

Personnel & Compensation Summary

Personnel & Compensation Highlights

Compensation down 3.2% overall

No MRA or merit/step increase

A reduction in the City workforce of 119 positions

Net staffing levels decrease by 87.7 full time equivalents (FTE's)

Depending on the type of plan, health insurance premiums will increase by 3.5% and 4%

\$2.5 million is provided to address unfunded retiree healthcare and life insurance liabilities (OPEB)

Study of employee pay for performance, position classification and compensation continues

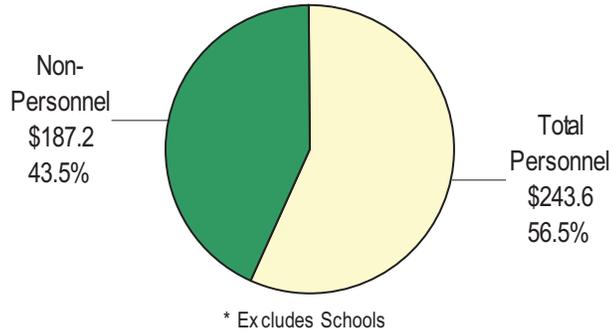
- Total compensation for City staff decreased by 3.2%. The main driver of this decrease is a freeze on employee pay, the zeroing out of the FY 2009 one-time pay supplement, as well as the reduction in staffing. For the first time since the early 1990s no market rate adjustment (MRA) or merit/step increases will be paid to employees.
- In the FY 2010 Approved Budget, the City workforce is reduced by approximately 4% of City staff or 119 funded full and part-time staff positions. Of these 119 positions, 74 are vacant; 16 employees will be transferred in the City, or will retire. The remaining 29 positions will be eliminated.
- The 119 position reductions result in a decline in City Staff levels of 102.0 full time equivalents (FTEs). This decline is partially offset by the addition of 14.3 FTE's. The net FTE decrease for FY 2010 is 87.7.
- Health care cost sharing for employees will not change; however premiums will increase by 3.5% for plans under Kaiser Permanente and 4% for plans under Mamsi/United Healthcare.
- Reductions in health insurance costs were taken to reflect savings attributable to lower than expected healthcare premium increases. A reduction of \$515,000 was taken for Kaiser Permanente and \$460,000 was taken for the United Healthcare plan.
- The establishment of a self-funded healthcare plan with Mamsi/United Healthcare in FY 2009, which resulted in an initial savings of \$0.3 million, is expected to produce \$1.1 million in savings annually once sufficient reserves are accrued.
- The budget continues to fund the multi-year plan to address unfunded liabilities for future benefits to City employees after retirement. The budget provides for \$2.5 million in FY 2010 for the City's obligation. The funding represents the second year in a four-year plan to gradually increase the annual funding to \$11.4 million per year to address the total City unfunded liability.
- The retiree health insurance subsidy annual maximum of \$3,120 is proposed to remain unchanged in FY 2010.
- The City is finalizing its study of employee pay for performance, position classification and compensation philosophy. A multi-year implementation of the results is expected, and in FY 2010 an initial \$500,000 has been set aside in City Council's contingent reserve for this purpose.

Personnel & Compensation Summary

Personnel Budget

Personnel expenditures account for about 57% of the All Funds budget.

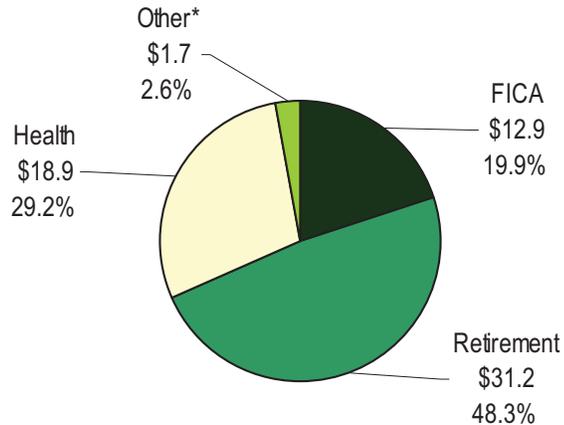
FY 2010 All Funds Budget*
\$430.8M



Of the \$243.6 million personnel budget, about \$179 million, or 73%, is for salaries. And about \$64.7 million, or 27%, is for fringe benefits.

Retirement and Healthcare are the biggest drivers of the fringe benefit costs. Retirement accounts for almost half of the fringe benefit costs, and healthcare almost 30%.

Fringe Benefit Expenditures
\$64.7M



*Includes Life Insurance; Worker's Compensation; Clothing/Care Allowance; Unemployment; Recruitment; & Long Term (LT) Disability

Personnel & Compensation Summary

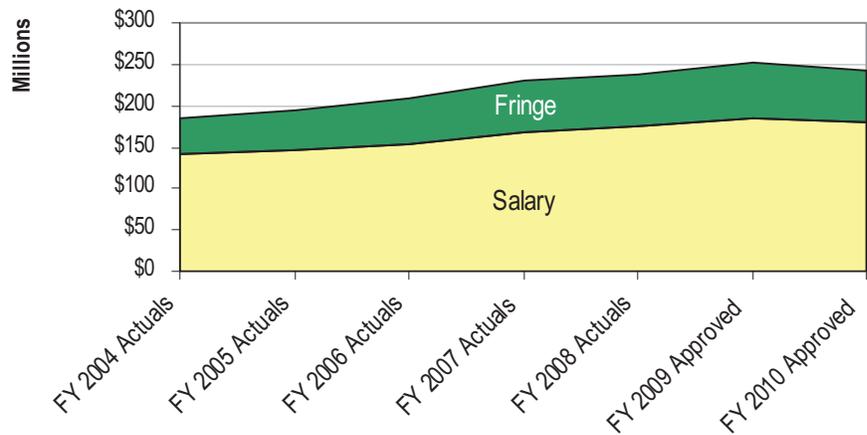
Total compensation declined by 3.2%. The total budget for salaries declined by 2.9% and total fringe benefits declined by 4.0%.

Title	FY 2009 Approved	FY 2010 Approved	\$Change FY09/10	%Change FY09/10
Total Salary	\$184.2	\$178.9	(\$5.3)	(2.9%)
<u>Fringe</u>				
FICA	13.0	12.9	(0.1)	(0.8%)
Retirement	32.9	31.2	(1.6)	(5.0%)
Health	19.7	18.9	(0.8)	(4.2%)
Other*	1.8	1.7	(0.1)	(7.3%)
Total Fringe	67.4	64.7	(2.7)	(4.0%)
Total Personnel	\$251.6	\$243.6	(\$8.0)	(3.2%)

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

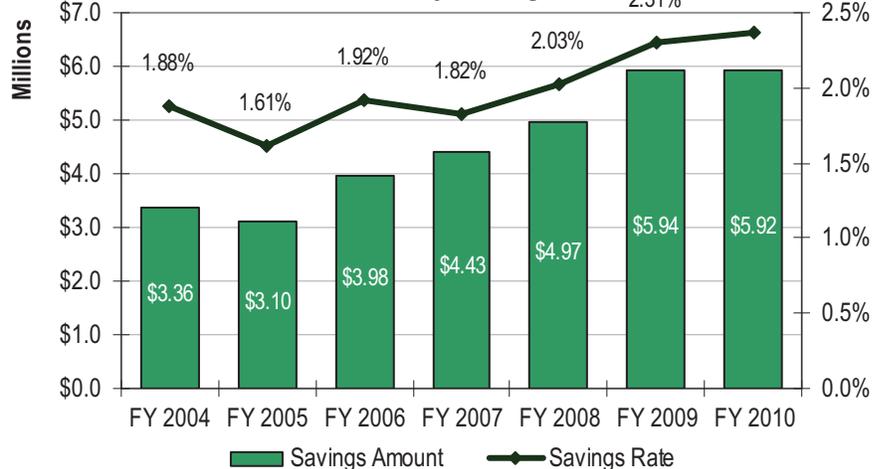
Since a large portion of fringe benefits is proportional to salary, they have been increasing at a relatively similar rate prior to FY 2009. In FY 2010 salary and fringe benefits declined.

History of Salary and Fringe Benefits



The City's total budget for personnel compensation includes a vacancy savings amount of \$5.92 million or 2.37%, \$0.02 million less than in FY 2009.

Vacancy Savings



Personnel & Compensation Summary

City Full-time Equivalent (FTE) Position Count

FTE's decrease by a net of 87.7 FTE's in the FY 2010 Approved Budget when compared to the FY 2009 Approved FTE count.

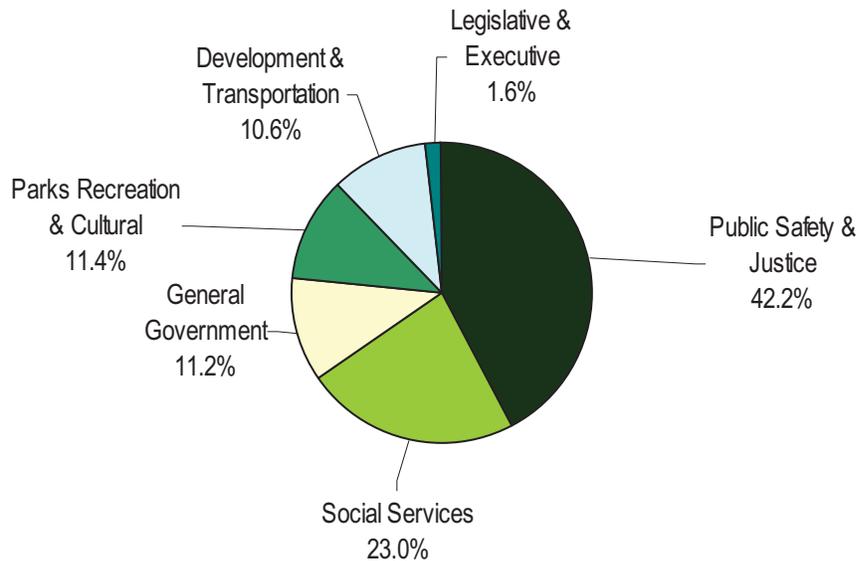
The decrease in FTE's is the result of the City workforce being reduced by 119 funded full and part-time positions.

Public Safety & Justice comprises over 42% of the City's workforce and Social Services is 23%.

FTE Summary

	FY 2009			FY 2010		Change	
	Approved	New	Deleted	Approved	#	%	
Full-time Permanent	2,405.0	13.0	(76.0)	2,342.0	(63.0)	(2.6%)	
Part-time (FTE)	202.7	1.3	(10.0)	194.0	(8.7)	(4.3%)	
Approved Overhire	57.0	0.0	(16.0)	41.0	(16.0)	(28.1%)	
Total (FTE)	2,664.7	14.3	(102.0)	2,577.0	(87.7)	(3.3%)	

FY 2010 Employees by Line of Business



Lines of Business Summary

Public Safety & Justice

- Police Department
- Fire Department
- Sheriff
- 18th Circuit Court
- Clerk of the Circuit Court
- Commonwealth Attorney
- Court Services Unit
- Law Library
- Registrar of Voters

Social Services

- Health Department
- Human Services Department
- Mental Health/ Mental Ret/ Substance Abuse

General Government

- Citizen's Assistance
- Finance
- General Services
- Human Rights
- Information Technology
- Internal Audit
- Office of Communications
- Management & Budget
- Office of Procurement
- Office on Women
- Human Resources
- Real Estate Assessments

Parks Recreation & Cultural

- Historic Alexandria
- Library
- Rec, Parks & Cultural Activities

Development & Transportation

- Office on Housing
- Planning & Zoning
- Transportation & Environmental Services

Legislative & Executive

- City Council
- City Manager
- Office of Communications
- City Attorney
- City Clerk & Clerk of Council

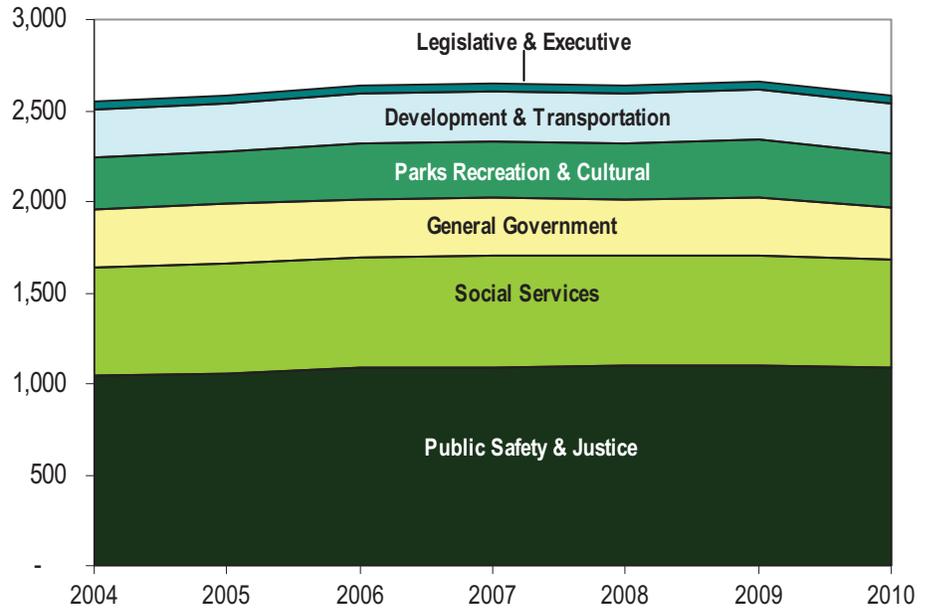
Personnel & Compensation Summary

FTE levels remained relatively flat from FY 2005 through FY 2009. The decline in FTE levels in FY 2010 reflects the reduction in the City's workforce of 119 funded positions.

It should be noted that FTE levels in the Social Services and Public Safety & Justice lines of business do not decrease as much as others.

The FY 2010 ratio of full-time positions to City population declines slightly to 16.4 full-time positions for every 1,000 residents.

Changes in FTE's FY 2004 Approved through FY 2010 Approved



Full-time City Positions per Alexandria population



* Current City population is approximately 142,588.

Personnel & Compensation Summary

During the FY 2004 - FY 2009 Approved Budgets, 111.2 net FTE's were added to City employment. Most of these positions were added during FY 2005 and FY 2006.

When the FTE reductions for FY 2010 are included, the City will only have added a net of 23.4 FTE's from FY 2004 – FY 2010. Put another way, the FTE level for FY 2010 returns the City to FY 2005 levels.

	Total FTE's						
	Approved FY 2004	Approved FY 2005	Amended FY 2006	Amended FY 2007	Approved FY 2008	Approved FY 2009	Approved FY 2010
<u>Legislative & Executive</u>							
City Council	14.0	14.0	14.0	14.0	14.0	14.0	14.0
City Manager	16.0	16.0	16.0	16.0	15.0	11.0	10.0
City Attorney	15.0	15.0	15.0	15.0	15.0	15.0	12.0
City Clk & Clk of Council	3.8	3.8	4.0	4.0	4.0	4.0	4.0
Subtotal	48.8	48.8	49.0	49.0	48.0	44.0	40.0
<u>Courts & Constitutional Officers</u>							
18th Circuit Court	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Clerk of Court	23.0	24.0	24.0	24.0	23.0	23.0	23.0
Commonwealth's Attorney	32.8	30.8	30.6	29.6	29.4	29.0	29.0
Court Services Unit	8.0	8.0	11.8	10.2	10.2	10.2	10.2
Law Library	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar of Voters	5.4	5.4	6.6	6.6	6.6	6.6	6.6
Sheriff	211.0	212.0	212.0	215.0	216.0	219.0	219.0
Subtotal	294.2	294.2	299.0	299.4	299.2	301.8	301.8
<u>General Government</u>							
Citizens Assistance	7.8	7.8	7.8	7.8	6.8	6.8	4.8
Finance	97.5	98.5	99.8	98.0	96.3	96.3	82.5
General Services	81.5	81.5	81.5	79.5	74.0	73.0	67.0
Human Rights	6.0	6.0	6.0	6.0	6.0	6.0	5.5
ITS	57.5	57.5	59.5	58.5	57.5	48.5	43.0
Internal Audit	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Office of Communications	-	-	-	-	-	11.0	10.0
OMB	10.0	10.0	11.0	11.0	11.0	11.0	11.0
Office of Procurement	-	-	-	-	-	-	8.0
Office on Women	19.5	19.5	19.5	19.5	19.3	20.9	19.4
Human Resources	24.3	24.3	24.6	24.6	24.6	24.6	21.6
Real Estate	12.8	13.0	14.0	15.0	15.0	16.0	14.0
Subtotal	318.8	320.1	325.6	321.8	312.5	315.9	288.7
<u>Operating Agencies</u>							
Fire	297.5	308.5	323.5	326.0	244.0	247.0	252.0
Code	---Included in the Fire Department---				84.0	84.0	72.6
Police	452.6	457.6	466.6	466.1	468.1	466.0	462.0
Health	14.0	17.0	18.6	19.6	19.6	18.2	17.3
Human Services	247.8	248.8	235.8	235.8	233.8	242.9	233.5
MH / MR / SA	327.9	337.7	346.6	353.1	354.1	347.9	341.7
Housing	20.0	20.0	20.0	20.0	18.0	18.5	17.0
Planning & Zoning	37.5	41.0	47.5	47.5	47.5	53.5	49.5
Historic Alexandria	29.4	29.4	30.4	29.4	29.4	29.4	26.8
Library	80.3	81.3	81.5	81.5	82.0	81.9	79.0
Rec Parks & Ctr'l Actv'ts	180.8	183.8	193.4	193.9	194.3	200.8	189.2
Transp & Envir Svc's	204.0	194.0	205.0	206.0	203.0	213.0	206.0
Subtotal	1,891.7	1,919.2	1,968.8	1,978.8	1,977.8	2,003.1	1,946.6
Grand Total	2,553.6	2,582.2	2,642.4	2,649.1	2,637.5	2,664.8	2,577.0

Personnel & Compensation Summary

**Personnel Changes:
FY 2009 Approved to
FY 2010 Approved**

This table shows FTE changes from the FY 2009 Approved Budget to the FY 2010 Approved.

The FY 2010 Approved Budget includes a net decrease of 87.7 FTE's.

The reason for the decrease in FTE's is due to the reduction of 119 positions from the City workforce.

A list of the reduced positions can be found on the following pages.

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

	FY 2009 Approved FTE's	FY 2010 Approved Positions			Total (FTE)	Change in FTE's FY 09 to FY 10	
		FT Perm.	Over- hire	PT (FTE)		#	%
<u>Legislative & Executive</u>							
City Council	14.0	-	-	14.0	14.0	-	-
City Manager	11.0	10	-	-	10.0	(1.0)	(9.1%)
City Attorney	15.0	12	-	-	12.0	(3.0)	(20.0%)
City Clk & Clk of Council	4.0	4	-	-	4.0	-	-
Subtotal	44.0	26	-	14.0	40.0	(4.0)	(9.1%)
<u>Courts & Constitutional Officers</u>							
18th Circuit Court	13.0	13	-	-	13.0	-	-
Clerk of Court	23.0	23	-	-	23.0	-	-
Commonwealth's Attorney	29.0	28	-	1.0	29.0	-	-
Court Services Unit	10.2	9	-	1.2	10.2	-	-
Law Library	1.0	1	-	-	1.0	-	-
Registrar of Voters	6.6	6	-	0.6	6.6	-	-
Sheriff	219.0	219	-	-	219.0	-	-
Subtotal	301.8	299	-	2.8	301.8	-	-
<u>General Government</u>							
Citizens Assistance	6.8	4	-	0.8	4.8	(2.0)	(29.6%)
Finance	96.3	78	-	4.5	82.5	(13.8)	(14.3%)
General Services	73.0	67	-	-	67.0	(6.0)	(8.2%)
Human Rights	6.0	4	1	1	5.5	(0.5)	(8.3%)
ITS	48.5	43	-	-	43.0	(5.5)	(11.3%)
Internal Audit	2.0	2	-	-	2.0	-	-
Office of Communications	11.0	10	-	-	10.0	(1.0)	(9.1%)
OMB	11.0	11	-	-	11.0	-	-
Office of Procurement	-	8	-	-	8.0	8.0	-
Office on Women	20.9	17	-	2.4	19.4	(1.5)	(7.2%)
Human Resources	24.6	20	1	0.6	21.6	(3.0)	(12.2%)
Real Estate	16.0	14	-	-	14.0	(2.0)	(12.5%)
Subtotal	315.9	278.0	2.0	8.7	288.7	(27.3)	(8.6%)
<u>Operating Agencies</u>							
Fire	247.0	252	-	-	252.0	5.0	2.0%
Code	84.0	54	18	0.6	72.6	(11.4)	(13.6%)
Police	466.0	454	6	2.0	462.0	(4.0)	(0.9%)
Health	18.2	10	-	7.3	17.3	(0.9)	(5.1%)
Human Services	242.9	228	-	5.5	233.5	(9.4)	(3.9%)
MH / MR / SA	347.9	273	-	68.7	341.7	(6.2)	(1.8%)
Housing	18.5	17	-	-	17.0	(1.5)	(8.1%)
Planning & Zoning	53.5	42	7	0.5	49.5	(4.0)	(7.5%)
Historic Alexandria	29.4	16	-	10.8	26.8	(2.6)	(9.0%)
Library	81.9	56	-	23.0	79.0	(2.9)	(3.5%)
Rec Parks & Ctr'l Actv'ts	200.8	139	-	50.2	189.2	(11.6)	(5.8%)
Transp & Envir Svc's	213.0	198	8	-	206.0	(7.0)	(3.3%)
Subtotal	2,003.1	1,739	39	168.5	1,946.6	(56.5)	(2.8%)
Grand Total	2,664.8	2,342	41	194	2,577.0	(87.7)	(3.3%)

Personnel & Compensation Summary

**Personnel Changes:
FY 2009 Approved to
FY 2010 Approved**

FY 2010 POSITION REDUCTIONS

Department	Position	FTEs
CMO	Grants Administrator	(1.00)
Sheriff	Chief deputy	(1.00)
Citizen Assistance	Secretary I	(1.00)
Citizen Assistance	Admin Tech	(1.00)
Finance	Personal Property Clerk	(0.75)
Finance	Secretary	(1.00)
Finance	Supervisory Account Clerk	(1.00)
Finance	Contract administrator	(1.00)
Finance	Accountant	(1.00)
Finance	Accountant	(1.00)
Finance	ITS coordinator	(1.00)
Finance	Revenue Collections Specialist II	(1.00)
Finance	Accountant II	(1.00)
General Services	Maint. Renovation Inspection Specialist	(1.00)
General Services	Account clerk III	(1.00)
General Services	Fleet Services Technician	(1.00)
General Services	Auto Services Advisor	(1.00)
General Services	Building Services Coordinator II	0.00
General Services	Administrative Officer	(1.00)
General Services	Administrative Technician	(1.00)
Human Rights	Investigator	(0.50)
ITS	Computer Operator	(1.00)
ITS	Computer Operator	(0.50)
ITS	Administrative Technician	(1.00)
ITS	Computer Support Engineer II	(1.00)
ITS	Database Administrator	(1.00)
ITS	Project Manager	(1.00)
Office on Women	Outreach Specialist	(0.50)
Office on Women	Community Education Specialist	(1.00)
Human Resources	Kronos Administrator	(1.00)
Human Resources	Human Resource Analyst	(1.00)
Human Resources	Division Chief	(1.00)
Real Estate	Account Clerk III	(1.00)
Communications	Graphic Artist	(1.00)

Personnel & Compensation Summary

**Personnel Changes:
FY 2009 Approved to
FY 2010 Approved**

FY 2010 POSITION REDUCTIONS

Department	Position	FTEs
Code Administration	Building Inspector I	(1.00)
Code Administration	Plan Review Engineer	(1.00)
Code Administration	New Construction Supervisor	(1.00)
Code Administration	Records Clerk	(0.40)
Code Administration	Engineer Aide II	(1.00)
Code Administration	Plan Review Engineer	(1.00)
Code Administration	Site Plan Examiner	(1.00)
Code Administration	Inspector I	(1.00)
Code Administration	Inspector I	(1.00)
Code Administration	Inspector I	(1.00)
Code Administration	Inspector I	(1.00)
Code Administration	City Architect	(1.00)
Police	SRU patrol officer	(1.00)
Police	Hack inspector	(1.00)
Police	DVU Officer	(1.00)
Police	Crime Prevention Tech	(1.00)
DHS	Clerk Typist III	(0.40)
DHS	Employment Training Specialist	(1.00)
DHS	Joblink Fraud Investigator	(1.00)
DHS	Youth Services Coordinator	(1.00)
DHS	Bus Driver	(1.00)
DHS	Client Intake Service Worker	(1.00)
DHS	DSS Chief of Services	(1.00)
DHS	Eligibility Worker II	(1.00)
DHS	Eligibility Worker I	(1.00)
DHS	Eligibility Worker I	(1.00)
DHS	Social Work Supervisor	0.00
MHM RSA	Clerk Typist I	(1.00)
MHM RSA	Account Clerk III	(1.00)
MHM RSA	Fiscal Analyst	(1.00)
MHM RSA	Secretary I	(1.00)
MHM RSA	Therapist III	(1.00)
MHM RSA	Therapist III	(1.00)
MHM RSA	MH Case Management Therapist	(1.00)

Personnel & Compensation Summary

**Personnel Changes:
FY 2009 Approved to
FY 2010 Approved**

FY 2010 POSITION REDUCTIONS

Department	Position	FTEs
MHMRSA	SA Residential Case Mngt.Therapist	(1.00)
MHMRSA	PIE Infant Development Specialist	(1.00)
MHMRSA	Senior Resident Counselor	(1.00)
MHMRSA	SA Prevention Therapist I	(0.50)
MHMRSA	Management Analyst	(1.00)
MHMRSA	Therapist I	(0.50)
MHMRSA	Therapist II	(1.00)
MHMRSA	Therapist III	(0.50)
MHMRSA	Therapist III	(1.00)
Health	Nurse Practioner	(0.35)
Health	Mental Health Therapist III	(0.58)
Housing	Urban planner I	(0.50)
Housing	Secretary II	(1.00)
P&Z	Urban Planner III	(1.00)
P&Z	Urban planner II	(1.00)
P&Z	Principal planner	(1.00)
P&Z	Urban planner I	(1.00)
OHA	Secretary I	(0.50)
OHA	Research Historian	(1.00)
OHA	Records Center Clerk	(0.63)
OHA	Curator I	(0.50)
Library	Librarian III	0.00
Library	Librarian II	0.00
Library	Librarian I	(0.50)
Library	Library Assistant II	(0.63)
Library	Library Assistant II	(0.75)
Library	Librarian I	(0.62)
Library	Librarian I	(0.37)
RPCA	Division Chief Park Planning	(1.00)
RPCA	Laborer III	(1.00)
RPCA	Equipment Operator I	(1.00)
RPCA	Equipment Maintenance Specialist	(1.00)
RPCA	Recreation Leader III	(0.75)
RPCA	Recreation Supervisor III	(1.00)

Personnel & Compensation Summary

**Personnel Changes:
FY 2009 Approved to
FY 2010 Approved**

The 119 position reductions result is a full-time equivalent (FTE) reduction of 102.0.

(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.)

After accounting for the addition of 14.3 new FTE's the net FTE decrease for FY 2010 is 87.7.

FY 2010 POSITION REDUCTIONS

Department	Position	FTEs
RPCA	Recreation Leader II	(0.30)
RPCA	Recreation Leader II	(0.50)
RPCA	Secretary II	(1.00)
RPCA	Maintenance Supervisor	(1.00)
RPCA	Equipment Operator	(1.00)
RPCA	Laborer II	(1.00)
RPCA	Urban Planner II	(1.00)
T&ES	Traffic Calming Coordinator	(1.00)
T&ES	Transportation Coordinator	0.00
T&ES	Engineer III	0.00
T&ES	Laborer II	(1.00)
T&ES	Wilson bridge Engineer	(1.00)
T&ES	Engineer	(1.00)
T&ES	Wilson Bridge Administrative Technician	(1.00)
T&ES	Potomac Yard Engineer Aide	(1.00)
T&ES	Potomac Yard Inspector	(1.00)
T&ES	Potomac Yard Inspector	(1.00)
Total FTE Reduction		(102.0)

Personnel & Compensation Summary

Employee Compensation-Salary Adjustments

The chart to the right shows the recent history of cost of living adjustments (COLA) and market rate adjustments (MRA) given to City employees since 1999.

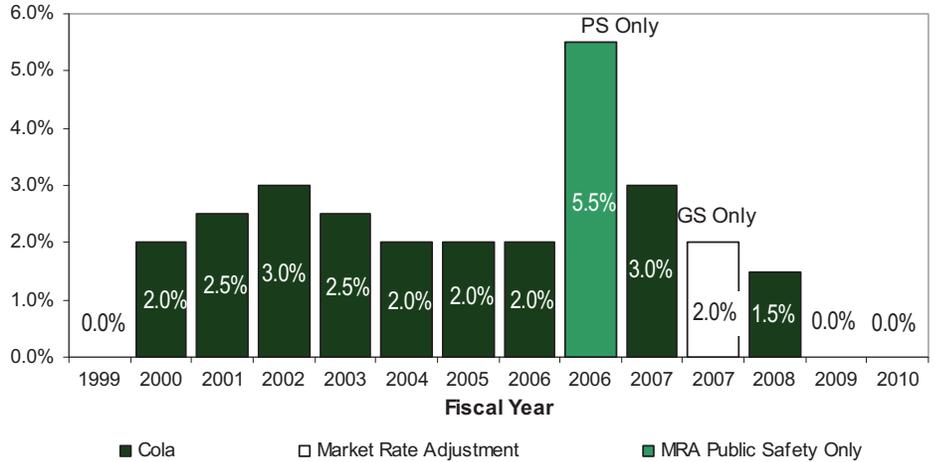
The chart shows that FY 1999 was the last time there was no COLA or MRA given to employees. In FY 2009 a one-time pay supplement and 2% longevity step for employees at the top of their grade was given in lieu of a COLA or MRA.

The inflation rate for the Washington D.C. metro area compounded over the past 10 years is about 38%.

This cost of living increase surpasses the compounded COLA and MRA given to General Schedule City employees during the same time period (24.9%).

Including the effects of the average merit increase of about 3.1% per year, salary being paid has increased 69.0% since FY 1999.

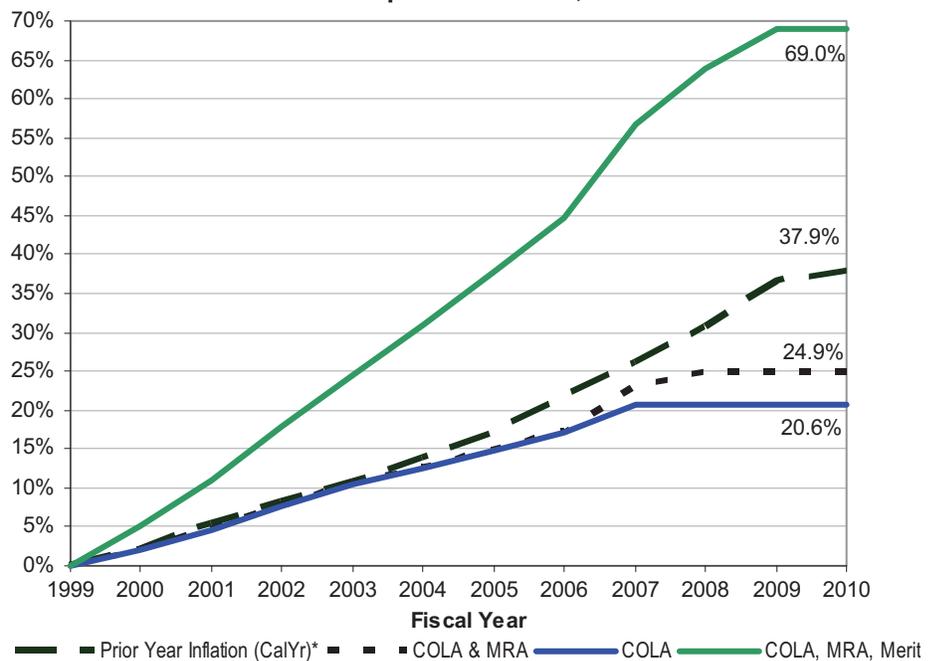
History of COLA & Market Rate Adjustments



During FY 2006, all sworn Public Safety employees received a 5.5% market rate adjustment based on the results of a consultant survey. These employees did not receive the 2% market rate adjustment given to General Schedule employees in FY 2007.

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 MRA.

General Schedule Compounded COLA, MRA and Inflation



* CY 2009 CPI is estimated to be 1.0%.

Personnel & Compensation Summary

Employee Compensation-Salary

The table to the right shows General Salary Adjustments granted to City employees from FY 1986 through FY 2010, along with the previous calendar years' inflation rates.

General Salary Adjustments include cost of living adjustments (COLA) and market rate adjustments (MRA) given to City employees. The salary adjustments do not include step adjustments, which are based on employee performance and longevity.

In FY 2010, employee pay will be frozen for the first time since the early 1990's, meaning no merit/step increase will be paid. Additionally, the budget does not provide for an MRA.

Fiscal Year	General Salary Adjustments	Inflation Rate ^{/A} (for previous calendar year)	
1986	4.0	4.2	(1985)
1987	4.0	2.9	(1986)
1988	4.0	3.6	(1987)
1989	4.0	4.1	(1988)
1990	3.0	5.8	(1989)
1991	3.0 (July 1, 1990) 0.5 (Jan. 1, 1991) ^{/B}	5.9	(1990)
1992	2.0	4.1	(1991)
1993	0.0	2.5	(1992)
1994	2.5	3.2	(1993)
1995	2.0	1.9	(1994)
1996	3.0	2.0	(1995)
1997	2.0	2.8	(1996)
1998	2.0 (July 1, 1997) 3.0 (Jan. 1, 1998) ^{/C}	1.7	(1997)
1999	0.0	1.3	(1998)
2000	2.0	2.1	(1999)
2001	2.5	3.3	(2000)
2002	3.0	2.6	(2001)
2003	2.5	2.4	(2002)
2004	2.0	2.8	(2003)
2005	2.0	2.8	(2004)
2006	2.0 5.5 (Sworn Public Safety only)	4.0	(2005)
2007	3.0 (July 1, 2006) 2.0 (July 1, 2006) ^{/D}	3.6	(2006)
2008	1.5	3.6	(2007)
2009	0.0 Approved ^{/E}	4.4	(2008)
2010	0.0		

^{/A} Source: Consumer Price Index, all Urban Consumers for the Washington-Baltimore, DC-MD-VA-WV region (CPI-U-DC) 1996=100, Bureau of Labor Statistics (BLS), U.S. Department of Labor, average to average annual rate.

^{/B} In FY 1991, City Council approved a 3% COLA effective from July 1, 1990, and an additional one-half of one percent general salary adjustment effective on January 1, 1991. The effective general salary adjustment for FY 1991 was 3.25%.

^{/C} In FY 1998, City Council approved a 2% COLA effective July 1, 1997, plus a 3% MRA effective on January 1, 1998. City Council approved the MRA based on the results of a consultant survey that found some City classifications were below market comparators.

^{/D} City Council approved a 3% COLA and a 2% MRA both effective July 1, 2006. The MRA was only given to General Schedule employees.

^{/E} The FY 2009 Approved Budget includes a one-time \$500 pay supplement for all full-time employees and a one-time 2% longevity pay supplement for employees at top-of-grade (both prorated for part-time employees).

Personnel & Compensation Summary

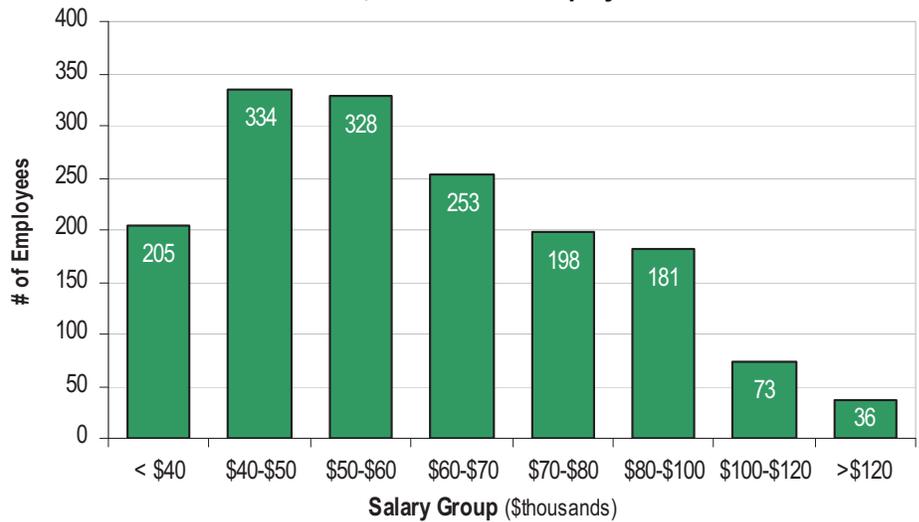
The table to the right shows the average salary (as of January 1, 2009) of City employees.

About 54% of General Schedule employees earn less than the average salary of all General Schedule employees.

A little less than half of all sworn Public Safety employees earn less than the average salary of that group.

	Total Current Employees	Average Salary as of 1/1/2009
General Schedule (FT)	1,608	\$62,069
Public Safety (FT)	703	\$70,308
General Schedule (PT)	295	\$23,045

General Schedule
1,608 Full-time Employees



Sworn Public Safety
703 Full-time Employees



Personnel & Compensation Summary

Employee Compensation-Benefits

FICA payments by the City will decrease 0.8% to \$12.9 million in FY 2010.

Retirement contribution percentages by the City vary by the retirement plan.

Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare tax. The \$12.9 million budgeted in FY 2010 is equivalent to the share that employees also pay. The CY 2009 maximum earnings cap is \$106,800, so earnings above this amount will not be taxed for Social Security, but are still subject to Medicare.

Retirement

The FY 2010 retirement budget represents the contribution that the City pays towards employee retirement plans. The chart below details the planned contribution rates the City and employees pay. Due to major stock market declines it is expected that retirement contribution rate will rise in FY 2011.

Plan	Current Employees				Future Employees (Post July 1, 2009)	
	FY 2009		FY 2010		FY 2010	
	City	Emp'e	City	Emp'ee	City	Emp'ee
VRS	12.06%	-	12.07%	-	12.07%	-
City Supplemental Plan ^{5,6}	5.64%	-	5.60%	-	3.60%	2.00%
<i>VRS & City Supplement Total¹</i>	<i>17.70%</i>	<i>-</i>	<i>17.67%</i>	<i>-</i>	<i>15.67%</i>	<i>-</i>
Sworn Fire & Police ^{2,3}	26.41%	8.0%	27.20%	8.0%	27.20%	8.0%
Deputy Sheriffs, Fire Marshals & ERT ⁴	22.35%	-	22.35%	-	22.35%	-

¹ VRS includes only full-time GS employees; City Supplemental includes those working 20 hours or more.

² Employer contribution includes 2.35% for Disability Income Plan. Of the 8.0% employee contribution, 7.5% is for the Defined Benefit plan and 0.5% is for the Disability component.

³ Beginning in FY 2010 the City will allocate expenses for pension plan management through a pension administration recovery fee. This fee results in a 0.41% increase to the City contribution for the Sworn Police and Fire pension plans. The fee is expected to generate \$205,193 in FY 2010.

⁴ This contribution includes VRS and the City Supplemental Plan plus a defined contribution amount of 1.79% to equal the Sworn Fire & Police FY 2008 contribution rate of 22.35%. This rate has not changed as the Sworn Fire & Police rate changed due to actuarial assumptions.

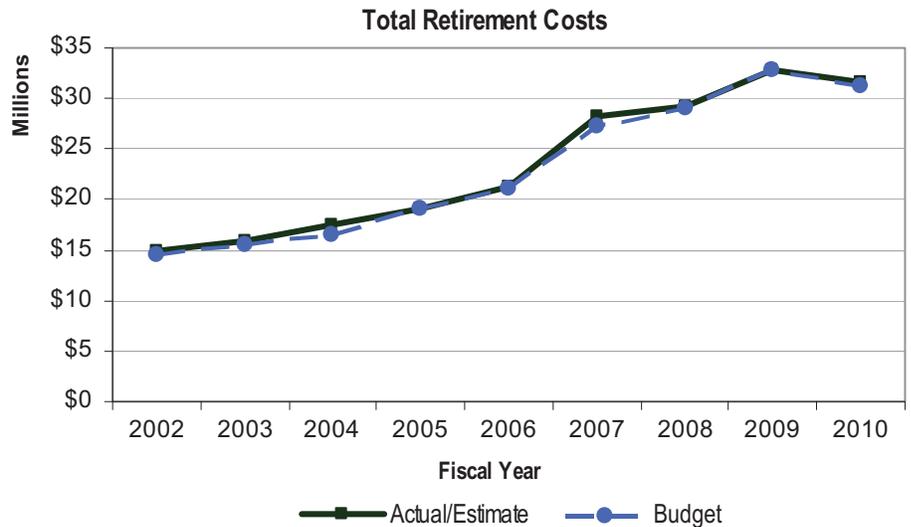
⁵ As of FY 2010 new General Salary employees will pay 2% into the supplemental retirement system. This does not include employees who are Deputy Sheriffs, Fire Marshals, or ERTs

⁶ For current employees the 2% employee share paid by the City will continue to be paid by the City but will be characterized as a City contribution. Thus, an employee who leaves before vesting will not be entitled to a refund of this contribution.

Personnel & Compensation Summary

Employee Compensation-Benefits

Retirement costs for the City are now at \$31.2 million in FY 2010, which is \$1.6 million decrease from the prior year.



A large VRS rate increase in FY 2007 added dramatically to the City's cost for retirement in that year. A VRS rate increase in FY 2011 is likely.

Personnel & Compensation Summary

Health care budgeted costs also decline in FY 2010. The approved budget includes \$18.9 million for health care costs, a decrease of 4.2%.

The City continues its use of a self-funded health care plan with Mamsi/United Healthcare. This model is expected to generate \$1.1 million in savings annually, once an adequate reserve fund is established.

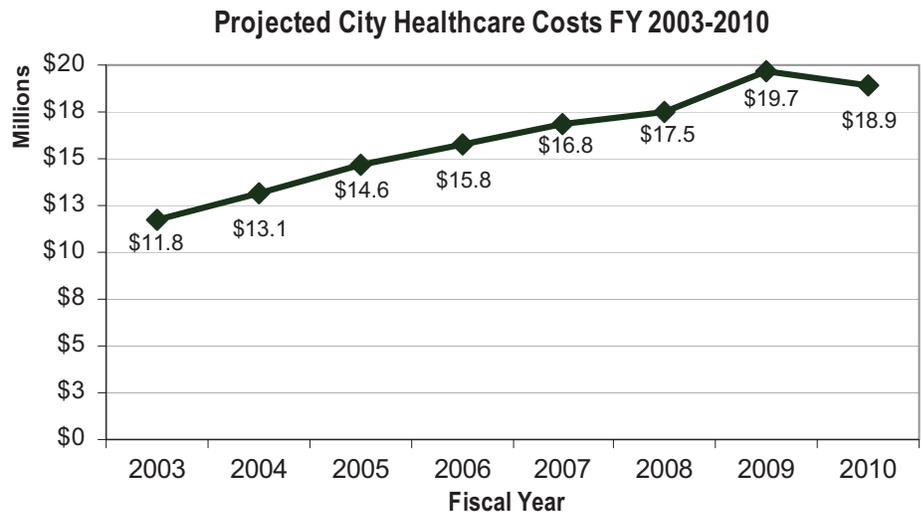
City employees pay at least 10% of healthcare premium costs, and some pay as much as 31%. On average, City employees pay 13% of premium costs. City employees also have additional co-pays that vary by plan.

In FY 2010 cost sharing levels will not increase.

Premiums are expected to rise 3.5% for Kaiser Permanente Plans and 4.5% for plans under Mamsi/United Healthcare.

Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. 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. FY 2009 was the final year of this phase in and all employees now pay at least 10% of their healthcare premium. The chart below shows total City healthcare costs over time. FY 2010 City costs decline because 119 full-time and part-time positions are being eliminated.



The chart below shows the FY 2010 monthly healthcare premium rates and percentage paid by the City and full-time employees*.

FY 2010 Health Insurance Premium Costs

		Monthly Employee Share		Monthly City Share		Total Monthly Premium
Kaiser						
HMO	Single	\$42.2	10%	\$380.1	90%	\$422
	Family	\$99.6	10%	\$896.8	90%	\$996
POS	Single	\$171.5	31%	\$380.1	69%	\$552
	Family	\$393.6	31%	\$896.8	69%	\$1,290
United Healthcare						
HMO	Single	\$45.3	10%	\$407.3	90%	\$453
	Family	\$106.8	10%	\$961.1	90%	\$1,068
PPO	Single	\$133.2	25%	\$407.3	75%	\$541
	Family	\$303.4	24%	\$961.1	76%	\$1,264

*It should also be noted that although basic dental coverage is included in the HMO plans, employees may also elect and pay 100% of the premium for full Dental coverage from Dominion Dental. Also, it should be noted that part-time employees pay 50% of premiums.

Personnel & Compensation Summary

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

Other Post-Employment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) has created new 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 expectations of the City.

millions

	Estimated Unfunded Liability	Annual Required Contribution (ARC)
City ^{1,2,3}	\$84.5	\$10.9

¹ As of December 31, 2007. An additional estimated \$0.5 million is needed to fund the ARC through June 30, 2008.

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 In a 2006 study the Schools had an Estimated Unfunded Liability of \$39.0 million and an Annual Required Contribution (ARC) of \$4.9 million

The City is in the second year of a four-year plan to gradually increase its annual funding for OPEB obligations to \$11.4 million.

The FY 2010 Approved Budget provides \$2.5 million new funding for the City's OPEB obligations.

CASH FLOW PROJECTIONS

Other Post Employment Benefits

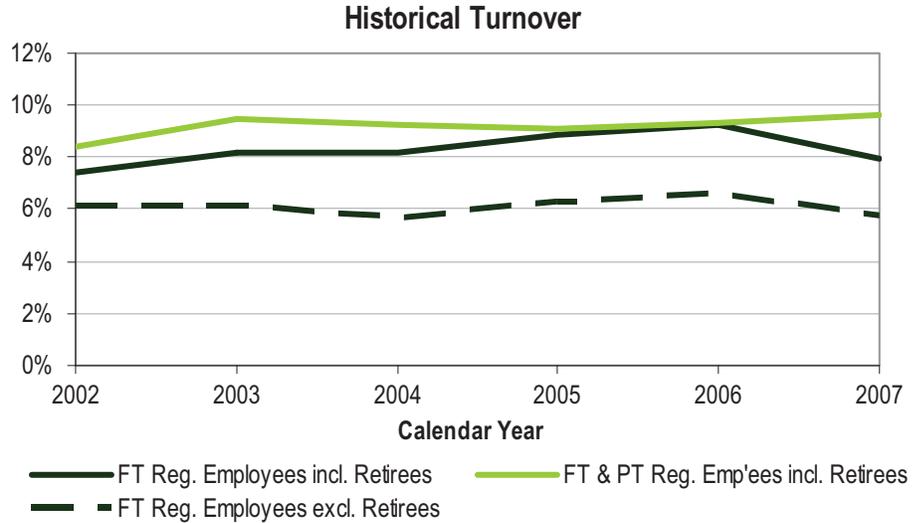
Plan for Funding

	2009	2010	2011	2012	2013	2014	2015
Cash Flow	\$ 5.0	\$ 5.8	\$ 6.5	\$ 6.9	\$ 7.5	\$ 8.1	\$ 8.7
Medical Subsidy	\$ 1.9	\$ 2.2	\$ 2.5	\$ 2.7	\$ 3.0	\$ 3.3	\$ 3.6
Reimbursement	\$ 2.5	\$ 2.7	\$ 3.0	\$ 3.1	\$ 3.3	\$ 3.5	\$ 3.6
Life Insurance	\$ 0.8	\$ 0.9	\$ 1.0	\$ 1.1	\$ 1.2	\$ 1.4	\$ 1.5
Fund Balance Draw Down	\$ 4.2	\$ 3.1	\$ 2.0	\$ 1.4	\$ -	\$ -	\$ -
New Funding	\$ 1.4	\$ 2.5	\$ 2.9	\$ 3.1	\$ 3.9	\$ 3.3	\$ 2.7
Total Annual Contributions	\$ 10.6	\$ 11.4					
Investible Funds	\$ 5.6	\$ 5.6	\$ 4.9	\$ 4.5	\$ 3.9	\$ 3.3	\$ 2.7
Fund Balance	\$ 6.0	\$ 12.5	\$ 18.8	\$ 25.0	\$ 31.0	\$ 36.9	\$ 42.5
Investment Assumption:	7.5%						
% of Annual Required Contribution Funded	94%	100%	100%	100%	100%	100%	100%

Personnel & Compensation Summary

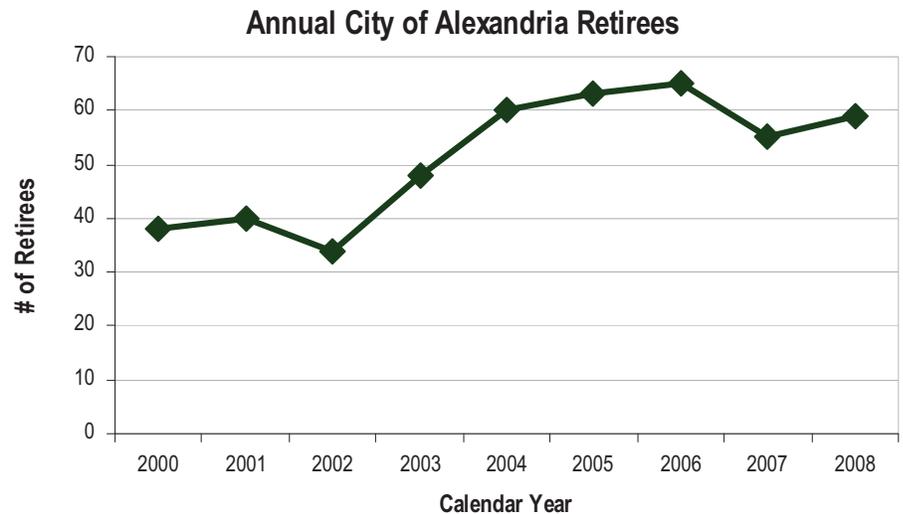
Attracting and Keeping a Competent Workforce

Turnover among full-time employees is relatively stable from CY 2002 – 2007.



*Note: Data for CY 2008 is not yet included.

Calendar Year 2008 realized a small increase in the number of retirees. The total number of retirees in coming years is expected to increase dramatically because of the number of employees who are retirement eligible.



Personnel & Compensation Summary

Creative Forms of Compensation

Pursuant to City Council's FY 2010 budget guidance, the City Manager was sought to identify creative forms of compensation to reward employees, to include additional vacation accrual, reduced evening meetings, and opportunities to work from home. The benefits below represent a portion of the forms of compensation that meet this criteria which will be available to staff in FY 2010.

City employees will be given an extra day of leave in FY 2010

A recently completed study on the City's benefits and compensation philosophy found that, when compared to other jurisdictions in the region, Alexandria ranked low in terms of the amount of paid time off provided to employees. In FY 2010, leave accrual rates will increase by .308 hours per pay period in order to provide employees with one additional day of leave per year. This change is expected to be cost neutral because the cap for annual leave will not be adjusted so there is no significant increase in future leave payouts.

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 2010. Regular City employees are eligible to receive \$75 per month with an option 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 2010

The City's telecommuting policy will continue unchanged in FY 2010. 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 \$700 per fiscal year. Assistance is provided based on the availability of funding.

Personnel & Compensation Summary

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.



The unemployment rates in the United States, the D.C. metro area and Alexandria rose in CY 2008, the first time since prior to CY 2002.

Annual Unemployment Rate
(U.S. Bureau of Labor Statistics)

