

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 26, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO# 51: COST AND LEGAL IMPLICATIONS OF PLACING NEW SHERIFFS, MEDICS AND FIRE MARSHALS IN THE EXISTING POLICE/FIRE DEFINED BENEFIT PENSION PLAN IN STEAD OF VRS AND THE CITY SUPPLEMENTAL

This memorandum is in response to Councilmember Krupicka's request for information on the cost and legal implications of placing new Deputy Sheriffs, Medics and Fire Marshals in the existing Police and Fire defined benefit pension plan instead of the VRS and City Supplemental Plan and having new employees pay the 2% employee share of the Supplemental Retirement Plan.

It is our understanding that we are precluded from moving the Deputy Sheriffs, Medics and Fire Marshals into the existing Police and Fire plan, since VRS requires participants in VRS to stay in VRS. There are no provisions to opt out. In addition, participation is defined by job classification, therefore new hires in these existing Deputy Sheriff, Medic and Fire Marshal job classifications would need to also be enrolled in VRS.

The estimate of \$185,000 for the savings resulting from shifting the cost of the 2% employee share of the City's Supplemental Retirement (currently paid by the City) to new employees was derived from the body of vacant positions and the salaries associated with those positions as of September 2008 when the personnel estimates for FY 2010 were being developed. The database used for calculating personnel costs for the operating budget includes both filled and vacant positions and can be sorted based on the retirement coverage for each employee. Of the vacant positions in the City identified for the development of the FY 2010 operating budget, there were only five vacant uniformed positions in either the Office of the Sheriff or the Fire Department. The savings attributed for shifting the cost of the 2% employee share to the employee for these five positions is approximately \$4,900.