

# City of Alexandria, Virginia

## MEMORANDUM

**DATE:** APRIL 18, 2016  
**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
**THROUGH:** MARK B. JINKS, CITY MANAGER *mj*  
**FROM:** MORGAN ROUTT, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET *MR*  
**SUBJECT:** BUDGET MEMO #15: COMPENSATION WORK SESSION FOLLOW-UP

This memorandum responds to questions from various City Council members regarding compensation and classification information.

### QUESTION:

Why were our current comparator jurisdictions selected and should they change? What is our Compensation Philosophy?

### ANSWER:

As outlined in the FY 2009 Approved Budget (page 22-3), the City's compensation philosophy, including policies, practices and the definition of the City's comparative labor market (including the five named jurisdictions indicated below), was approved by City Council on May 27, 1997. While there is no recent documentation that provides the details of why these comparators were chosen, comparators are typically selected based on their proximity to an organization, the makeup of an organization and competition in the labor market; Alexandria's current comparators were likely chosen based on these factors. Loudoun County may have been excluded as a comparator in the past because it was less urbanized, had fewer employees, and drew much of its workforce from lower cost of living areas, such as West Virginia, and therefore would not have been an appropriate comparator for the City at that time.

Based on the current Council-adopted compensation policy, our comparator jurisdictions have included:

- Arlington County
- Fairfax County
- Prince William County
- Prince George's County
- Montgomery County

While these five are considered the City's primary labor market, other sources including other jurisdictions locally and nationwide can be considered when information for this group does not provide sufficient information to complete a thorough market analysis. Other comparators are identified based on:

- Similarities in size, industry, market, geography and performance levels
- Organizations that we compete with for employees

Further research and analysis would be needed to determine the appropriateness of the City's current comparators based on the additional factors included here. This review is included in the Human Resources Departmental work plan scheduled to be completed during the fourth quarter of FY 2016.

**QUESTION:**

How are the differences in hours worked by Firefighters treated in the analysis? How many hours do our Firefighters work in comparison to our comparator jurisdictions?

**ANSWER:**

Number of hours worked by jurisdiction:

- City of Alexandria – 2,912 hours/year (56 hours/week); professional
- Arlington County – 2,912 hours/year (56 hours/week); professional
- Fairfax County – 2,912 hours/year (56 hours/week); professional
- Prince William County – 2,496 hours/year (48 hours/week); professional/volunteer
- Loudoun County – 2,184 hours/year (42 hours/week); professional/volunteer

It should be noted that Fairfax, Arlington, and Alexandria rely on professional full time firefighters, whereas Loudoun and Prince William rely on a mix of full time professional and part time volunteer firefighter staffing.

As we consider additional comparator jurisdictions, we would also need to confirm or identify if the current and suggested comparators continue to be the best options for future analysis.

**QUESTION:**

How many City employees are affected by the living wage increase? What is the cost for those below the proposed living wage rate and those being moved due to compression?

**ANSWER:**

Employees who are proposed to receive a living wage increase to \$14.13:

- Number – 108
- Cost – \$154,900

Employees who would be impacted by a living wage increase pay compression and who would receive a pay increase of between \$0.20 and \$0.94 an hour:

- Number – 61
- Cost – \$14,852

**QUESTION:**

How do the Fire market rate adjustment, officer reallocation and career ladder advancements interact?

**ANSWER:**

The 2.5% Market Rate Adjustment (MRA) recommended in the Proposed FY 2017 Budget would be applied across all pay grades, increasing the pay for all positions on the Sworn Fire pay scale by 2.5%. This would result in a fully updated pay scale. Once the pay scale has been updated, officer positions would be reallocated one step which would add 5% to their pay on top of the 2.5% base salary scale increase. Any new positions created by the Fire Department hereafter, including career path positions, would be assigned a pay grade where the 2.5% MRA has already been applied.

**QUESTION/DIRECTIVE:**

Human Resources should look at the implementation of an on-site health center in the FY 2018 budget.

**ANSWER:**

The City considers increasing employee health opportunities to be a very desirable goal from a number of perspectives – reduction in insurance cost, increase in productivity, and improvement in employee morale to name a few. Consequently, we are continually looking for viable ways to expand our employee health programs.

Staff recently had the opportunity to speak with benefits management personnel in Arlington and Fairfax Counties to discuss on-site health centers. Arlington started a center a few years ago when they outsourced their occupational health needs, giving them a ready-made space to use. Operationally, this center:

- Operates 4 days per week, from 8:30 AM to 4:30 PM each day,
- Serves an average of 8 or 9 employees per day,
- Is staffed by a Nurse Practitioner and Medical Assistant (External provider doctor reviews charts remotely), and
- Provides services including office visits, prescriptions, lab work, shots and disease management monitoring for all employees.

In Fairfax, there is no on-site health center for the general employee population – just an occupational health facility for all Police Officers and Firefighters. City staff have also discussed an on-site health center with our benefits consultants. They were able to provide us with a great deal of information regarding considerations for assessing the viability of a successful health center for an organization. While this option was not considered as part of the FY 2017 budget process, we will review the data we have regarding the parameters for a successful on-site health care center to determine whether this could provide a localized level of service for our employee health program.

**ATTACHMENTS:**

Attachment 1 – City of Alexandria Compensation Philosophy

## CITY OF ALEXANDRIA COMPENSATION PHILOSOPHY

### Overview

The statement of compensation philosophy is intended to provide a broad framework for the City Council, management, employees and the citizens in order to understand and guide decisions that affect pay. It is designed to reflect the importance public employees play in the delivery of services and programs to the community; that compensation is a clear measure of that importance; and that there is fair and equitable treatment of all employees, regardless of race, gender, or disability, and in accordance with EEO/AA goals. In addition, the statement establishes the commitment and necessity to maintain comparability with jurisdictions that are most likely to affect recruitment and retention of employees.

### Competitiveness and Comparability

The intent of the compensation philosophy is to maintain a competitive compensation program in order to attract, retain, and motivate qualified employees. To that end, the following principles govern compensation programs:

- Pay programs are intended to be competitive at a minimum with the average pay of comparator organizations in the primary labor market. The primary labor market is currently defined as the Counties of Arlington, Fairfax, Prince William, Montgomery and Prince George's.
- From time-to-time, the City may recommend that other comparators should be used (e.g., Commonwealth of Virginia, agencies of the Federal government, or private sector employers or industry groups) where information from the primary labor market is considered insufficient to attract/retain specific positions or classification groups.
- In all instances, for benchmark jobs, information for an assessment of pay competitiveness will be ascertained through reliably published compensation survey data.
- 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. The City may determine if a classification needs review in the interim.
- If an average salary falls below market averages to the extent that attracting and retaining qualified employees may be jeopardized, the City will propose action necessary to align the position or classification with the competitive marketplace for implementation in the next fiscal year or sooner, if financially feasible.

### General Salary Adjustments

Annually, the City Manager will recommend a budget for general salary adjustments that is based upon:

- Overall competitive posture of the organization.
- Market rate adjustments.
- Comparator organizations in the primary labor market.
- Financial affordability.

### Pay Scales

The City will promulgate pay scales for all employees that will provide information on salary increases that an employee may expect from year-to-year if performing satisfactorily. In the public safety classifications, the pay scale schedules will differ from the general employee classifications.

For City employees, the annual increases in base salaries from year to year will be based on meeting established performance standards. In all cases, employees will know performance expectations to advance in-grade and career development opportunities to advance to another grade.

The specific schedules will be competitive at 100% (Approved by City Council – Item #12 dated 12-13-06) of the average pay levels for the relevant labor market, and will be adjusted whenever necessary to maintain market competitiveness.

Salary increases from the pay scale are a function of performance-merit. Such increases are recognition of performance that meets and exceeds expectations. Merit increases are not automatic.

All employees should be made aware that such increases are recognition of performance that meets and exceeds expectations. Performance standards and supervisory evaluations should stress that merit increases are not automatic.

#### **Career Development Increases**

The City will develop a structure to provide salary increases to recognize the attainment of career levels and developmental milestones that assure that the City's career positions are paid comparable with those in the primary labor market. Such a structure enables existing employees in career jobs within the City to receive pay increases in addition to merit, and enables the City to target its pay to those employees who grow in skill and capability.

#### **Education and Tuition Assistance**

An objective of compensation is to encourage and support advanced study, education and degree attainment for job-related courses and programs. The City will prepare and disseminate procedures for applying for and receiving education and tuition assistance, including the academic grades or measures necessary for an employee to be reimbursed and the type of course work that is authorized. The amount to be budgeted for this program will be the average of the budgets for the primary comparator jurisdictions. (A.R. 6-16, Employee Educational Tuition Assistance Program, was recently updated.)

#### **Incentives**

It is also the intent of the compensation philosophy to provide financial incentives for extraordinary and exemplary performance in two categories. First, with the recommendation of the City Manager and the approval of the City Council, an employee may be given a taxable cash award ranging from \$1000 to \$10,000. Such awards are to be given only in those instances where performance or contributions are deemed unique, truly extraordinary, and significantly beneficial to the City.

Second, there should be a program for rewarding employees at any time who demonstrate exemplary performance significantly beyond job expectations. Taxable cash awards in this category may be given to a maximum of \$500, with typical awards being between \$100 and \$250. The City Manager should recommend a specific budget allocation to be made available for awards in this category, with procedures for determining selection of incentive awards.

In either category, these awards are one-time cash awards and should not be considered increases in base salary or benefits.

#### **Exceptions**

Nothing in this compensation philosophy statement should be construed as a required benefit in the event that the City experiences a decline in revenue or revenue growth lower than the projected increase in expenses. "Revenue" is currently defined as the two largest components of operating revenue: the real property tax base and the projected total personal property tax base. As with all budget decisions, merit increases, market rate adjustments and funds for other employee benefits are subject to annual appropriation.