Safe Driving Bonus Removing Steps 2 and 3 from GS Scale	3.25% General Scale 3.50% Public Safety or Merit Pool/Pay for Performance (TBD)
<b>Fairfax County</b>	1.33% All pay scales	1.99% Avg General Workforce 2.25% Avg Uniformed Public Safety
<b>Montgomery County</b>	TBD	TBD
<b>Prince George's County</b>	TBD	TBD
<b>Prince William County</b> (Budget Adoption Date 4/19/2016)	1% VRS offset	3.00% Merit for all pay scales

\*This data is preliminary as no comparator budgets have yet been adopted

# BENCHMARKING: GENERAL SCHEDULE

Every two years, the City will conduct a market study of benchmark positions to determine the competitive posture of the organization, and propose a plan of action.





# BENCHMARKING:

## GENERAL SCHEDULE

Benchmark studies are conducted every two years to review the pay for City employees.

- Benchmark standards require a sample size of 30%-50%
- Benchmark job classes are jobs that have duties that are:
  - Understood and industry accepted
  - Have meaning from an internal career and work flow perspective
  - Can be linked to the labor marketplace
- Benchmark job classes are selected based on:
  - Number of incumbents
  - Scope of comparable jurisdictions
  - Career ladder positions
  - Key positions/functions of the organization
  - Frequently questioned job classes



# BENCHMARKING: GENERAL SCHEDULE

A benchmark study was conducted to review the pay for General Schedule employees.

- 176 job classes (30% of active job classes)
- These job classes were studied and compared with our comparator jurisdictions
- This study confirmed that employees on the General Schedule pay scale are currently competitive to the market (within +/- 5% of the market average)

### City of Alexandria Market Position

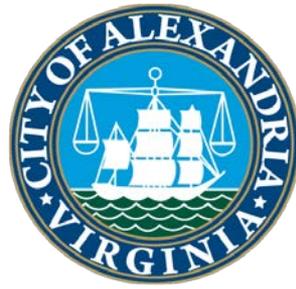
*Alexandria compensation levels by salary schedule relative to average of comparator market*

Salary Schedule	Jobs Matched	Deviation from Average Minimum Salary	Deviation from Average Midpoint Salary	Deviation from Average Maximum Salary	Deviation from Actual Average Salary
All General Schedule (excluding Exec & Management)	121	\$1,184	-\$499	-\$2,182	\$1,454
% Ahead or behind Market		2%	-1%	-3%	2%



# Living Wage

- The Proposed FY 2017 Budget includes a Living Wage Adjustment of \$1.00 per hour, increasing the Living Wage from \$13.13 to \$14.13 per hour, for a total cost of \$270,000. The cost for City employees is \$170,000 and the cost for City service contract employees is \$100,000.
- Increasing to full living wage would be \$1,162,000 for \$15.79 per hour wage



# EMPLOYEE BENEFITS



# FY 2017 Employee Benefits

- The Proposed FY 2017 Budget assumed a 7% increase in employee benefits for Kaiser and United Healthcare and no change to 80/20 premium cost sharing
- FY 2017 budget includes an additional \$1.0 million to cover 80% City share
- HR recently received the estimated employee benefit increases for the City's healthcare plans
  - United Healthcare (UHC) ± 11.8% increase
  - Kaiser 0% change



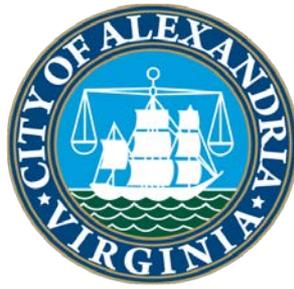
# FY 2017 Employee Benefits

- HR conducting campaign through March to educate Employees on reducing healthcare costs
- Expansion of City's Wellness Program to provide individual assistance to Employees for achieving healthier lifestyles
- Increase employee parking rates by \$10, from \$100 to \$110
- No increase in life insurance rates



# Public Safety Retirement Adjustment Mechanism

- Cost in excess of the baseline (24.73%) will be shared as of July 1, 2016
- Rates increased in the first year, and have decreased slightly ever since, but not below the baseline rate
- For FY 2017, the excess above the baseline is 0.43%; the employee 1/3 share is 0.14%
- Average employee cost is \$3.50 per pay



# BUDGET PROCESS (BUDGET MEMO #1)



# BUDGET DEVELOPMENT DATES

<del><b>Tuesday, March 1</b></del>	7:00pm	<del>Budget Work Session: Revenues/Five Year Financial Planning Model/Compensation</del>
<b>Wednesday, March 9</b>	7:00pm	Budget Work Session: Alexandria City Public Schools
<b>Monday, March 14</b>	4:00pm	Public Hearing: FY 2017 Budget
<b>Tuesday, March 15</b>	7:00pm 9:00pm	Work Session: Capital Improvement Projects Introduction of Tax Rate Ordinance
<del><b>Monday, March 28</b></del>	<del>7:00pm</del>	<del>Budget Work Session: TBD - Cancelled Due to Conflict</del>
<b>Thursday, March 31</b>	7:00pm	Budget Work Session: <b>Healthy &amp; Thriving Residents</b>
<b>Tuesday, April 5</b>	7:00pm	Budget Work Session: <b>Livable, Green &amp; Prospering City</b>
<b>Thursday, April 7</b>	7:00pm	Budget Work Session: <b>Accountable, Effective &amp; Well-Managed Government &amp; Safe, Secure &amp; Just Community</b>
<b>Thursday, April 14</b>	TBD	Budget Work Session: TBD (if needed)
<b>Saturday, April 16</b>	9:00am	Public Hearing: FY 2017 Tax Rate
<b>Tuesday, April 19</b>	7:00pm	Budget Work Session: BFAAC & Topic TBD
<b>Tuesday, April 26</b>	6:00pm	Legislative Meeting: Preliminary Add/Delete Discussion
<b>Monday, May 2</b>	7:00pm	Budget Work Session: Final Add/Delete Discussion
<b>Thursday, May 5</b>	7:00pm	Special Meeting: Budget Adoption (Council Chambers)

# Add/Delete & Adoption

- Fri 4/15: Suggested Deadline for Budget Questions
- Thurs 4/21: Add/Delete Items Due from Council Members
  - Items Must Have Been Subject of Work Session Discussion, Public Hearing, or Budget Question/Memo
  - Require 2 Co-sponsors
  - Must Be Balanced (Or Have Surplus)



# Add/Delete & Adoption

- Tues 4/26: Preliminary Add/Delete
- Fri 4/29: Publish Add/Delete Items for Council & Public
- Mon 5/2: Add/Delete Final Decisions
- Tues 5/3: Publish Final Decisions for Council & Public
- Thurs 5/5: Budget Adoption