

Personnel & Compensation Summary

Personnel & Compensation Highlights

Compensation up 1.9% overall

No MRA provided

Merit/Step Program reinstated

“Q” Step added to the end of pay scale

\$0.4 million to implement the new Competency Based Classification System from Contingent Reserves

A reduction in the City workforce of 61 positions

Net staffing levels decrease by 38.2 full-time equivalents (FTE's)

No Furloughs utilized.

- Total compensation for City staff increased by 1.9%. The main driver of this is the \$2.2 million budgeted for the merit/step provided to employees. The budgets for retirement and healthcare also increase on a net basis.
- There will be no market rate adjustment for City or School employees for the third straight year.
- Merit/step program is reinstated in FY 2011 following a year in which salaries were frozen. Employees eligible on a merit basis for a step increase will receive salary increases ranging from 2.3% – 5.0 % of salary.
- The budget also provides funding to add a step (Q Step) to the pay scale to enable employees at the end of the scale to receive a pay increase.
- Although indicated by benchmarking surveys, no pay upgrades will be funded for positions found to be below average pay levels provided by our comparator jurisdictions in the region.
- The City finalized its study of employee pay for performance, position classification and compensation philosophy. A multi-year implementation of the studies results is now underway. In FY 2011, \$0.4 million of the \$0.7 million currently designated for Watson Wyatt implementation in City Council Contingent Reserves was provided to fund the implementation of the new Competency Based Classification System.
- The City workforce is reduced by 61 funded full and part-time staff positions, approximately 2% of City staff (on top of the 119 positions reduced in the FY 2010 budget). Of the reduced positions, 15 are filled but we will seek alternative positions for these employees if possible. This reduction is equal to a decline of 50.2 full-time equivalents (FTEs). This decrease is offset by 12.0 new FTEs for a net FTE decrease of 38.2 FTEs in the FY 2011 Approved Budget.
- The total number of FTEs in FY 2011 will be 36.1 less than funded in FY 2005.
- The City will not utilize employee furloughs as in some other jurisdictions in the region. Furloughs are back door pay cuts that have undisclosed and unintended consequences on services to the public. They also would have to be continued in future years. More permanent, recurring reductions in spending have been incorporated in the budget instead.

Personnel & Compensation Highlights

Depending on the type of plan, health insurance premiums will increase by 4.4% and 12.0%

Health insurance premium cost sharing ratios increase for current and new employees

\$1.7 million budgeted for unfunded retiree healthcare and life insurance liabilities (OPEB)

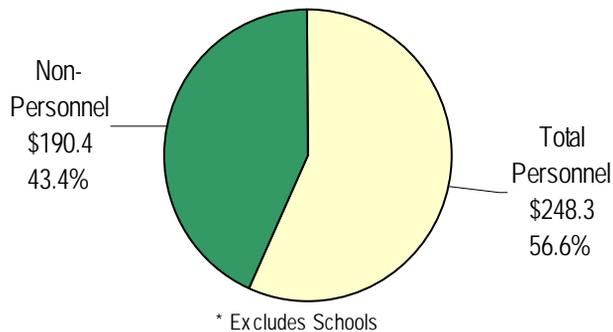
- Healthcare insurance premiums are expected to increase by 4.4% for plans under Kaiser Permanente and 12.0% for those under United Healthcare.
- Healthcare premium cost sharing ratios will be adjusted for current and new employees in an effort to contain the City's cost for healthcare to an annual increase of 5.1%. There will be no plan design changes in FY 2011.
- Adjustments to premium cost sharing ratios will save \$750,000 in FY 2011. Current employees will contribute a 3% greater share of the cost for healthcare premiums, going from 10% to 13% at a minimum. New employees will immediately pay a 20% share at a minimum instead of 10%. Current employees will gradually face an increase to a 20% cost sharing rate by FY 2013.
- The retiree health insurance subsidy annual maximum of \$3,120 will remained unchanged in FY 2011.
- The living wage will continue to be frozen at the FY 2009 level of \$13.13/hour.
- The budget continues to fund the multi-year plan to address unfunded liabilities for future benefits to City employees after retirement, albeit at a \$1.0 million reduced level in FY 2011. The FY 2011 Operating Budget provides an additional \$1.7 million in FY 2011 to the Other Post Employment Benefit Trust Fund (OPEB) towards the City's future OPEB obligations.

Personnel & Compensation Summary

Personnel Budget

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

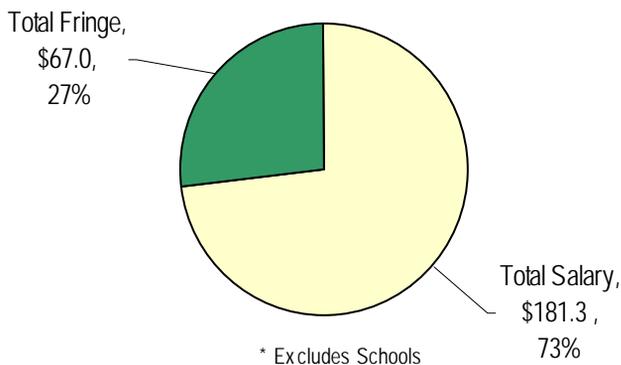
FY 2011 Approved All Funds Budget*
\$438.7M



Of the \$248.3 million personnel budget, \$181.3 million, or 73%, is for salaries. And about \$67.0 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 29%.

FY 2011 Approved All Funds Personnel Budget*
\$248.3M



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

Personnel & Compensation Summary

Personnel Budget

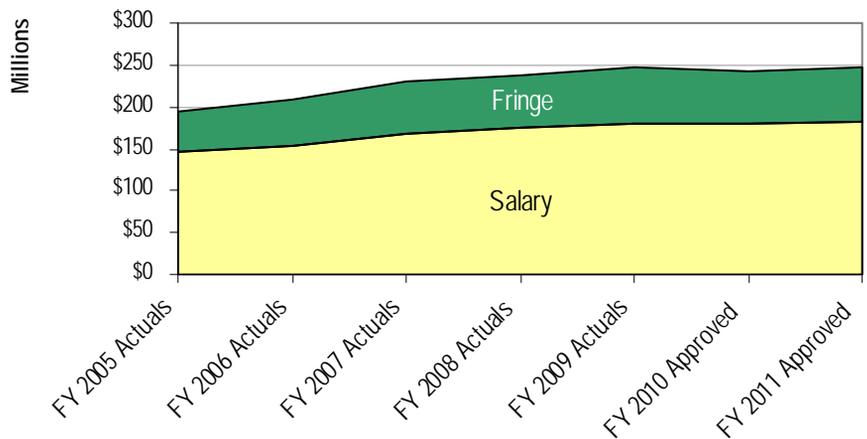
Total compensation increased by \$4.7 million, or 1.9%. The budget for salaries increased by \$2.4 million (1.4%) and total fringe benefits increased by \$2.3 million (3.5%).

Title	FY 2010 Approved	FY 2011 Approved	\$Change FY10/11	%Change FY10/11
Total Salary	\$178.9	\$181.3	\$2.44	1.4%
<u>Fringe</u>				
FICA	12.9	12.9	0.00	0.0%
Retirement	31.2	32.9	1.64	5.3%
Health	18.9	19.3	0.49	2.6%
Other*	1.7	1.9	0.14	8.4%
Total Fringe	64.7	67.0	2.27	3.5%
Total Personnel	\$243.6	\$248.3	\$4.71	1.9%

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

The cost for fringe benefits has been rising in conjunction with increases for salaries. Salaries rise in FY 2011 due to the cost of the merit/step provided to employees. The cost for fringe benefits also increases slightly after declining slightly in FY 2010.

History of Salary and Fringe Benefits



Personnel & Compensation Summary

Personnel Budget

\$3.8 million is budgeted for turnover savings, a decrease of \$2.2 million, or 36.5%, from the FY 2010 vacancy savings amount

In FY 2011 the calculation for vacancy savings has been adjusted to be more fair to departments and more strategic city-wide

Turnover Savings

In FY 2010, the City budgeted \$5.9 million for vacancy factor savings and saved an additional \$1.4 million by unfunding positions. The FY 2010 Approved Budget eliminated 119 funded positions though, many of which were vacant. By eliminating funded vacant positions, City departments found it difficult in FY 2010 to meet their vacancy savings target.

In FY 2011, the City has revamped the way it factors for vacancy savings. An overall turnover rate of approximately 2% has been applied city-wide. A turnover rate will not be applied to departments with less than 4 employees. Medium size departments, those with 4 – 180 employees, will experience a turnover rate with 2.0%. All public safety departments will have a rate of 1.2% because they historically experience less turnover. Finally, large departments have been given a rate of 2.5%.

By using the new turnover savings methodology, the City will accrue savings in a way that more accurately reflects savings from vacancies, especially for those departments who have experienced FTE reductions. This rate should approximate on average what the true savings are due to turnover as positions are vacant before being filled, and by normally filling vacant positions at salaries below those of the departing incumbent.

The table below shows the percentages applied in FY 2011 and the total savings accumulated.

FY 2011 Approved Turnover Savings

Department Size		Percentage Applied	Savings Generated
Small	(less than 4 emp'ee)	0.0%	\$0
Medium	(4 - 180 emp'ee)	2.0%	\$1,017,986
Public Safety	(Police, Fire, Sheriff)	1.2%	\$1,228,014
Large	(More than 180 emp'ee)	2.5%	\$1,511,488
Total Turnover Savings			\$3,757,488

Personnel & Compensation Summary

City Workforce by Full-time Equivalent (FTE)

In the FY 2011 Approved Budget FTEs decrease by a net of 38.2 as a result of the City workforce being reduced by 61 funded full and part-time positions and the addition of 12 new positions.

	FTE Summary			FTE Changes from FY 2010 - FY 2011 Approved		
	FY 2010 Amended	New	Deleted	FY 2011 Approved	Change #	Change %
Full-time Permanent	2,348.0	12.0	(35.0)	2,325.0	(23.0)	(1.0%)
Part-time (FTE)	193.7	0.0	(11.2)	182.5	(11.2)	(5.8%)
Approved Overhire	39.0	0.0	(4.0)	35.0	(4.0)	(10.3%)
Total (FTE)	2,580.7	12.0	(50.2)	2,542.6	(38.2)	(1.5%)

As a result of the economic downturn the City has reduced the total number of FTEs by 122.2 from FY 2009 – FY 2011

	FTE Changes from FY 2009 - FY 2011 Approved			Change #	Change %
	FY 2009 Approved	FY 2010 Amended	FY 2011 Approved		
Full-time Permanent	2,405.0	2,348.0	2,325.0	(80.0)	(3.3%)
Part-time (FTE)	202.7	193.7	182.5	(20.2)	(10.0%)
Approved Overhire	57.0	39.0	35.0	(22.0)	(38.6%)
Total (FTE)	2,664.7	2,580.7	2,542.6	(122.2)	(4.6%)

(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.)

City Departments by Line of Business

Public Safety

- Police Department
- Fire Department
- Code Enforcement
- Office of Emergency Communications

Courts & Constitutional Officers

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

General Government

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

Parks Recreation & Cultural

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

Community Development

- Office on Housing
- Planning & Zoning

Public Works

- Transportation & Environmental Services

Legislative & Executive

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

Social Services

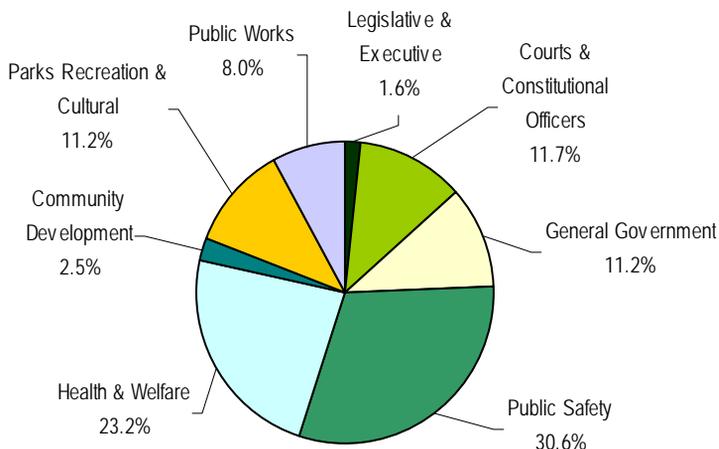
- Human Services Department
- Mental Health/ Mental Ret/ Substance Abuse
- Health Department

Personnel & Compensation Summary

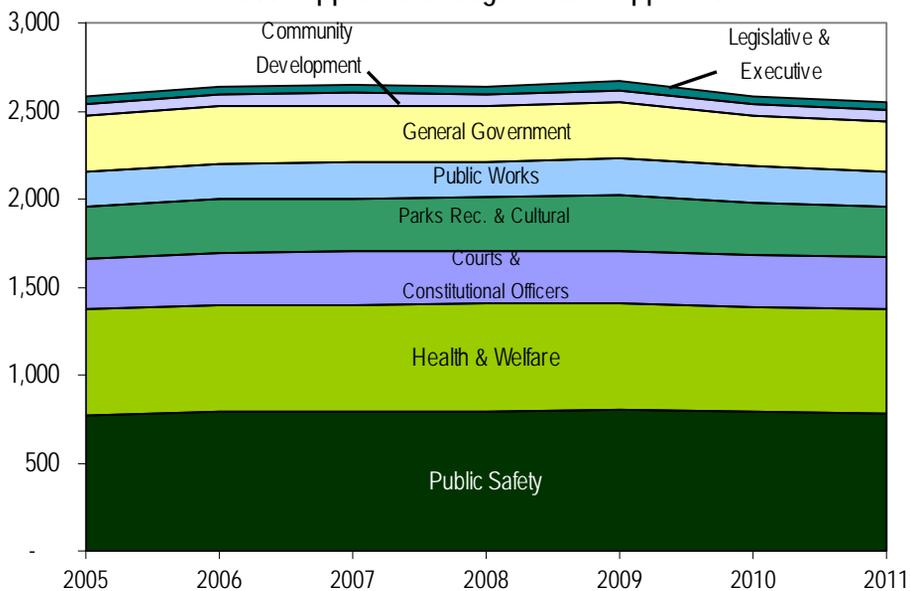
City Workforce by Line of Business

Over half of City employees work in the Public Safety (30.6%) or Health & Welfare (23.2%) lines of business.

FY 2011 Employees by Line of Business



FTE's by Line of Business FY 2005 Approved through FY 2011 Approved



Personnel & Compensation Summary

City Workforce Totals from FY 2005 – FY 2011 Approved

82.6 FTEs were added to City employment from FY 2005 – 2009. The majority of these additions (60.2 FTEs) were added in FY 2006

An equivalent amount of the FTEs added from FY 2005 – 2009 were reduced in the FY 2010 budget.

In the FY 2011 Approved Budget a net of 38.2 FTEs are reduced. As a result, the total number of FTEs in FY 2011 are below FY 2005 FTE levels.

	Total FTE's						
	Approved FY 2005	Amended FY 2006	Amended FY 2007	Approved FY 2008	Approved FY 2009	Amended FY 2010	Approved FY 2011
<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	15.0	11.0	10.0	10.0
City Attorney	15.0	15.0	15.0	15.0	15.0	14.0	14.0
City Clk & Clk of Council	3.8	4.0	4.0	4.0	4.0	4.0	4.0
Subtotal	48.8	49.0	49.0	48.0	44.0	42.0	42.0
<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	24.0	24.0	24.0	23.0	23.0	23.0	22.0
Commonwealth's Attorney	30.8	30.6	29.6	29.4	29.0	29.0	27.0
Court Services Unit	8.0	11.8	10.2	10.2	10.2	10.2	9.5
Law Library	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar of Voters	5.4	6.6	6.6	6.6	6.6	6.6	6.6
Sheriff	212.0	212.0	215.0	216.0	219.0	218.0	219.0
Subtotal	294.2	299.0	299.4	299.2	301.8	300.8	298.1
<u>General Government</u>							
Citizens Assistance	7.8	7.8	7.8	6.8	6.8	4.8	4.5
Finance	98.5	99.8	98.0	96.3	96.3	83.5	83.5
General Services	81.5	81.5	79.5	74.0	73.0	66.0	66.0
Human Rights	6.0	6.0	6.0	6.0	6.0	5.5	5.5
Human Resources	24.3	24.6	24.6	24.6	24.6	21.6	20.0
ITS	57.5	59.5	58.5	57.5	48.5	43.0	40.0
Internal Audit	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Office of Communications	-	-	-	-	11.0	10.0	9.0
OMB	10.0	11.0	11.0	11.0	11.0	11.0	11.0
Office of Procurement	-	-	-	-	-	8.0	8.0
Office on Women	19.5	19.5	19.5	19.3	20.9	19.4	19.4
Real Estate	13.0	14.0	15.0	15.0	16.0	14.0	15.0
Subtotal	320.1	325.6	321.8	312.5	315.9	288.7	283.9
<u>Public Safety</u>							
Police	457.6	466.6	466.1	468.1	466.0	462.0	450.0
Fire	308.5	323.5	326.0	244.0	247.0	252.0	258.0
Code	----Included in the Fire Department----			84.0	84.0	72.6	70.0
Emergency Communications	-	-	-	-	-	1.0	1.0
Subtotal	766.1	790.1	792.1	796.1	797.0	787.6	779.0
<u>Health & Welfare</u>							
Human Services	248.8	235.8	235.8	233.8	242.9	233.5	236.0
MH / MR / SA	337.7	346.6	353.1	354.1	347.9	341.7	336.2
Health	17.0	18.6	19.6	19.6	18.2	17.6	18.6
Subtotal	603.5	601.0	608.5	607.5	609.0	592.8	590.8
<u>Community Development</u>							
Housing	20.0	20.0	20.0	18.0	18.5	17.0	17.0
Planning & Zoning	41.0	47.5	47.5	47.5	53.5	49.5	47.5
Subtotal	61.0	67.5	67.5	65.5	72.0	66.5	64.5
<u>Parks, Recreation & Cultural</u>							
Historic Alexandria	29.4	30.4	29.4	29.4	29.4	26.8	26.0
Library	81.3	81.5	81.5	82.0	81.9	80.4	76.4
Rec Parks & Ctr'l Actv'ts	183.8	193.4	193.9	194.3	200.8	189.2	182.4
Subtotal	294.5	305.2	304.7	305.7	312.1	296.3	284.8
<u>Public Works</u>							
Transp & Envir Svc's	194.0	205.0	206.0	203.0	213.0	206.0	203.0
Subtotal	194.0	205.0	206.0	203.0	213.0	206.0	203.0
Grand Total	2,582.2	2,642.4	2,649.1	2,637.5	2,664.8	2,580.7	2,546.1

Personnel & Compensation Summary

City Workforce Approved Changes for FY 2011

The FY 2011 Approved Budget includes a reduction of 38.2 FTEs.

The decrease in FTEs is due to the reduction of 61 positions from the City workforce.

FY 2011 is the second consecutive year that the total City FTE count has decreased.

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

	FY 2010	FY 2011 Approved Positions			Change in FTE's		
	Amended FTE's	FT Perm.	Over-hire	PT (FTE)	Total (FTE)	FY 10 to FY 11 #	%
<u>Legislative & Executive</u>							
City Council	14.0	1.0	-	13.0	14.0	-	-
City Manager	10.0	10	-	-	10.0	-	-
City Attorney	14.0	14	-	-	14.0	-	-
City Clk & Clk of Council	4.0	4	-	-	4.0	-	-
Subtotal	42.0	29	-	13.0	42.0	-	-
<u>Courts & Constitutional Officers</u>							
18th Circuit Court	13.0	13	-	-	13.0	-	-
Clerk of Court	23.0	22	-	-	22.0	(1.0)	(4.3%)
Commonwealth's Attorney	29.0	26	-	1.0	27.0	(2.0)	(6.9%)
Court Services Unit	10.2	9	-	0.5	9.5	(0.7)	(6.9%)
Law Library	1.0	1	-	-	1.0	-	-
Registrar of Voters	6.6	6	-	0.6	6.6	-	-
Sheriff	218.0	219	-	-	219.0	1.0	0.5%
Subtotal	300.8	296	-	2.1	298.1	(2.7)	(0.9%)
<u>General Government</u>							
Citizens Assistance	4.8	4	-	0.5	4.5	(0.3)	(5.3%)
Finance	83.5	79	-	4.5	83.5	-	0.0%
General Services	66.0	66	-	-	66.0	-	-
Human Rights	5.5	5	-	1	5.5	-	-
Human Resources	21.6	20	-	-	20.0	(1.6)	(7.3%)
ITS	43.0	40	-	-	40.0	(3.0)	(7.0%)
Internal Audit	2.0	2	-	-	2.0	-	-
Office of Communications	10.0	9	-	-	9.0	(1.0)	(10.0%)
OMB	11.0	11	-	-	11.0	-	-
Office of Procurement	8.0	8	-	-	8.0	-	-
Office on Women	19.4	18	-	1.4	19.4	-	-
Real Estate	14.0	15	-	-	15.0	1.0	7.1%
Subtotal	288.7	277.0	-	6.9	283.9	(4.8)	(1.7%)
<u>Public Safety</u>							
Police	462.0	442	6	2.0	450.0	(12.0)	(2.6%)
Fire	252.0	258	-	-	258.0	6.0	2.4%
Code	72.6	52	18	-	70.0	(2.6)	(3.6%)
Emergency Communications	1.0	1	-	-	1.0	-	100.0%
Subtotal	787.6	753.0	24.0	2.0	779.0	(8.6)	(1.1%)
<u>Health & Welfare</u>							
Human Services	233.5	230	-	6.0	236.0	(1.0)	(0.4%)
MH / MR / SA	341.7	269	-	67.2	336.2	(5.5)	(1.6%)
Health	17.6	11	-	7.6	18.6	1.0	5.7%
Subtotal	592.8	510.0	-	80.8	590.8	(5.5)	(0.9%)
<u>Community Development</u>							
Housing	17.0	17	-	-	17.0	-	-
Planning & Zoning	49.5	40	7	0.5	47.5	(2.0)	(4.0%)
Subtotal	66.5	57.0	7.0	0.5	64.5	(2.0)	(3.0%)
<u>Parks, Recreation & Cultural</u>							
Historic Alexandria	26.8	16	-	10.0	26.0	(0.7)	(2.7%)
Library	80.4	55	-	21.4	76.4	(4.0)	(5.0%)
Rec Parks & Cltrl Actv'ts	189.2	136	-	46.4	182.4	(6.8)	(3.6%)
Subtotal	296.3	207.0	-	77.8	284.8	(11.6)	(3.9%)
<u>Public Works</u>							
Transp & Envir Svc's	206.0	199	4	-	203.0	(3.0)	(1.5%)
Subtotal	206.0	199.0	4.0	-	203.0	(3.0)	(1.5%)
Grand Total	2,580.7	2,328	35	183	2,546.1	(38.2)	(1.5%)

Personnel & Compensation Summary

City Workforce Approved Position Reductions for FY 2011

The 61 position reductions results in a full-time equivalent (FTE) reduction of 50.2.

The position reductions impact 17 departments city-wide and nearly all lines of business.

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

FY 2011 Approved Position Reductions

	Department	Position Title	Reduction Amount
1	Citizen Assistance	Clerk Typist	(0.25)
2	Clerk of Courts	Records Clerk	(1.00)
3	Code Administration	Fire Inspector I	(1.00)
4	Code Administration	Fire Inspector I	(1.00)
5	Code Administration	Records Clerk	(0.60)
6	Commonwealth's Attorney	Restitution Specialist	(1.00)
7	Commonwealth's Attorney	Assistant Commonwealth Attorney	(1.00)
8	Communications	Media Content Coordinator	(1.00)
9	Court Services Unit	Educational Assistant	(0.70)
10	Finance	Admin Tech	(1.00)
11	Historic Alexandria	Receptionist (FFH)	(0.23)
12	Historic Alexandria	Curator I (Black History)	(0.50)
13	Human Resources	Human Resources Technician	(0.57)
14	Human Resources	Human Resources Technician	(1.00)
15	Human Services	Clerk Typist II	(1.00)
16	ITS	Computer Programmer Analyst II	(1.00)
17	ITS	Computer Programmer Analyst II	(1.00)
18	ITS	Network Engineer III	(1.00)
19	Library	Library Assistant I	(0.63)
20	Library	Librarian I	(0.38)
21	Library	Library Assistant I	(1.00)
22	Library	Librarian I	(0.50)
23	Library	Library Assistant I	(0.50)
24	Library	Library Assistant II	(0.50)
25	Library	Customer Support Engineer II	(0.50)
26	MH/MR/SA	Therapist II	(1.00)
27	MH/MR/SA	Lab Aide	(1.00)
28	MH/MR/SA	Clinical Psychologist I	(0.50)
29	MH/MR/SA	Admin Officer I (Training)	(0.50)
30	MH/MR/SA	Fiscal Analyst	(1.00)
31	MH/MR/SA	Therapist I (Detox/SA)	(0.50)
32	MH/MR/SA	Therapist III	(1.00)
33	Planning & Zoning	Urban Planner III	(1.00)
34	Planning & Zoning	Urban Planner III	(1.00)

Personnel & Compensation Summary

City Workforce Approved Position Reductions for FY 2011

FY 2011 Approved Position Reductions

	Department	Position Title	Reduction Amount
35	Police	Administrative Assistant	(1.00)
36	Police	Police Officer I Position	(1.00)
37	Police	Police Officer I Position	(1.00)
38	Police	Police Officer I Position	(1.00)
39	Police	Vice Detective	(1.00)
40	Police	Personnel Specialist	(1.00)
41	Police	Parking Enforcement Officer (PEO)	(1.00)
42	Police	Parking Enforcement Officer (PEO)	(1.00)
43	Police	Parking Enforcement Officer (PEO)	(1.00)
44	Police	Parking Enforcement Officer (PEO)	(1.00)
45	Police	Parking Enforcement Officer (PEO)	(1.00)
46	Police	Captain	(1.00)
47	RPCA	Recreation Leader II	(0.48)
48	RPCA	Recreation Leader III	(0.48)
49	RPCA	Senior Program Coordinator	(0.75)
50	RPCA	Deputy Director	(1.00)
51	RPCA	Division Chief Administration	(1.00)
52	RPCA	Administrative Officer II	(1.00)
53	RPCA	Rec Leader III	(0.75)
54	RPCA	Rec Leader II	(0.60)
55	RPCA	Rec Leader III	(0.30)
56	RPCA	Rec Leader I	(0.48)
57	T&ES	Laborer I (White Wing Cleaner)	(1.00)
58	T&ES	Inspector II (Eisenhower East OH)	(1.00)
59	T&ES	Inspector II (ACPS OH)	(1.00)
60	T&ES	Engineering Aide	(1.00)
61	T&ES	Inspector II (Eisenhower East OH)	(1.00)
		Total FTE Reduction for 61 Positions	(50.2)

After accounting for the 12.0 new FTEs added in the FY 2011 Approved Budget, the net FTE decrease is 38.2.

Personnel & Compensation Summary

Vacant Positions as of May 2010 by Strategic Plan Goal*

City Workforce Vacancies

As of May 2010 there are 239 funded full and part-time positions vacant city-wide.

239 vacancies equates to a city-wide vacancy rate of approximately 9.3%.

Of the 239 vacant positions, 131 are being held open. 9 positions are currently under consideration by the City Manager to be filled. 99 positions have been approved to be filled by the City Manager but have not yet been filled and remain vacant at this time.

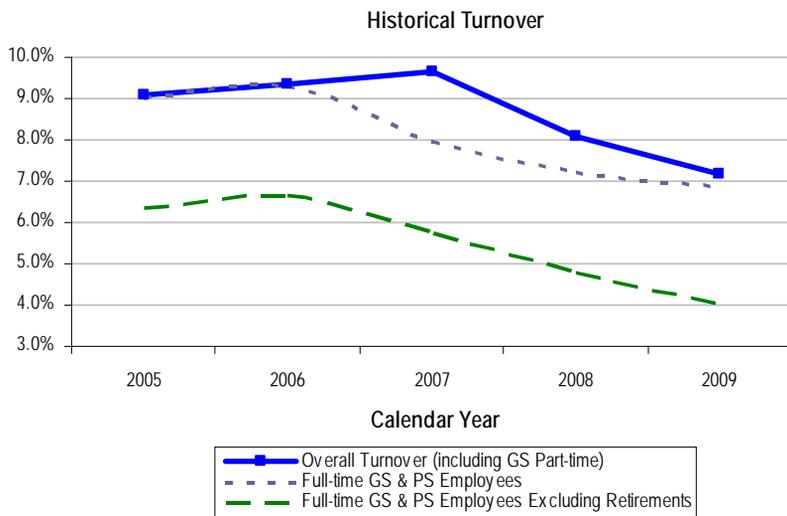
In FY 2010, a majority of vacant positions were being held open in order to meet budget savings targets. In the FY 2011 Approved Budget, 46 vacant positions are unfunded or eliminated.

	Approved FTEs	Total Vacancies	% of Approved FTEs Vacant
<u>Financial Sustainability</u>			
City Manager	10	1	10.0%
City Attorney	14	0	-
City Clerk & Clerk of Council	4	0	-
Office of Management & Budget	11	2	18.2%
Citizens Assistance	5	0	-
Internal Audit	2	0	-
Office of Communications	10	1	10.0%
Human Resources	22	3	13.9%
Human Rights	6	0	-
General Services	67	2	3.0%
ITS	43	5	11.6%
Procurement	8	1	12.5%
Finance	83	8	9.7%
Real Estate	14	1	7.1%
Registrar of Voters	7	0	-
Total Financial Sustainability	304	24	7.9%
<u>Public Safety</u>			
18th Circuit Court	13	0	-
Commonwealth Attorney	29	1	3.4%
Sheriff	219	5	2.3%
Clerk of Court	23	1	4.3%
Court Services Unit	10	4	39.2%
Fire	252	28	11.1%
Police	462	23	5.0%
Emergency Communications	1	0	-
Total Public Safety	1,009	62	6.1%
<u>Children, Families & Youth</u>			
Office on Women	19	1	5.2%
MH / MR / SA	342	41	12.0%
Human Services	234	21	9.0%
Total Children, Family & Youth	595	63	10.6%
<u>Caring Community</u>			
Housing	17	2	11.8%
Historic Alexandria	27	2	7.5%
RPCA	189	36	19.0%
Library	79	14	17.7%
Total Caring Community	312	54	17.3%
<u>Development</u>			
Planning & Zoning	50	4	8.1%
Code	73	10	13.8%
Total Development	122	14	11.5%
<u>Transportation</u>			
Transportation & Environ Svc's	206	19	9.2%
Total Transportation	206	19	9.2%
<u>Health & Environment</u>			
Health	17	3	17.3%
Total Health & Environment	17	3	17.3%
Grand Total	2,565	239	9.3%

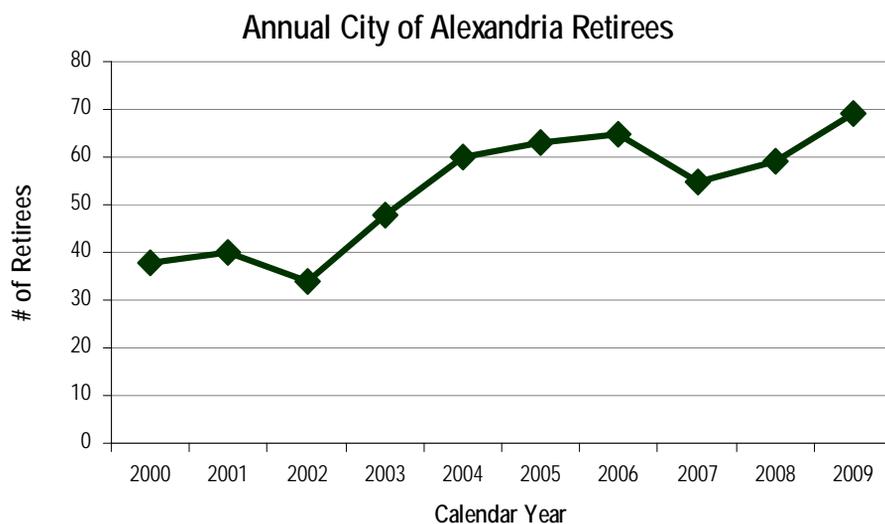
Note: Some departmental programs overlap into more than one strategic plan goal area.

City Workforce Turnover and Retirements

Turnover rates have declined since CY 2007. In CY 2009 overall turnover was 7.2%.



A total of 69 employees retired from city service in CY 2009. Calendar Year 2009 represents the second consecutive year in which retirements increased. The number of retirements was at its highest point in 10 years in CY 2009.



Watson Wyatt Study: Overview

The City's objective of the Watson Wyatt Study was to "create systems that are aligned with the market, allow flexibility for job leveling and meet workforce needs, and are transparent to employees."

Although indicated by benchmark surveys, the FY 2011 Approved Budget does not include funding for pay upgrades for positions found below the average pay levels provided by comparators jurisdictions.

The City retained the services of Watson Wyatt Worldwide to conduct several audits, studies and reviews of the City's classification, compensation and performance management systems. Watson Wyatt focused on the following areas:

- Position Classification and Compensation Review
 - Compensation Philosophy Review
 - Benchmarking City Benefits
 - Pay for Performance
 - Benchmarking City salaries for General Salary and Public Safety positions
-

Watson Wyatt's research took place in the following stages:

- Kick-off Meeting with City staff to determine the scope of work
 - Survey of local governments to include the City's comparator jurisdictions conducted by Watson Wyatt
 - Employee focus groups were held and interviews with senior leaders conducted
 - City benefits were benchmarked using Watson Wyatt's COMPARISON methodology
-

Major findings included:

- City's compensation philosophy needed updating
- Benchmarking process need major revisions
- Replace the current Classification System with a new competency based "whole job" system
- Realign the City's pay scales as well as review and address a variety of pay issues (i.e., promotional policy and pay compression in the Public Safety ranks).
- Consider revamping the City's Performance Management System

Personnel & Compensation Summary

Watson Wyatt Study: Implementation of the Competency Based Classification System

**\$0.4 million to implement the
new Competency Based
Classification System**

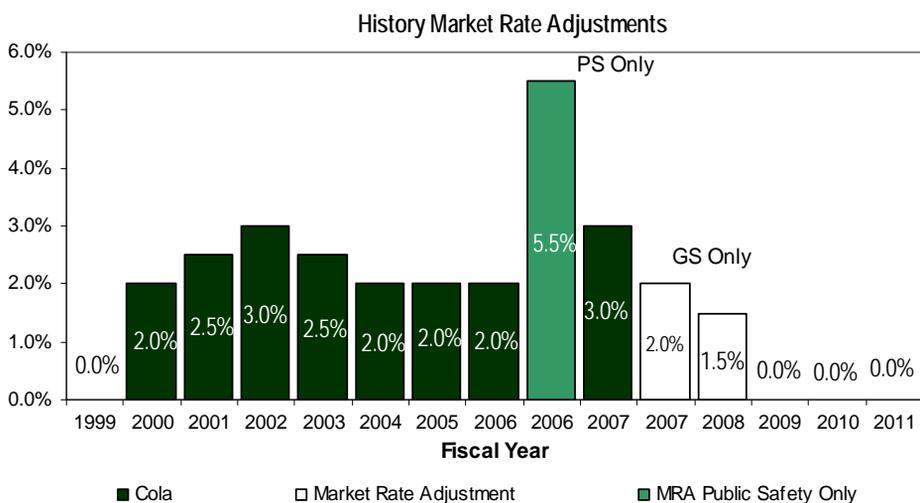
**The chart to the right shows
the recent history of cost of
living adjustments (COLA)
and market rate adjustments
(MRA) given to City
employees since 1999.**

**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.**

**In the FY 2011 Approved
Budget, no COLA or MRA is
provided to employees for the
third straight year.**

The Watson Wyatt Study found that the City's current Classification System was outdated and beyond its useful life. The study recommended the implementation of a Competency Based Classification System which is based on a model, focused on identifying all of the elements of a job. This is called a "whole job" classification system. They system slots all City jobs into seven Job Families and six levels. Every job has six core competencies which are measurable patterns of behaviors, knowledge and skills which contribute to the City's organizational performance.

The City has started implementing the new classification system in FY 2011. The cost is approximately \$400,000, which – assuming City Council authorization - will be paid from funds in City Council's Contingent Reserves designated for Watson Wyatt implementation. These funds have already been appropriated by City Council in FY 2010 and will be carried over into FY 2011, when the actual higher costs will be increased.



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.

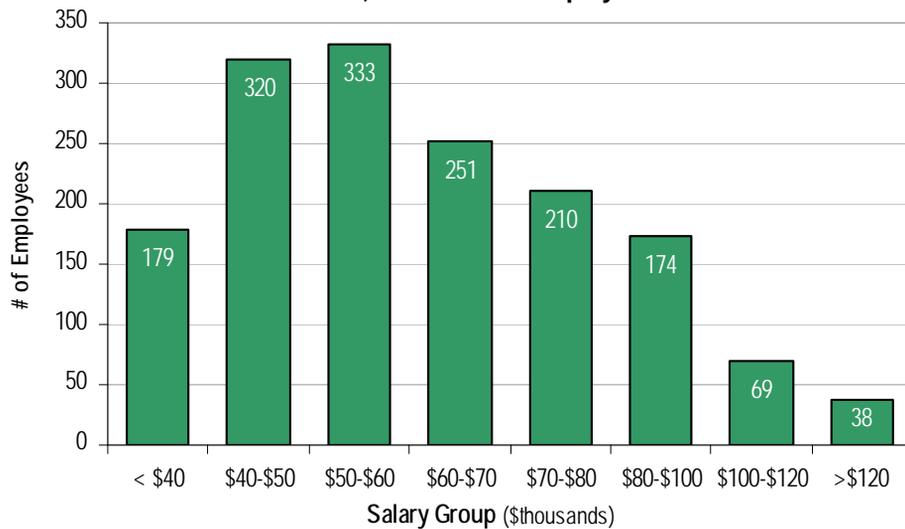
Personnel & Compensation Summary

The table to the right shows the average salary (as of January 1, 2010) of City employees.

	Employees as of 1/1/2010	Average Salary as of 1/1/2010
General Schedule (FT)	1,573	\$62,691
Public Safety (FT)	680	\$70,821
General Schedule (PT)	319	\$21,729

About 53% of General Schedule employees earn less than the average salary of all General Schedule employees. Only 6.8% earn more than \$100,000.

General Schedule
1,573 Full-time Employees



A little less than half of all sworn Public Safety employees earn less than the average salary of that group. Only 7.1% earn more than \$100,000.

Sworn Public Safety
680 Full-time Employees



Personnel & Compensation Summary

Employee Compensation – Retirement

FICA payments by the City remain flat in the FY 2011 Approved Budget.

Retirement costs for the City are budgeted at \$32.9 million in the FY 2011 Approved Budget, which is a \$1.6 million increase from the prior year.

Retirement costs increase in FY 2011 partly due to rate increases, which had been expected given major stock market declines in CY 2009 and 2010.

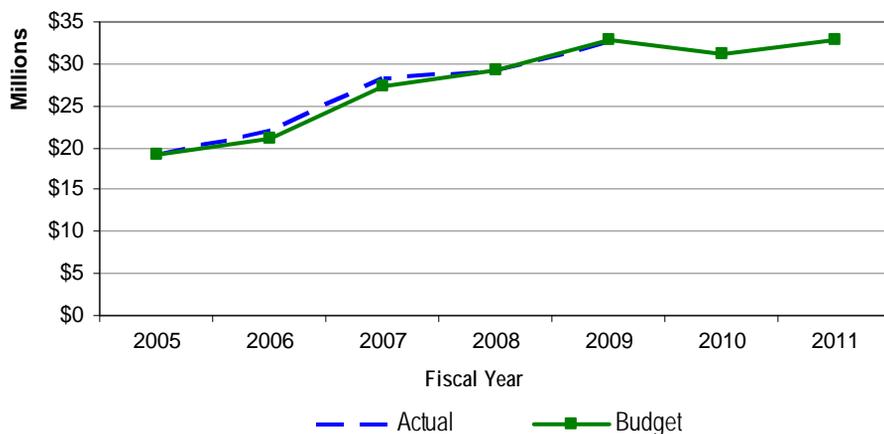
Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare tax. The \$12.9 million budgeted in FY 2011 is equivalent to the share that employees also pay. The CY 2010 maximum earnings cap remains at the CY 2009 level of \$106,800, so earnings above this amount will not be taxed for Social Security, but are still subject to Medicare.

Retirement

The FY 2011 retirement budget represents the contribution that the City pays towards employee retirement plans. The chart below shows actual retirement costs from FY 2005 – 2009 and the budgeted costs for retirement from FY 2005 – 2011. The chart on the following page details the planned contribution rates the City and employees pay.

City Retirement Budget and Costs FY 2005 - FY 2011



Personnel & Compensation Summary

Employee Compensation – Retirement

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

Plan	Employees (Pre July 1, 2009)		Future Employees (Post July 1, 2009)		Employees (Pre July 1, 2009)		Employees (Post July 1, 2009)	
	Contribution Rates for City Employees		Contribution Rates for City Employees		Contribution Rates for City Employees		Contribution Rates for City Employees	
	FY 2010 City	FY 2010 Emp'ee	FY 2010 City	FY 2010 Emp'ee	FY 2011 City	FY 2011 Emp'ee ⁷	FY 2011 City	FY 2011 Emp'ee ⁷
VRS	12.07%	-	12.07%	-	12.78%	-	12.78%	-
City Supplemental Plan ^{5,6}	5.68%	-	3.68%	2.00%	6.47%	-	4.47%	2.00%
<i>VRS & City Supplement Total¹</i>	<i>17.75%</i>	<i>-</i>	<i>15.75%</i>	<i>2.00%</i>	<i>19.25%</i>	<i>-</i>	<i>17.25%</i>	<i>2.00%</i>
Sworn Fire & Police ^{2,3}	27.20%	8.0%	27.20%	8.0%	25.58%	8.0%	25.58%	8.0%
Deputy Sheriffs, Fire Marshals & ERT ⁴	22.35%	-	22.35%	-	22.60%	-	22.60%	-

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 allocated 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.

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 General Salary employees hired on or after July 1, 2009 will pay 2% into the supplemental retirement system. This does not include employees who are Deputy Sheriffs, Fire Marshals, or ERTs.

⁶ For employees hired before July 1, 2009 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.

⁷ In 2010 the Virginia General Assembly enacted changes to the Virginia Retirement System (VRS) that allows localities to decide whether to have new employees pay part of the 5% employee share. Since the 1908's the employee share has been paid for by the City.

Subsequent to adoption of the FY 2011 budget, City Council passed a resolution requiring new employees (those hired after July 1, 2010) hired into VRS-covered positions to pay 4% of the employee share. The City will continue to pay the 1% for a total of 8.78% of salary. The contributions by new VRS-covered employees will result in a savings to the City of approximately \$120,000-\$140,000 in FY 2011. Savings will increase in future years as new employees are hired.

City Council's decision will impact new employees hired into full-time General Salary, Deputy Sheriff, Emergency Medical Technician, and Fire Marshal positions. The change does not impact sworn Police and Fire positions whose retirement is covered by a separate pension plan. For employees hired prior to July 1, 2010, the City will continue to pay the full 5% employee share.

Personnel & Compensation Summary

Employee Compensation – Health

Health care budgeted costs increase in the FY 2011 Approved budget by \$0.5 million, or 2.6%.

Premiums are expected to rise 4.4% for Kaiser Permanente Plans and 12% for plans under United Healthcare.

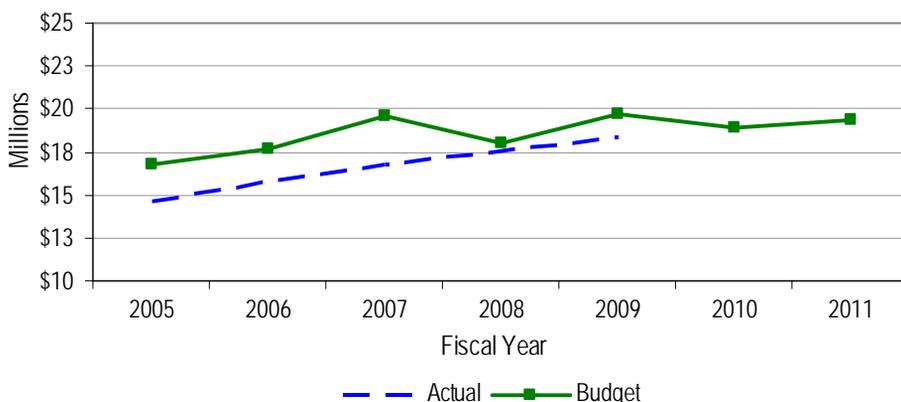
Current City employees will contribute a 3% greater share of the cost of healthcare premiums. New employees will immediately pay a 20% share.

Current employees will gradually face an increase to a 20% minimum cost sharing rate by FY 2013.

Healthcare

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare costs from FY 2005 – FY 2009, and the budgeted amount for healthcare from FY 2005 – FY 2011.

City Healthcare Budget and Costs FY 2005-2011



Employee Cost Sharing

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.

In FY 2011 employees' minimum share of premium costs will increase for current employees by 3% for a total of 13%, and increase 10% for future employees (hired after July 1, 2010) for a total of 20%.

Containing Healthcare Cost Growth

Healthcare premium rates are expected to increase in FY 2011 by 4.4% for plans under Kaiser Permanente and 12% for plans under United Healthcare. Without adjusting the City and employee premium cost sharing rates, healthcare costs would increase by 9.1% overall. Furthermore, anticipated increases in future years would result in costs becoming unsustainable for the City.

By adjusting the premium cost sharing rates the City is able to maintain a 5.1% overall growth rate in healthcare costs over the next three years. To do this though, employees' share of premium costs will need to increase by 3% per year for the next three years, eventually reaching a 20% minimum share of premium costs. Future employees will begin paying a minimum 20% of premium costs starting in FY 2011.

Personnel & Compensation Summary

Employee Compensation – Health

Current Full-time Employee Healthcare Costs

The chart below shows the FY 2011 monthly healthcare premium rates paid by the City and current full-time employees.

CITY PLANS	HMO (In Plan Coverage Only)					POS Coverage (In Plan or Out of Plan Coverage)				
	TOTAL COST	CITY SHARE		EMPLOYEE SHARE		TOTAL COST	CITY SHARE		EMPLOYEE SHARE (13% + POS)	
Kaiser Permanente										
Individual										
Monthly	\$441.08	\$383.74	87%	\$57.34	13%	\$575.92	\$383.74	67%	\$192.18	33%
Bi-Weekly*				\$28.67					\$96.09	
Family										
Monthly	\$1,040.68	\$905.39	87%	\$135.29	13%	\$1,347.20	\$905.39	67%	\$441.81	33%
Bi-Weekly*				\$67.65					\$220.91	
United Health Care	Choice (In Plan Coverage Only)					Choice Plus Coverage (In Plan or Out of Plan Coverage)				
Individual										
Monthly	\$506.87	\$440.98	87%	\$65.89	13%	\$605.40	\$440.98	73%	\$164.42	27%
Bi-Weekly*				\$32.95					\$82.21	
Family										
Monthly	\$1,195.99	\$1,040.51	87%	\$155.48	13%	\$1,416.20	\$1,040.51	73%	\$375.69	27%
Bi-Weekly*				\$77.74					\$187.85	

Future Full-time Employee Healthcare Costs

The chart below shows the FY 2011 monthly healthcare premium rates paid by the City and future full-time employees (those hired after 7/1/2010).

CITY PLANS	HMO (In Plan Coverage Only)					POS Coverage (In Plan or Out of Plan Coverage)				
	TOTAL COST	CITY SHARE		EMPLOYEE SHARE 20%		TOTAL COST	CITY SHARE		EMPLOYEE SHARE 20% + POS	
Kaiser Permanente										
Individual										
Monthly	\$441.08	\$352.86	80%	\$88.22	20%	\$575.92	\$352.86	61%	\$223.06	39%
Bi-Weekly*				\$44.11					\$111.53	
Family										
Monthly	\$1,040.68	\$832.54	80%	\$208.14	20%	\$1,347.20	\$832.54	62%	\$514.66	38%
Bi-Weekly*				\$104.07					\$257.33	
United Health Care	Choice (In Plan Coverage Only)					Choice Plus Coverage (In Plan or Out of Plan Coverage)				
Individual										
Monthly	\$506.87	\$405.50	80%	\$101.37	20%	\$605.40	\$405.50	67%	\$199.90	33%
Bi-Weekly*				\$50.69					\$99.95	
Family										
Monthly	\$1,195.99	\$956.79	80%	\$239.20	20%	\$1,416.20	\$956.79	68%	\$459.41	32%
Bi-Weekly*				\$119.60					\$229.71	

Personnel & Compensation Summary

Employee Compensation – Health

Part-time Employee Healthcare Costs

The chart below shows the FY 2011 monthly healthcare premium rates paid by the City and part-time employees.

CITY PLANS	HMO (In Plan Coverage Only)					POS Coverage (In Plan or Out of Plan Coverage)					
	TOTAL COST	CITY SHARE	EMPLOYEE SHARE 50%	TOTAL COST	CITY SHARE	EMPLOYEE SHARE 50% + POS	TOTAL COST	CITY SHARE	EMPLOYEE SHARE 50% + POS		
Kaiser Permanente											
Individual Monthly Bi-Weekly*	\$441.08	\$220.54	50%	\$220.54	50%	\$110.27	\$575.92	\$220.54	38%	\$355.38 \$177.69	62%
Family Monthly Bi-Weekly*	\$1,040.68	\$520.33	50%	\$520.35	50%	\$260.18	\$1,347.20	\$520.33	39%	\$826.87 \$413.44	61%
United Health Care											
Individual Monthly Bi-Weekly*	\$506.87	\$253.44	50%	\$253.43	50%	\$126.72	\$605.40	\$253.44	42%	\$351.96 \$175.98	58%
Family Monthly Bi-Weekly*	\$1,195.99	\$598.00	50%	\$597.99	50%	\$299.00	\$1,416.20	\$598.00	42%	\$818.20 \$409.10	58%

Personnel & Compensation Summary

Employee Compensation – Security

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

In FY 2011 Approved Budget provides \$1.7 million in new funding for the City's OPEB obligations.

Other Post-Employment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) has created 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 ratings of City debt.

millions

	Estimated Unfunded Liability	Annual Required Contribution (ARC)
City ^{1,2,3}	\$85.6	\$10.9
Schools ⁴	\$13.5	\$1.6

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 Source: ACPS FY 2009 Comprehensive Annual Financial Report (CAFR)

CASH FLOW PROJECTIONS

Other Post Employment Benefits Plan for Funding

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Medical Subsidy	\$ 1.9	\$ 2.5	\$ 2.7	\$ 3.0	\$ 3.3	\$ 3.3	\$ 3.5	\$ 3.7	\$ 3.9
Reimbursement	\$ 2.8	\$ 3.0	\$ 3.2	\$ 3.3	\$ 3.3	\$ 3.4	\$ 3.5	\$ 3.6	\$ 3.7
Life Insurance	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
Total Cash Flow	\$ 5.3	\$ 6.1	\$ 6.6	\$ 7.1	\$ 7.4	\$ 7.5	\$ 7.8	\$ 8.1	\$ 8.4
Current General Fund	\$ 2.5	\$ 1.7	\$ 1.8	\$ 2.0	\$ 2.4	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.5
Fund Balance Draw Down	\$ 2.8	\$ 1.6	\$ 1.2	\$ 0.7	\$ 0.2	\$ -	\$ -	\$ -	\$ -
Total Annual Contributions	\$ 10.6	\$ 9.4	\$ 9.6	\$ 9.8	\$ 10.0	\$ 10.2	\$ 10.5	\$ 10.8	\$ 10.9
Required Contributions	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9	\$ 10.9
% of Annual Required Contribution Funded	97%	86%	88%	90%	92%	94%	96%	99%	100%
Investible Funds	\$ 5.3	\$ 3.3	\$ 3.0	\$ 2.7	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.7	\$ 2.5
Ending Fund Balance	\$ 11.3	\$ 15.5	\$ 19.6	\$ 23.8	\$ 28.2	\$ 33.0	\$ 38.2	\$ 43.7	\$ 49.5

Personnel & Compensation Summary

Employee Compensation – Security

Group Life Insurance Benefit & Long Term Disability Coverage

Regular full and part-time employees are provided basic group term life insurance at 1 to 2 times base salary depending on the employee's date of hire. Long term disability coverage is also provided to benefit eligible employees (excluding police officers and firefighters). Employees also have the option to purchase supplemental group term life insurance coverage and dependent life insurance coverage at their own expense. The table below provides information on the specific coverage available to employees.

Standard Insurance Company

Group Life and Accidental Death & Dismemberment Coverage:

Basic - City Funded (hired before 7/1/2009)	2x Annual Salary
Basic - City Funded (hired after 7/1/2009)	1x Annual Salary
Supplemental - Employee Paid	2x Annual Salary

Line of Duty Coverage:

Police Officers and Firefighters Only - City Funded	\$200,000
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Long Term Disability

120 Day Plan - City Funded	City Pays \$0.242 percent of Insured Earning
90 Day Plan - City & Employee Funded	Employee Pays \$0.066 percent of Insured Earning. City Pays Remaining Cost

Employee Compensation – Paid Time Off

City employees are provided 11 holidays per year in addition to their accrual of annual and sick leave. The table below outlines the rates at which new employees accrue annual and sick leave. The annual leave accrual rate was increased from 3.69 to 4.0 hours per pay period in FY 2010 in order to provide employees with 1 additional day of annual leave. This action was taken in response to the Watson Wyatt Study which found that the City was ranked very low in the category of paid time off when compared to our comparator jurisdictions.

Paid Time Off

Holidays	11 Holidays Annually
Annual Leave	New employees accrue 4.0 hours of leave per pay period
Sick Leave	New employees accrue 3.69 hours of leave per pay period

Personnel & Compensation Summary

Creative Forms of Compensation

The City Manager continues to seek to identify creative forms of compensation to reward employees. The benefits below represent a portion of the forms of compensation that meet this criteria which will be available to staff in FY 2011.

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 2011. Regular City employees are eligible to receive \$75 per month with an option to 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 2011

The City's telecommuting policy will continue unchanged in FY 2011. 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 \$750 per fiscal year. Assistance is provided based on the availability of funding.

FY 2010 Tuition Assistance Program
of Employees By Degree Type

Degree Type	Fall	Spring	Total
Certificate	16	8	24
Associate	12	11	23
Bachelor	20	11	31
Masters	31	8	39
Doctorate	2	3	5
Total	81	41	122

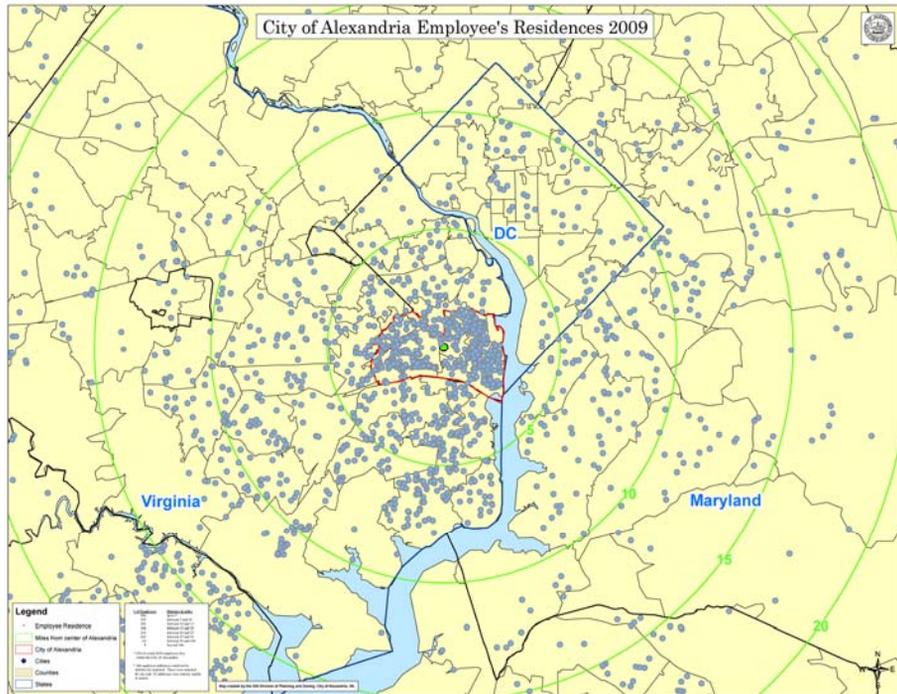
Wellness Program

The goal of the City's Wellness Program is to provide wellness opportunities to employees in an effort to enhance their overall health and well being. The program is administered by the Human Resources Department, which will be revamping the activities offered in FY 2011 in an effort to tie employee wellness with decreased health care costs. In FY 2011 the budget for the Wellness Program decreases by \$25,000 from the prior year.

Personnel & Compensation Summary

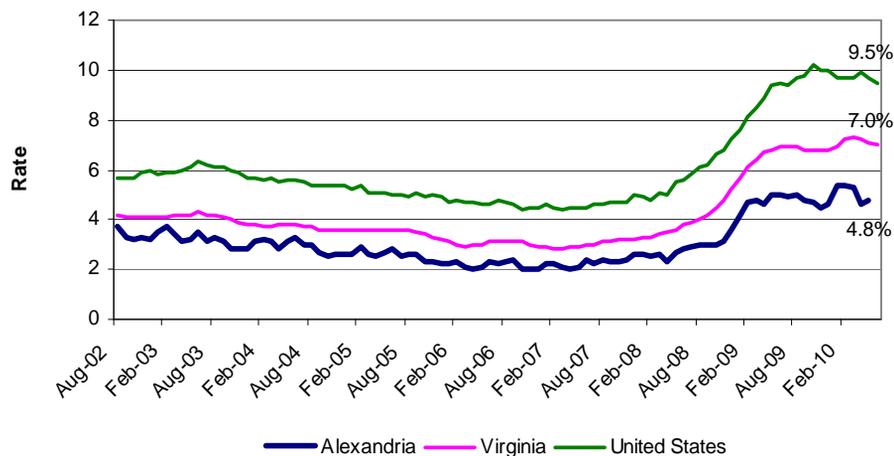
Labor Market Data

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 sharply in FY 2010, as a result of the economic downturn

Unemployment Rate - U.S., Virginia, and Alexandria



Source: U.S. Department of Labor, Bureau of Labor Statistics

U.S., Virginia through December 2009; Alexandria through November 2009

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