

DEPUTIES, FIRE MARSHALLS & MEDICS (WITH DISCLAIMER)

1. Overview
2. Requests
3. Conclusions

Video of June 22, 2010 Council Meeting

- ❑ This video removed from emailed copies due to size of file.
- ❑ Showed the council discussing how much, if any to charge new city employees.
- ❑ City staff recommended no charge. Council voted to charge 4%.
- ❑ Quotes and paraphrases are on slides that follow.
- ❑ It is the position of the President of the Alexandria Medics Association that the majority of those speaking that voted to charge new employees were throwing around what % to charge without statistical nor factual evidence to support that the change was even needed. It also appears that they didn't fully weigh that their decision was going to cost new employee tens of thousands of dollars when recent studies show General Salary and Public Safety employees are behind their comparator in both salary and benefits.

Review council meeting of June 22, 2010

- Decision made to charge new employees 4% of base
- Against City staff recommendations
- “City take leadership roll because this is going to happen. Not too controversial”. - Fannon
- “Venture Prince William County will charge.”
-Krupicka
- “PW voted to not charge employees.”
- Bernie Caton

Review council meeting of June 22, 2010

- ▣ “This is the road we are going down. We are going to get there because of sustainability of the system.” - Krupicka
- ▣ “Eventually we are going to have to go there. Shared contribution is probably in everybody’s interest. We’ve got to eventually get to point where employee is sharing cost because cost is getting out of control.” - Donley

Review council meeting of June 22, 2010

- ▣ “Need to pick something in 2,3,4 range. Given PD does 8, maybe we do 4. As a small first step.” - Donley
- ▣ “Clearly moving down this path. Have to start planning on entire employee group including retirees. Clearly been going down this path last couple of years.” - Smedberg
- ▣ “Whatever you are going to do, you ought to do.” To continue to nickel and dime, (take more later), would harm employees. Cheryl Orr

Review council meeting of June 22, 2010

- ▣ “Sooner or later we are going to have to get to where employees are paying a part of their retirement. Comparable to private sector. That’s an investment and they are going to see the benefit.” Donley
- ▣ “4% is comparable to what Arlington charges and we compare to them.” Essentially it is $\frac{1}{2}$ of what PS employees pay. Krupicka

Review council meeting of June 22, 2010

- ▣ It's a trade off [re 8% PS]. 4% is robust enough that once we make it we don't have to come back and revisit it for a while. Won't have to come back next year or year after. 4% allows us to pull the band-aid off and move on. Krupicka
- ▣ Schools decided to pay employees' share. We know our employees are paid less in many areas than in comparator jurisdictions and we've been adding a lot of cost of benefits. Jim Hartman

Review council meeting of June 22, 2010

- ▣ “City employees have come willingly to additional costs.” - Euille
- ▣ “Whatever we do, we need to do and stick with it.” - Orr
- ▣ “Broader comprehensive look also including current employees and retirees.” - Smedberg
- ▣ “We are precluded from current employees with VRS.” - Hartman

Requests

- A) Official kudos to Steven Bland, Theresa Nugent and James Ray
- B) Cost out 25 year plan
- C) Raise medical stipend for all retirees
- D) Form new committee to investigate feasibility to opt out of VRS and city supplemental or continue in plan if FF

Requests

- E) Investigate TOTAL compensation package with comparators
- F) Summarize VRS Sustainability
- G) Re-establish benefit equity with PD & Fire
- H) Maintain DB plan with City payment

Official Kudos

- ▣ No slide really needed here! A sincere thanks for the hard work.

Cost out 25 year plan for VRS

- ▣ VRS 1
 - Not as costly as for VRS2
 - Employees may be willing to pay for earlier retirement to avoid working this physically and mentally demanding job when they are 55
- ▣ VRS 2
 - Rule of 90. Do we really want 60 year old medics?
 - Help minimize impact of 4% charge

Cost out 25 year plan for VRS

▣ Both

- Paid considerably in 2005 to get 25 year supplemental in hopes of getting 25 year VRS
- Had Virginia change VRS law in 2008. Need more follow-up
- Severe reduction in benefit if not age 65. See Deputy Gilmore's presentation.
- See comparators. All others have 25 year plan.

Raise Medical Stipend for all Retirees

- ▣ Not raised in at least 5 years.
- ▣ Should've been tied into charging incumbents an increase in % of their health care premium
 - All city employees are going to be assessed a 25% increase in premiums in FY 2013 BEFORE cost of insurance is calculated
- ▣ Start (or continue to) link payment with years of service

Form New Committee to Investigate Feasibility to Opt out of VRS and City Supplemental

- ▣ Or to continue in plan if become FF
- ▣ Need to crosstrain for:
 - Better retention of employees
 - Reduce compassion fatigue syndrome
 - Assist with UHU
 - Give more promotional opportunities
 - Allow Department more flexibility in deploying resources
 - Retention. See later statistics
 - Increase defensibility. See later details.

Feasibility Committee

- ▣ FD is looking at cross training medics to FFs and FFs to medics and developing career ladders and lateral transfers. RETIREMENT PLANS are a big roadblock.

Investigate TOTAL Compensation Package

- ▣ Need to take into account salary and when that salary is achieved. Ex. FFX achieves “top out” sooner than Alexandria.

Summarize Status of VRS Sustainability

- ▣ Determine validity of previous VRS contribution rate
- ▣ Better monitoring and updating of VRS status

Summarize Status of VRS Sustainability

- ▣ Page 7 of VRS plan contribution shows FY ending 2012 at 7.78% and 2013 at 12.34% but are they based on June 2009 actuarial valuation?
- ▣ GASB Summary- Potential changes create an accounting problem that requires offsetting with assets. Does NOT require additional capital outlay or annual funding.

Summarize VRS Sustainability

- ▣ Historical data showing average rate of return at 9% but VRS moving projection from 7.5% to 7.0%.
 - Necessary change based on recent performance
or
- ▣ Knee jerk reaction to what HAD happened and now is recovered?
- ▣ Compare to PD/Fire performance

Summarize VRS Sustainability

- ▣ Cost of benefits for DS/Medics was:
 - 1992 23.0%
 - 2011 22.52 %
 - 2012 23.59%

2.57% increase in 20 years

Information from March 9, 2011 Budget memo #16 page 3

Reinstate Contribution Equity with PD/Fire

- ▣ Retroactive pay since deviated in 2009
 - 2009 **26.41** vs. **22.35** Difference = 4.06%
 - 2010 **26.79** vs. **22.35** Difference = 4.44%
 - 2011 **25.17** vs. **22.60** Difference = 2.57%
 - 2012 **28.63** vs. **23.67** Difference = 4.96%

Reinstate Contribution Equity with PD/Fire

- ▣ Parity was agreed upon as a pay/benefit philosophy in ~1990
- ▣ Parity broken in 2009
- ▣ Would like it re-established with retro pay being given to RIP account
- ▣ “Value of employee” comment

Reinstate Contribution Equity with PD/Fire

- ▣ Groups may be willing to not claim 2 years of disparate contribution in exchange for commitment to fund median of:
 - 1) VRS & Supplemental contribution
 - 2) PD/Fire Contribution
 - 3) 22.35%

Reinstate Contribution Equity with PD/Fire

▣ Example 1

1) VRS & Supp = 25%

2) PD/Fire = 28%

3) 22.35

City would fund 25%

Reinstate Contribution Equity with PD/Fire

▣ Example 2

1) VRS & Supp = 21%

2) PD/Fire = 11%

3) 22.35

City would fund 22.35%

Reinstate Contribution Equity with PD/Fire

Defensibility

	Firefighters	EMS
% Female	8%	35%
% Earning over \$80,000	29%	7%

Information from Watson Wyatt March 2009, page 9 of each respective group summary

Reinstate Contribution Equity with PD/Fire

- ▣ Defensibility –
 - City QES Showed EMS Supervisors should be at grade higher than Captain. No action taken. See demographics.

Reinstate Contribution Equity with PD/Fire

Defensibility

	Firefighters	EMS
Medic II or FF II	93	49
Officers	56 (Lts, Captains and BCs)	12 EMS Supervisor
Ratio	62%	24%

Information from Telestaff data

Maintain DB Plan with Full City Payment and Frequent Monitoring of Comparators

- ▣ Watson Wyatt showed Medics 4th out of 5 comparators in retirement. Not competitive w/ comparators in retirement. Watson Wyatt March 2009 p2 & p4
- ▣ Retention of Medics remain a problem

Maintain DB - Retention of Medics

Date Hired	Number Hired	Number Remaining	Retention
07/23/01	11	4	36.4%
09/30/02	8	4	50%
11/22/04	6	3	50%
04/04/05	2	2	100%
04/07/06	8	5	62.5%
08/13/07	9	2	22%
Total	44	20	45%

Maintain DB – Retention of Medics

- ▣ Latest class hired 10/04/2010. 14 hired and at least 7 are considering leaving Alexandria EMS
 - Other jurisdictions
 - Other departments or divisions

Maintain DB

- ▣ Defensibility. Noted earlier.
- ▣ Fulfill promises made to incumbents.
 - Restore good faith
 - Improve morale
- ▣ Retain new hires
- ▣ Attract applicants from private sector
- ▣ Plan is sustainable.

Maintain DB

- Consider implications of Alexandria “taking the lead” on continuing to financially harm employees

	Real Property Tax rate per \$100 assessed value	Personal Property Tax rate per \$100 assessed value
Arlington County	0.958	5.00
Fairfax County	1.07	4.57
Montgomery County	1.03-1.60	2.184 - 3.40
Prince William County	1.28	3.70
City of Alexandria	0.998	4.75

- ▣ At a training cost of \$60,000 – 70,000 can we afford to continue to lose more than 50% of our employees?