

Personnel & Compensation Summary

Personnel & Compensation Highlights

Compensation up 5.5%

Net staffing up slightly

Instead of a market rate adjustment, all employees will be eligible for a one-time \$500 pay supplement. Employees at the top of their grade will be eligible for a one-time 2% longevity pay supplement.

\$2.2 million is provided to address unfunded retiree healthcare and life insurance liabilities.

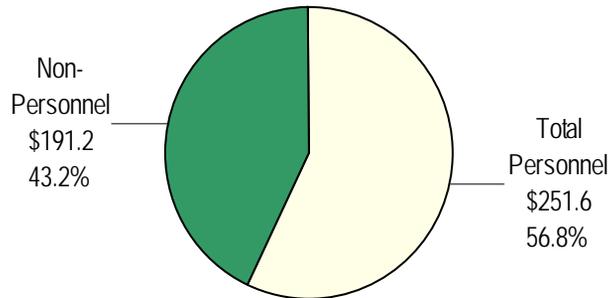
- Total compensation for City staff increased by 5.5%. The main drivers of this increase are the one-time \$500 pay supplement for all employees (\$1.3 million), the one-time 2% longevity pay supplement for employees at the top of their grade (\$0.7 million). Both supplements are prorated for part-time or seasonal employees. Also, the cost of salary step increases due to employees for performing at a satisfactory level (about \$4.7 million or 2.0%) contribute to this increase.
- City Council did not approve a market rate adjustment (MRA). Instead, they approved one-time pay supplements as noted above.
- The total cost of the pay supplements for both City and Schools is \$3.2 million.
- City Staff levels increased by a net of 6.6 full time equivalents (FTEs) from the FY 2008 Amended staffing levels (0.2%).
- Health insurance premium increases were offset by approximately \$0.6 million due to the final phase-in of the 3 year plan for employees to begin sharing 10% of premium costs. About half of this savings (\$0.3 million) was offset by a 2.5% increase in plan enrollment.
- To further reduce healthcare premium increases, City Council approved the establishment of a self-funded healthcare plan with one of the City's current carriers, Mamsi/United Healthcare. This resulted in a FY 2009 savings of \$0.3 million, and should eventually result in millions of dollars of savings over future years.
- The Approved Budget provides funds to pay for an increase in retirement costs due to changed actuarial projections. One of the primary factors is that retirees are living longer. These have added \$0.9 million for the Virginia Retirement System (VRS) and City Supplemental retirement costs, and approximately \$1.5 million for fire and police sworn officers.
- Due to changes in actuarial accounting standards (GASB 45), the budget provides \$1.4 million in initial OPEB funding as a first-year step of a multi-year plan to address unfunded liabilities for future benefits to City employees after retirement and \$0.8 million to fund similar obligations to School employees.
- Also GASB 45 related, starting in FY 2009 for new hires, the City will not be providing post-retirement life insurance coverage.
- The Personnel Services Department efficiency and benchmark audit was launched during FY 2008. One focus was improvements in the City's Wellness Program in order to improve employee health, workplace productivity, and possibly lower future health insurance costs.

Personnel & Compensation Summary

Personnel Budget

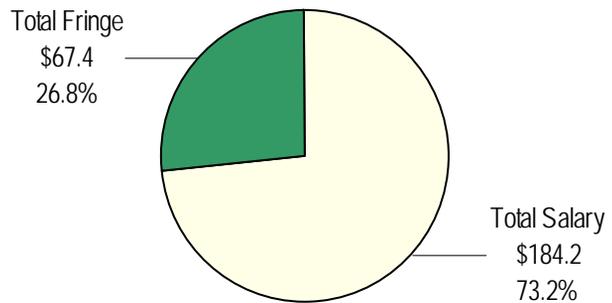
Personnel expenditures account for about 57% of the All Funds budget.

FY 2009 All Funds Budget*
\$442.8M



Of the \$251.6 million personnel budget, about 73% is for salaries. And about 27% is for fringe benefits.

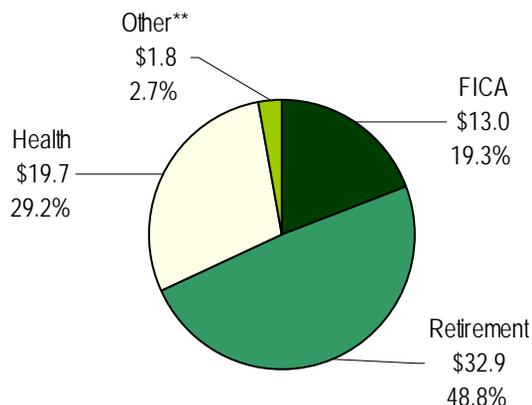
FY 2009 All Funds Personnel Budget*
\$251.6M



* Excludes Schools

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
\$67.4M



**Includes Life Ins; Workers Comp; Clothing/Car Allowances; Unemployment; Recruitment; & LT Disability

Personnel & Compensation Summary

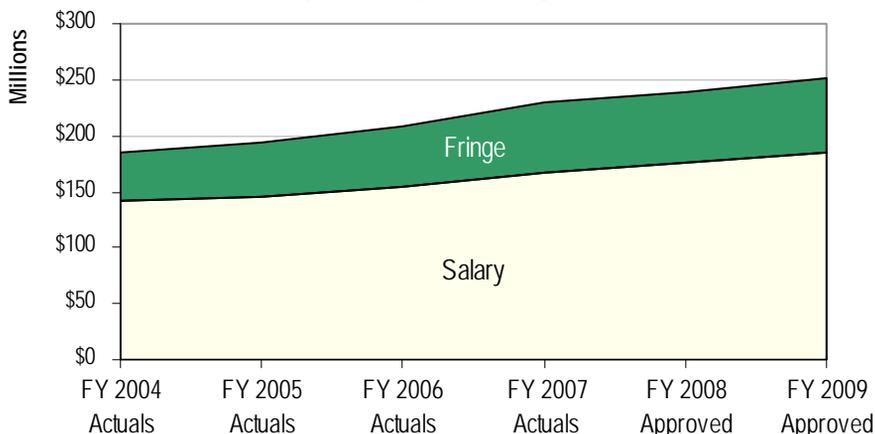
Increases in the rates for the Fire and Police Pension Plan as well as VRS for General Schedule employees were a driving force in the fringe benefit increase. About a 9% increase in healthcare was reduced to 7.6% by moving to self-funding for one of the two City's healthcare providers.

Title	FY 2008 Approved	FY 2009 Approved	\$Change FY08/09	%Change FY08/09
Total Salary	\$176.9	\$184.2	\$7.3	4.1%
<u>Fringe</u>				
FICA	12.6	13.0	0.4	3.1%
Retirement	28.9	32.9	4.0	13.9%
Health	18.3	19.7	1.4	7.6%
Other*	1.9	1.8	(0.1)	(3.9%)
Total Fringe	61.7	67.4	5.7	9.3%
Total Personnel	\$238.6	\$251.6	\$13.0	5.5%

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

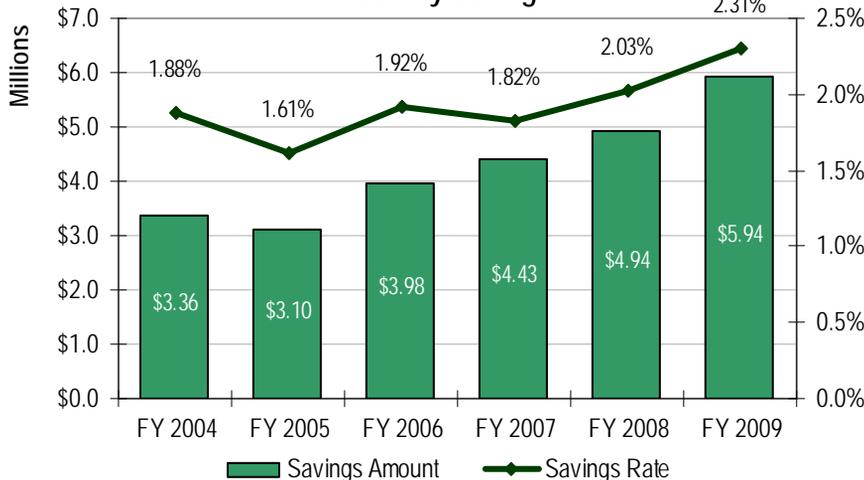
Since a large portion of fringe benefits is proportional to salary, they have been increasing at a relatively similar rate.

History of Salary and Fringe Benefits



The City's total budget for personnel compensation includes a vacancy savings amount of \$5.94 million or 2.31%, \$1.0 million more than in FY 2008.

Vacancy Savings



Personnel & Compensation Summary

City Full-time Equivalent (FTE) Position Count

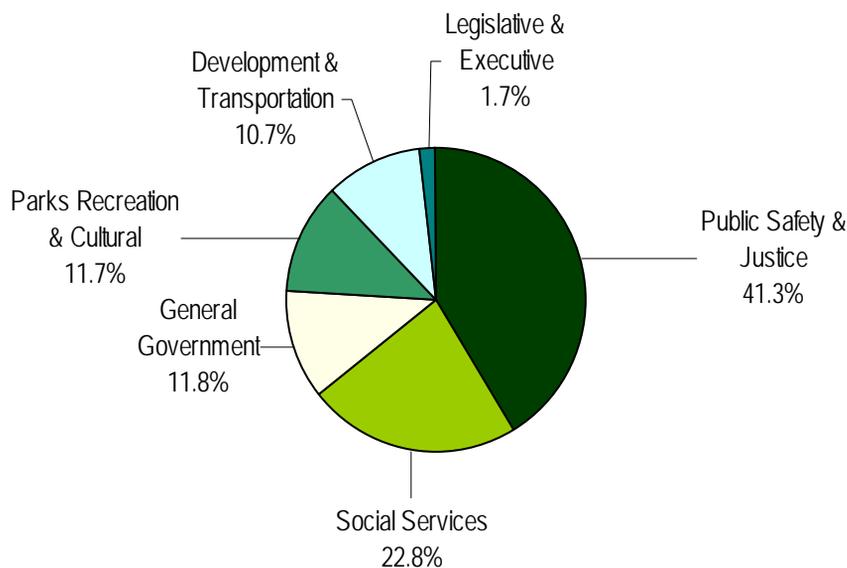
FTE's increased by 6.6 in the FY 2009 Approved Budget when compared to the FY 2008 Amended position count.

Public Safety & Justice comprises over 41% of the City's workforce.

FTE Summary

	FY 2008			FY 2009 Approved	Change	
	Amended	New	Deleted		#	%
Full-time Permanent	2,384.0	21.0	(13.0)	2,392.0	8.0	0.3%
Part-time (FTE)	204.3	1.3	(1.7)	203.9	(0.4)	(0.2%)
Approved Overhire	66.0	0.0	(1.0)	65.0	(1.0)	(1.5%)
Total (FTE)	2,654.3	22.3	(15.7)	2,660.9	6.6	0.2%

FY 2009 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
- Management & Budget
- Office on Women
- Personnel Services
- Real Estate Assessments
- Office of Communications

Parks Recreation & Cultural

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

Development & Transportation

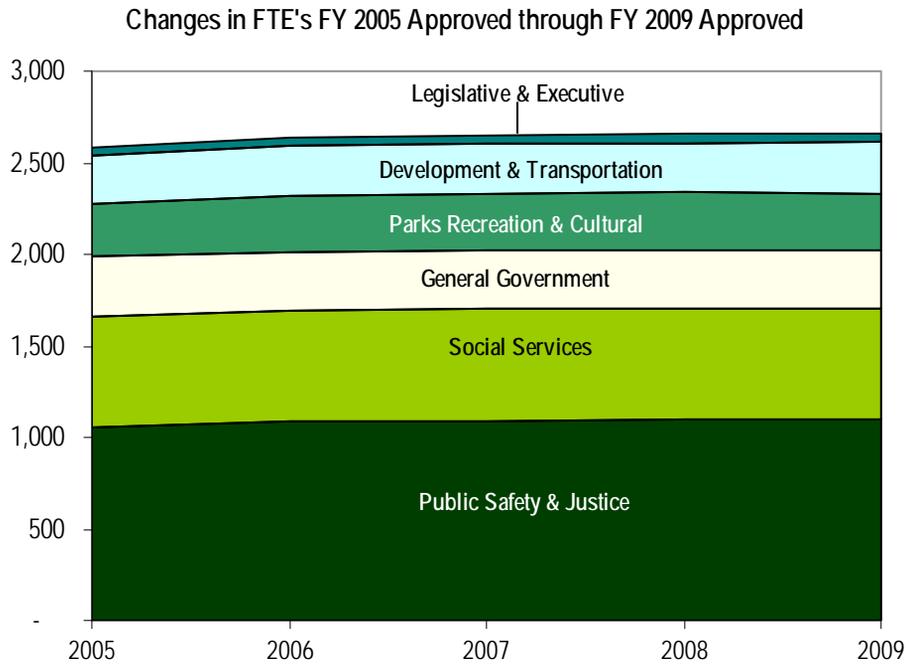
- Office on Housing
- Planning & Zoning
- Transportation & Environmental Services

Legislative & Executive

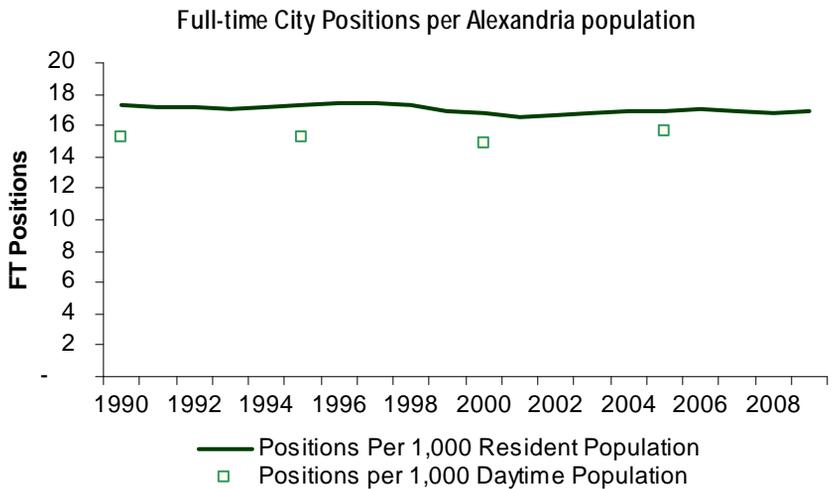
- City Council
- City Manager
- Office of Communications
- City Attorney
- City Clerk & Clerk of Council

Personnel & Compensation Summary

The graph to the right further illustrates the relatively flat FTE levels from FY 2005 through the FY 2009 Approved Budget, and the relatively stable share of the total for each line of business.



The FY 2009 ratio of full-time positions to City population remains relatively flat at 16.9 full-time positions for every 1,000 residents.



* Current City population is approximately 140,000.

Personnel & Compensation Summary

From the FY 2004 Approved Budget to the FY 2008 Amended Budget, 102.7 (3.9%) net FTE's have been added to City employment. Most of these positions were added during FY 2005 and FY 2006. Since then, the City has had relatively flat growth in FTE's.

Over 50% of the FTE increases since FY 2004 were for Public Safety departments. The Recreation Department and MH/MR/SA also had significant increases during this time period.

	Total FTE's				
	Approved FY 2004	Approved FY 2005	Amended FY 2006	Amended FY 2007	Amended FY 2008
<u>Legislative & Executive</u>					
City Council	14.0	14.0	14.0	14.0	14.0
City Manager	16.0	16.0	16.0	16.0	12.0
City Attorney	15.0	15.0	15.0	15.0	15.0
City Clk & Clk of Council	3.8	3.8	4.0	4.0	4.0
Subtotal	48.8	48.8	49.0	49.0	45.0
<u>Courts & Constitutional Officers</u>					
18th Circuit Court	13.0	13.0	13.0	13.0	13.0
Clerk of Court	23.0	24.0	24.0	24.0	23.0
Commonwealth's Attorney	32.8	30.8	30.6	29.6	29.4
Court Services Unit	8.0	8.0	11.8	10.2	10.2
Law Library	1.0	1.0	1.0	1.0	1.0
Registrar of Voters	5.4	5.4	6.6	6.6	6.6
Sheriff	211.0	212.0	212.0	215.0	216.0
Subtotal	294.2	294.2	299.0	299.4	299.2
<u>General Government</u>					
Citizens Assistance	7.8	7.8	7.8	7.8	7.8
Finance	97.5	98.5	99.8	98.0	96.3
General Services	81.5	81.5	81.5	79.5	74.0
Human Rights	6.0	6.0	6.0	6.0	6.0
ITS	57.5	57.5	59.5	58.5	50.5
Internal Audit	2.0	2.0	2.0	2.0	2.0
OMB	10.0	10.0	11.0	11.0	11.0
Office on Women	19.5	19.5	19.5	19.5	20.3
Personnel Services	24.3	24.3	24.6	24.6	24.6
Real Estate	12.8	13.0	14.0	15.0	17.0
Office of Communications	-	-	-	-	10.0
Subtotal	318.8	320.1	325.6	321.8	319.3
<u>Operating Agencies</u>					
Fire	297.5	308.5	323.5	326.0	244.0
Code	----Included in the Fire Department----				85.0
Police	452.6	457.6	466.6	466.1	467.1
Health	14.0	17.0	18.6	19.6	18.4
Human Services	247.8	248.8	235.8	235.8	233.8
MH / MR / SA	327.9	337.7	346.6	353.1	355.9
Housing	20.0	20.0	20.0	20.0	18.0
Planning & Zoning	37.5	41.0	47.5	47.5	48.5
Historic Alexandria	29.4	29.4	30.4	29.4	29.4
Library	80.3	81.3	81.5	81.5	81.9
Rec Parks & Ctr'l Actv'ts	180.8	183.8	193.4	193.9	202.9
Transp & Envir Svc's	204.0	194.0	205.0	206.0	206.0
Subtotal	1,891.7	1,919.2	1,968.8	1,978.8	1,990.8
Grand Total	2,553.6	2,582.2	2,642.4	2,649.1	2,654.3

Personnel & Compensation Summary

Personnel Changes: FY 2008 (Amended) to FY 2009 Approved

The FY 2009 Approved Budget includes a net increase of 6.6 FTE's.

These increases include a 3.0 FTE increase for the new multi-department Permit Center (2 in T&ES and 1 in P&Z), several grant or special revenue funded positions (1 FTE in Sheriff, and 2 FTE's in T&ES), and a total of 14.5 FTE's approved through the City Council add/delete process.

These increases were partially offset by several departments lowering their total FTE count through efficiencies.

	FY 2008	FY 2009 Approved Positions				Change in FTE's	
	Amended FTE's	FT Perm.	Over- hire	PT (FTE)	Total (FTE)	#	%
<u>Legislative & Executive</u>							
City Council	14.0	-	-	14.0	14.0	-	-
City Manager	12.0	11	-	-	11.0	(1.0)	(8.3%) /1
City Attorney	15.0	15	-	-	15.0	-	-
City Clk & Clk of Council	4.0	4	-	-	4.0	-	-
Subtotal	45.0	30	-	14.0	44.0	(1.0)	(2.1%)
<u>Courts & Constitutional Officers</u>							
18th Circuit Court	13.0	13	-	-	13.0	-	-
Clerk of Court	23.0	23	-	-	23.0	-	-
Commonwealth's Attorney	29.4	28	-	1.0	29.0	(0.4)	(1.3%) /2
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	216.0	217	-	-	217.0	1.0	0.5% /3
Subtotal	299.2	297	-	2.8	299.8	0.6	0.2%
<u>General Government</u>							
Citizens Assistance	7.8	7	-	0.8	7.8	-	- /4
Finance	96.3	91	-	5.3	96.3	-	-
General Services	74.0	73	-	-	73.0	(1.0)	(1.4%) /5
Human Rights	6.0	5	1	-	6.0	-	-
ITS	50.5	48	-	0.5	48.5	(2.0)	(4.0%) /6
Internal Audit	2.0	2	-	-	2.0	-	-
OMB	11.0	11	-	-	11.0	-	-
Office on Women	20.3	19	-	1.3	20.3	-	- /7
Personnel Services	24.6	23	1	0.6	24.6	-	-
Real Estate	17.0	16	-	-	16.0	(1.0)	(5.9%) /8
Office of Communications	10.0	10	-	-	10.0	-	- /9
Subtotal	319.3	305.0	2.0	8.3	315.3	(4.0)	(1.3%)
<u>Operating Agencies</u>							
Fire	244.0	247	-	-	247.0	3.0	1.2% /10
Code	85.0	59	25	-	84.0	(1.0)	(1.2%) /11
Police	467.1	458	6	2.1	466.1	(1.0)	(0.2%) /12
Health	18.4	10	-	8.2	18.2	(0.2)	(1.1%) /13
Human Services	233.8	218	8	7.6	233.6	(0.3)	(0.1%) /14
MH / MR / SA	355.9	287	-	68.9	355.9	-	- /15
Housing	18.0	18	-	0.5	18.5	0.5	2.8% /16
Planning & Zoning	48.5	43	10	0.5	53.5	5.0	10.3% /17
Historic Alexandria	29.4	17	-	12.4	29.4	-	-
Library	81.9	55	-	26.9	81.9	-	- /18
Rec Parks & Ctr'l Actv'ts	202.9	149	-	51.8	200.8	(2.1)	(1.0%) /19
Transp & Envir Svc's	206.0	199	14	-	213.0	7.0	3.4% /20
Subtotal	1,990.8	1,760	63	178.8	2,001.8	11.0	0.6%
Grand Total	2,654.3	2,392	65	203.9	2,660.9	6.6	0.2%

***Explanations of the numbered notes are located on pages 8 and 9.**

Personnel & Compensation Summary

		FY 08 Amended	FY09 Approved
/1	City Manager	During FY 2008, 3 full-time positions were transferred to create the new Office of Communications. In FY 2009, the full-time Business Facilitator position is being eliminated.	
/2	Commonwealth's Attorney	-	(0.4)
/3	Sheriff	The FY 2009 Approved Budget reflects the addition of 1 full-time Secretary I position for Alexandria's Alcohol Safety Action Program (ASAP) that is funded by special revenue.	
/4	Citizen's Assistance	1.0	-
/5	General Services	The FY 2009 Approved Budget reflects the elimination of a vacant full-time Communications Division Chief position as part of an efficiency effort.	
/6	Information Technology Services	(7.0)	(2.0)
/7	Office on Women	During FY 2008, 1 full-time grant-funded social worker was added.	
/8	Real Estate Assessments	2.0	(1.0)
/9	Office of Communications	During FY 2008, 3 full-time positions from the City Manager's Office and 7 full-time positions from Information Technology Services (E-government team) were transferred to create the Office of Communications.	
/10	Fire Department	-	3.0
/11	Code Enforcement	During FY 2008, 1 full-time IT position was transferred from the Fire Department. FY 2009 Approved reflects the elimination of 1 overhire special revenue funded position related to T.C. Williams High School construction.	
/12	Police Department	(1.0)	(1.0)

(Continued on next page)

Personnel & Compensation Summary

(Continued from previous page)		FY 08 Amended	FY09 Approved
/13	Health	FY 2008 Amended reflects a 1.15 part-time FTE reduction as a technical correction. The FY 2009 Approved Budget reflects a reduction of 0.2 part-time FTE in a Nurse position.	
		(1.2)	(0.2)
/14	Department of Human Services	The FY 2009 Approved Budget reflects the addition of 1 full-time position for the Child Care Fee System Waiting list approved during the add/delete process, and offset by the elimination of one full-time Social Worker position for the Office for Early Childhood Development (which was added in FY 2008 and funded out of contingent reserves). The Approved Budget also reflects a 0.25 FTE net reduction of a full-time doctor position to a part-time 0.75 FTE.	
		-	(0.3)
/15	Mental Health, Mental Retardation & Substance Abuse	FY 2008 Amended reflects the addition of 1 full-time and 1 part-time 0.75 FTE position, both of which are grant funded through the State Plan of Service. FY 2009 Approved reflects the elimination of a vacant telephone operator position and the addition of 1 full-time Infant Development Specialist.	
		1.8	-
/16	Housing	FY 2009 Approved reflects the addition of a 0.5 FTE part-time Urban Planner I position, as recommended in the Planning & Zoning Revised Work plan.	
		-	0.5
/17	Planning & Zoning	FY 2008 Amended reflects the addition of one full-time Principal Planner position for the Eisenhower West Development planning process. FY 2009 reflects the addition of one full-time Urban Planner II for the new multi-department Permit Center, two full-time Historic Preservation positions, and two full-time Neighborhood and Community Development positions.	
		1.0	5.0
/18	Library	FY 2008 Amended reflects a 0.10 FTE reduction as a technical correction.	
		(0.1)	-
/19	Recreation, Parks & Cultural Activities	FY 2008 Amended reflects the addition of 8 full-time Grounds employees transferred from ACPS as an efficiency measure, and the conversion of 1.2 part-time FTEs into 1 full-time position (a net 0.2 FTE reduction). FY 2008 Amended also reflects a 0.75 part-time FTE increase as a technical correction. FY 2009 Approved reflects the addition of 1 full-time Urban Planner II recommended in the Planning & Zoning Revised Work plan, and offset by the elimination of 2 full-time custodial positions at Chinquapin and the Lee Center, and 1.1 FTE's from 2 Chinquapin part-time aquatic positions.	
		8.6	(2.1)
/20	Transportation & Environmental Services	FY 2008 Amended reflects the restoration of 3 full-time Impound Lot positions since the City will retain impounding responsibilities. FY 2009 Approved reflects the following additions: 1 full-time Civil Engineer I and 1 full-time Administrative Assistant for the Permit Center; 1 full time Civil Engineer IV for Site Plan Review; 1 full-time Parking Manager and 1 full-time Civil Engineer IV (transportation planner), originally to be funded by NVTA revenue, however approved as funded through the General Fund; and 1 full-time Commercial Recycling Position and 1 full-time Civil Engineer IV as recommended in the Planning & Zoning Revised Work plan.	
		3.0	7.0
Total Position Changes		19.1	6.6

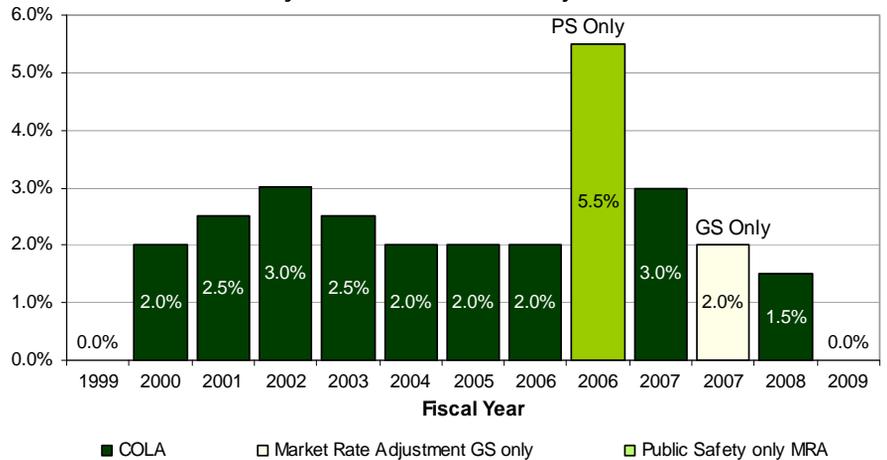
Personnel & Compensation Summary

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 one-time \$500 pay supplement and one-time 2% longevity pay supplement for top-of-grade employees were given in lieu of an MRA in FY 2009.

History of COLA & Market Rate Adjustments



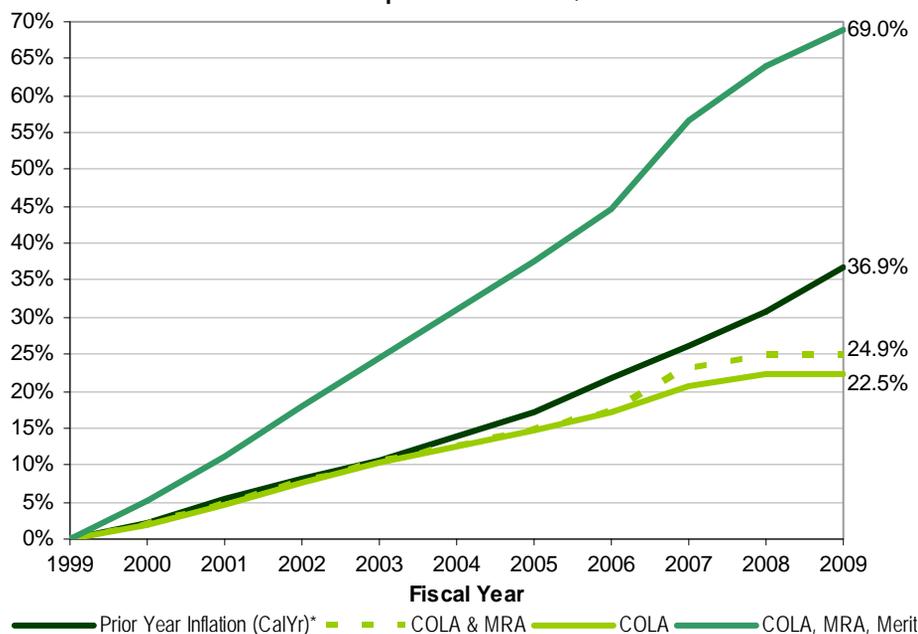
During FY 2006, all sworn Public Safety employees received a 5.5% market rate adjustment based on the results of a consultant survey. These employees did not receive the 2% market rate adjustment given to General Schedule employees in FY 2007.

The inflation rate for the Washington D.C. metro area compounded over the past 10 years is 36.9%.

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.

General Schedule Compounded COLA, MRA and Inflation



* CY 2008 CPI is estimated to be 4.7%.

Personnel & Compensation Summary

Employee Compensation-Salary

The table to the right shows General Salary Adjustments granted to City employees from FY 1986 through FY 2009, 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 below do not include step adjustments, which are based on employee performance and longevity.

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}	

^{/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).

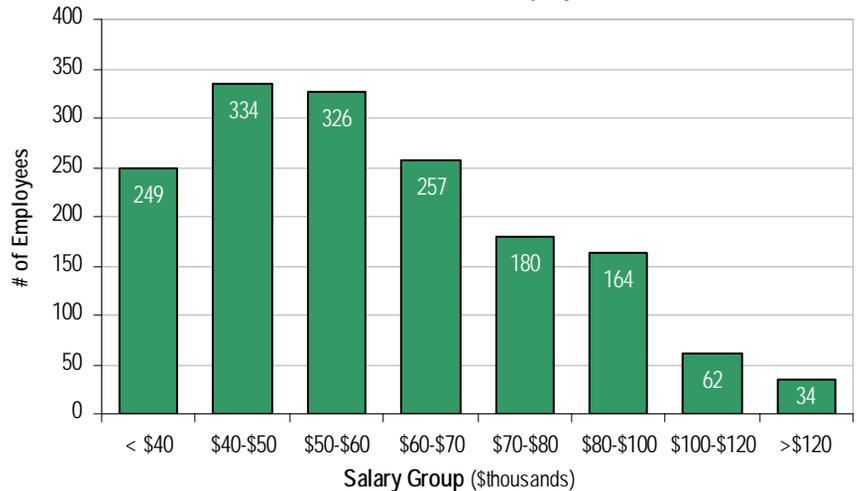
Personnel & Compensation Summary

The table to the right shows the average salary (as of January 1, 2008) of City employees.

	Total Current Employees	Average Salary as of 1/1/2008
General Schedule (FT)	1,606	\$60,838
Public Safety (FT)	714	\$68,930
General Schedule (PT)	286	\$27,826

About 57% of General Schedule employees earn less than the average salary of all General Schedule employees.

General Schedule
1,606 Full-time Employees



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

Sworn Public Safety
714 Full-time Employees



Personnel & Compensation Summary

Employee Compensation-Benefits

FICA payments by the City total \$13.0 million or 7.1% of salary.

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 FY 2009 \$13.0 million budget is equivalent to the share that employees also pay. The CY 2008 maximum earnings cap is \$102,000, so earnings above this amount will not be taxed for Social Security, but are still subject to Medicare.

Retirement

The FY 2009 retirement budget represents the contribution that the City pays towards employee retirement plans. The chart below details the contribution rates the City and employees pay.

Contribution Rates

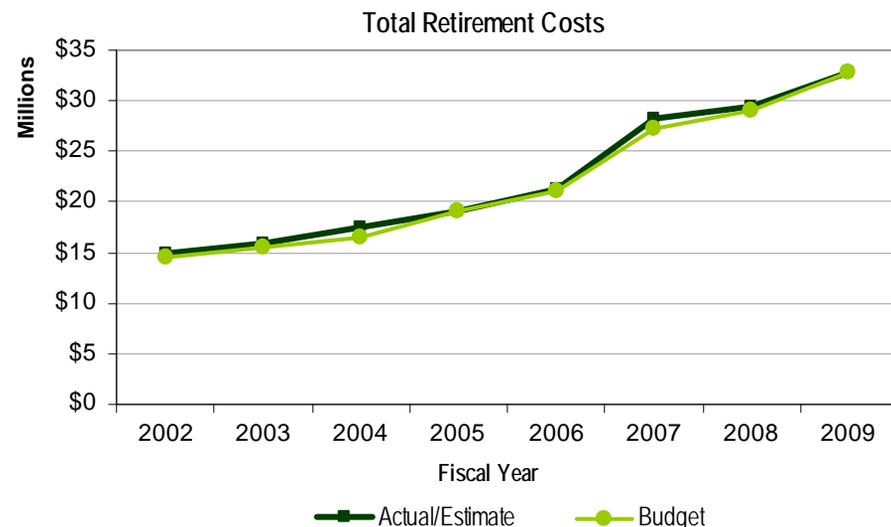
Plan	FY 2008		FY 2009	
	City	Emp'e	City	Emp'e
VRS	11.66%	-	12.06%	-
City Supplemental Plan	5.32%	-	5.64%	-
<i>VRS & City Supplement Total¹</i>	<i>16.98%</i>	<i>-</i>	<i>17.70%</i>	<i>-</i>
Sworn Fire & Police ²	22.35%	8.0%	26.41%	8.0%
Deputy Sheriffs, Fire Marshals & ERT ³	22.41%	-	22.35%	-

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 This contribution includes VRS and the City Supplemental Plan plus an increased contribution if necessary to match the Sworn Fire & Police FY 2008 contribution rate of 22.35%. In FY 2008, the increased contribution slightly exceeded this rate.

Retirement costs for the City are now at \$32.9 million or 17.8% of salary in the FY 2009 Approved Budget. A large VRS rate increase in FY 2007 added dramatically to the City's cost for retirement in that year.



Personnel & Compensation Summary

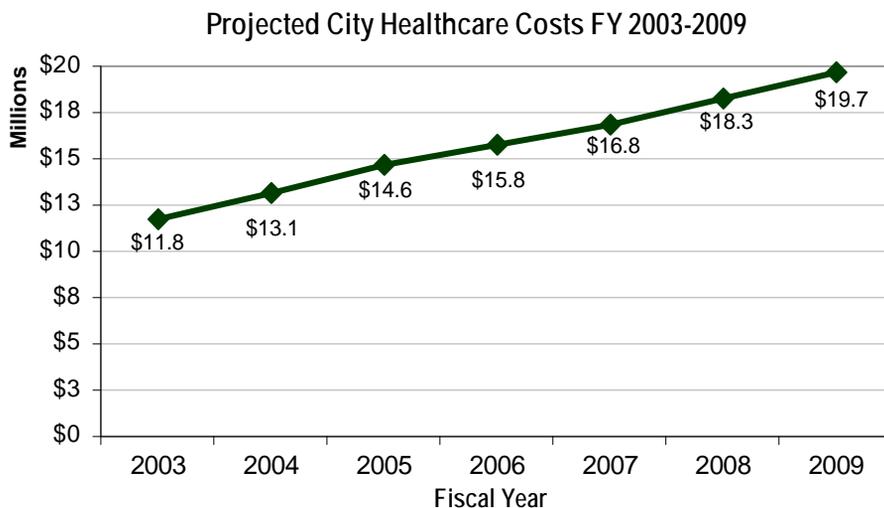
Increased employee cost sharing reduced the City's share of healthcare costs by about \$0.6 million. However, about half of this savings was offset by increased enrollment.

In addition, during the add/delete process, City Council approved the move to a self-funded healthcare plan that will eventually save the City millions of dollars over future years.

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

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 is 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.



The chart below shows the projected FY 2009 monthly healthcare premium rates and percentage paid by the City and the employee*.

		Monthly Employee Share		Monthly City Share		Total Monthly Premium
Kaiser						
HMO	Single	\$40.8	10%	\$367.3	90%	\$408
	Family	\$96.3	10%	\$866.5	90%	\$963
POS	Single	\$165.7	31%	\$367.3	69%	\$533
	Family	\$380.3	31%	\$866.5	69%	\$1,247
Optimum Choice (United Healthcare)						
HMO	Single	\$43.3	10%	\$389.8	90%	\$433
	Family	\$102.2	10%	\$919.7	90%	\$1,022
PPO	Single	\$127.5	25%	\$389.8	75%	\$517
	Family	\$290.3	24%	\$919.7	76%	\$1,210

*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.

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 agencies expectations of the City.

millions

	Estimated Unfunded Liability	Annual Required Contribution (ARC)
City ^{1,2,3}	\$88.8	\$12.3
Schools ⁴	\$39.0	\$4.9
	\$127.8	\$17.2

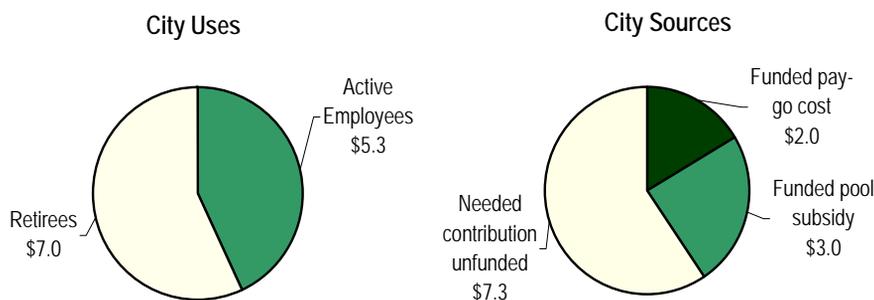
¹ 2007 draft study

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 6.0% annual return assumption.

⁴ 2006 study

The City needs to gradually increase over a five-year period, its annual funding for OPEB obligations to \$12.3 million. The FY 2009 Proposed Budget takes a first step by providing \$1.4 million in new funding. The proposed school budget includes \$0.8 million in new funding for the first step in its five-year funding plan.



Fiscal year	2009	2010	2011	2012	2013
Current "pay-go"	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Costpool subsidy	3.0	3.0	3.0	3.0	3.0
F.B. designation draw down	4.2	3.1	2.0	1.4	0.0
New funding	1.4	2.8	4.2	5.6	7.3
Total	\$10.6	\$10.9	\$11.2	\$12.0	\$12.3
% ARC Funded	86%	89%	91%	98%	100%

* Figures subject to periodic actuarial analysis, trust fund earnings, health insurance costs, and assumed no change in the \$260 monthly reimbursement rate. Fund balance drawdown timing TBD.

Wellness Program

The City's Wellness budget is \$100,000 in FY 2009. "Well! Well! Well!" is a program created to encourage City employees to include exercise, fitness, and healthy living in their daily regimen. The City's efforts to promote workforce wellness now include the following:

- An annual health fair that includes engaging up-to-date seminars and workshops on a wide range of health topics, and health screenings including blood pressure, cholesterol, and glucose, among others;
- Free use of City recreational facilities by City employees*;
- Executive Health Screenings;
- Discount memberships at the Alexandria YMCA;
- Kaiser Permanente luncheon lectures on nutrition and healthy living;
- Weight Watchers At-Work (75% subsidy); and
- Lunch time yoga classes at Gadsby's Tavern Museum.

The efficiency and benchmark audit of the Personnel Services Department is going to look for improvements in the program based on best practices.

Other Benefits

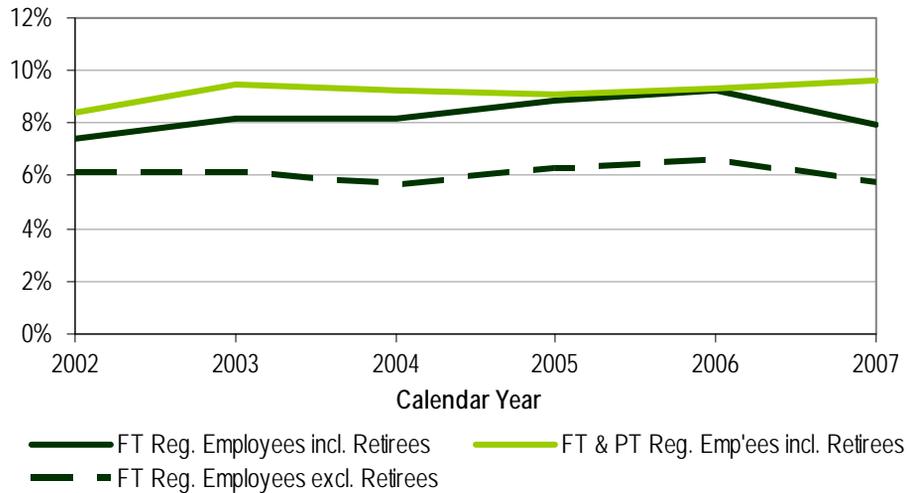
Other benefits include Workers Compensation, Clothing, Unemployment, Recruitment, and Long-term Disability.

* Alexandria Public Schools employees are now eligible to use City recreation facilities for free.

Attracting and Keeping a Competent Workforce

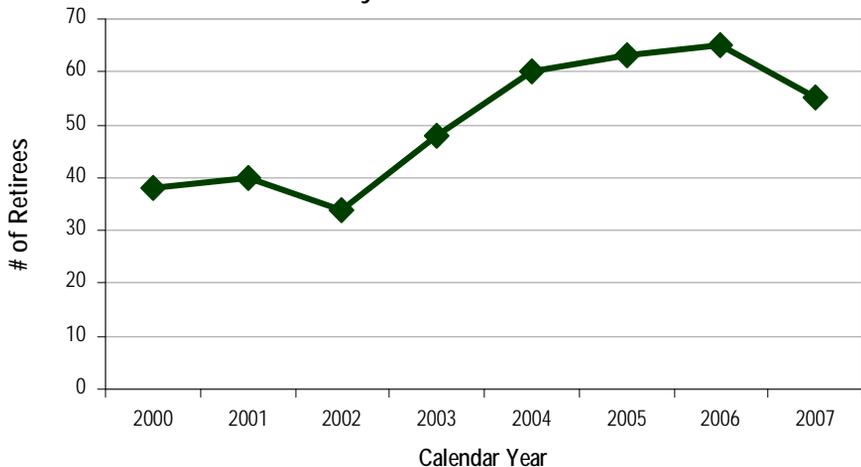
Turnover among full-time employees is relatively stable over this time period. However, part-time employee turnover increased in CY 2007, and retirements decreased.

Historical Turnover



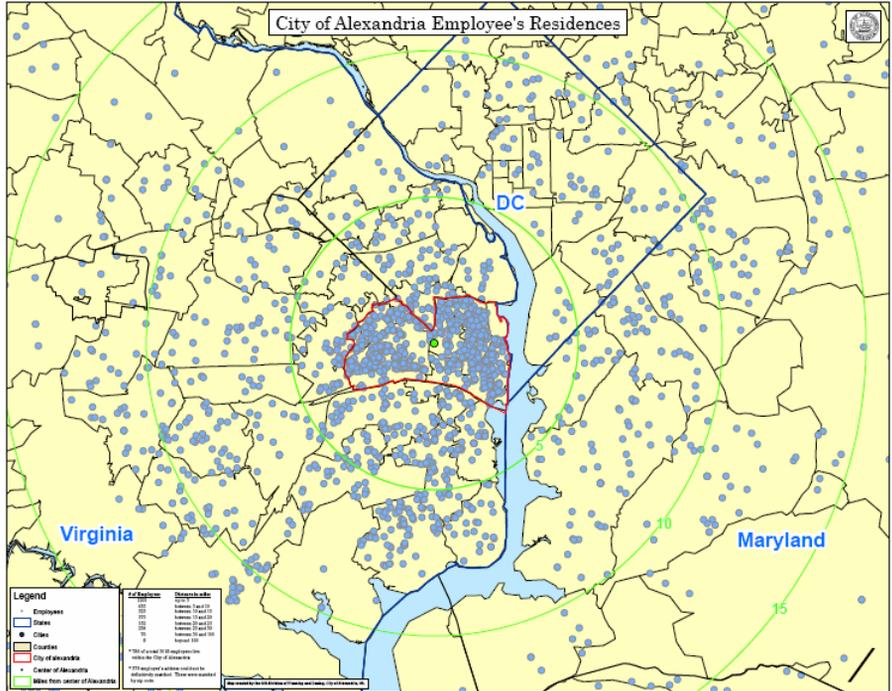
Although Calendar Year 2007 realized a decrease in retirees, the total number of retirees in coming years is expected to increase dramatically because of the number of employees who are retirement eligible.

Annual City of Alexandria Retirees



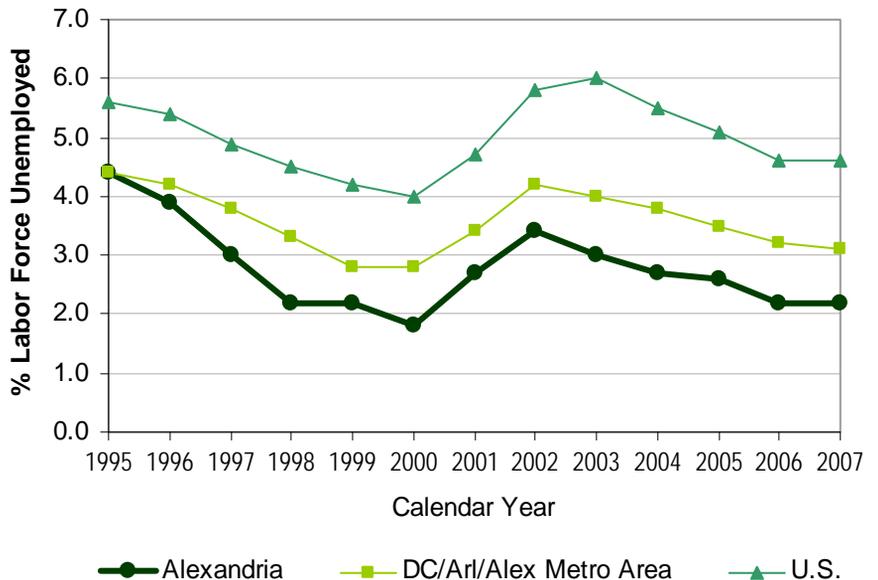
Personnel & Compensation Summary

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.



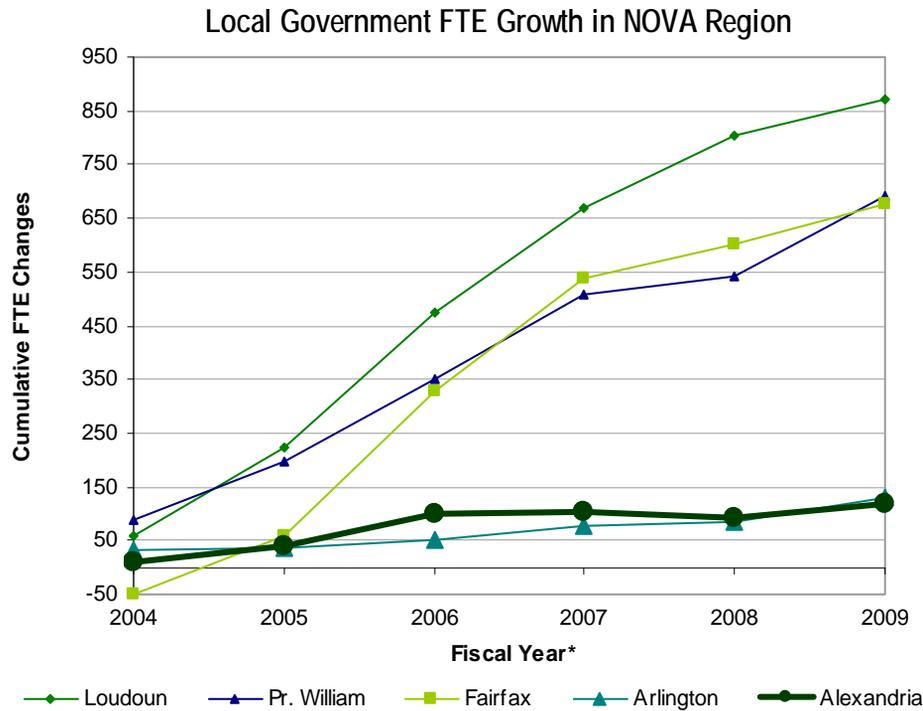
The unemployment rates in the United States, the D.C. metro area and Alexandria have been declining since about 2002. This signifies an increase in jobs as compared to job seekers. The job seekers have more choice in which jobs they accept. This makes it more difficult to attract quality candidates.

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



Personnel & Compensation Summary

Prince William, Fairfax and Loudoun Counties continue to expand their workforces, which adds competitive pressure for the City's workforce.



* FTE counting definitions vary, as do the services each locality provides. Use of outside contractors and non-profit service providers also varies by jurisdiction.

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