

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 31, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 57: COST OF VARIOUS ONE-TIME BONUS OPTIONS FOR CITY EMPLOYEES

This memo is in response to a request from Councilman Wilson that the City Council be provided cost estimates on possible one-time bonus options for City and School employees. Mayor Euille also asked about the cost of repeating the \$500 per employee one-time bonus in FY 2010. Please note that this memo only includes cost estimates for City employees. The cost for School employees will be provided in a separate memo.

Cost of One-Time Bonus Options for City Employees

- a) A one-time 1% bonus paid to regular full-time and part-time employees on 7/1/2009 would cost approximately \$1.80 million, which includes the cost of Social Security.
- b) A one-time 1% bonus paid to regular full-time and part-time employees on 7/1/2009 (but only to employees who have completed a full year of service by 7/1/2009) would cost approximately \$1.66 million, which includes the cost of Social Security.
- c) A one-time 1% bonus paid to regular full-time and part-time employees on 6/30/2010 (but only to employees who have completed one year of service by 6/30/2010) would cost approximately \$1.80 million (same as option A above) although there would likely be a slight savings from typical turnover during the fiscal year.
- d) The FY 2009 budget provided a one-time \$500 pay supplement to all full-time employees (with part-time, and temporary full-time employees receiving a pro rate share). If a one-time \$500 bonus was provided in FY 2010 it would cost \$1.5 million. This does not include the cost of the 2% longevity pay supplement that was provided in FY 2009.