

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2006

TO: JAMES K. HARTMANN, CITY MANAGER

FROM: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

SUBJECT: BUDGET MEMO #116: BUDGET IMPACT OF HOLDING CITY EMPLOYEE COMPENSATION INCREASES TO 3.25%, 3.50%, 3.75%, 4.00%, 4.50% AND 5.00%

This is in response to Councilman Krupicka's request for the budget impact of holding total City employee compensation increases (COLA, merit, and planned mid-year adjustments) to 3.25%, 3.50%, 3.75%, 4.00%, 4.50%, and 5.00%.

The FY 2007 proposed budget contains \$12.5 million for employee compensation increases, including \$5.7 million for a 3.0 percent COLA, \$2.8 million for merit pay increases, and \$4.0 million designated in fund balance for a mid-year adjustment for general employees.

The following table illustrates the amount the dollar increase would be under each scenario and the difference between that amount and the \$12.5 million in the proposed budget.

| Percent Increase | Dollar Increase (in millions) | Difference from FY 2007 Proposed Budget (in millions) |
|------------------|-------------------------------|---|
| 5.00% | \$9.5 | \$3.0 |
| 4.50% | \$8.6 | \$4.0 |
| 4.00% | \$7.6 | \$4.9 |
| 3.75% | \$7.1 | \$5.4 |
| 3.50% | \$6.7 | \$5.9 |
| 3.25% | \$6.2 | \$6.3 |