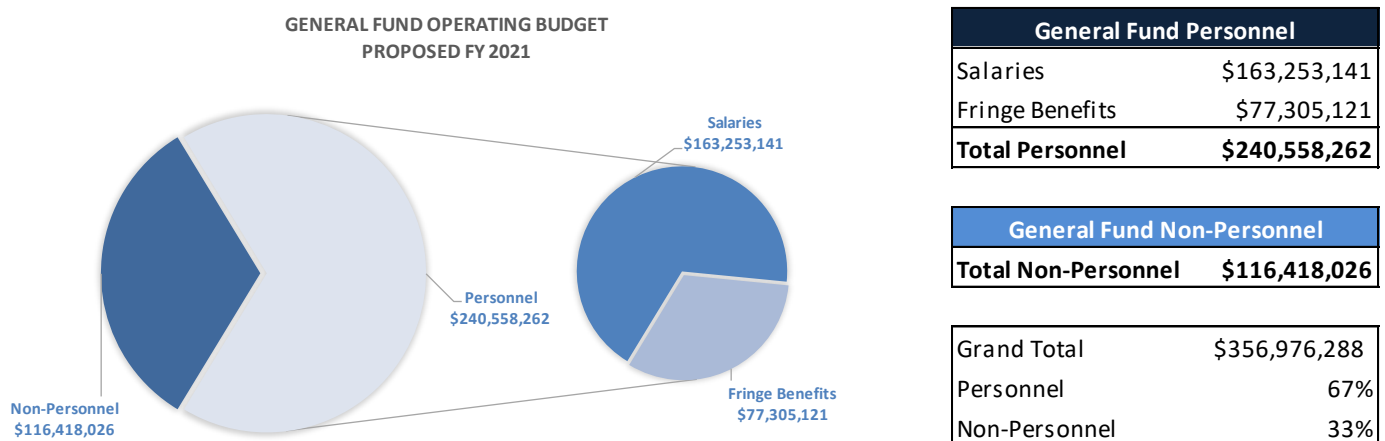




Personnel & Compensation Summary

FY 2021 INTRODUCTION & HIGHLIGHTS

The City of Alexandria needs to continue to invest in its workforce in order to recruit and retain the best talent. When excluding debt service, interfund transfers (including to Alexandria City Public Schools for all operating costs) and capital outlays, over two-thirds (67%) of the City’s remaining core General Fund operating expenses are utilized for personnel, consisting of salaries and benefits. Salaries are provided for full-time, part-time and seasonal employees, while fringe benefits for qualifying employees include healthcare, retirement, social security, long-term disability, and life insurance.



Other personnel and compensation highlights from the Proposed FY 2021 Budget include:

- Employees other than those at the end of the pay scale are eligible for a **merit-based pay** increase ranging from 2.3% to 5.0% of salary grade and step. Additionally, funding is allocated for career ladder elevations. Currently, the City has 28 general scale and public safety career ladder series. The FY Proposed 2021 Budget includes merit-based pay increases and career elevations offset by vacancy savings resulting from turnover.
- As in prior years, one of the City Manager’s key budget considerations for FY 2021 is the compensation of the City’s full-time and regular part-time employees. This year’s budget proposes funding a **1.5% increase to all pay scales** with the General Fund impact of \$3,511,123, which includes the cost of both salaries and related benefits.
- In January 2020, the City received **Employee Health Insurance** renewal rates from United Healthcare which maintained (i.e., a 0% rate increase) the current monthly premium per employee and therefore no increase was needed. Kaiser premiums will increase by 5%, and this increase results in a net increase of \$0.58 million in health insurance.
- In an effort to **reduce health insurance costs for employees in lower salary grades**, this budget funds an increase to the City’s portion of health premium contributions for full-time employees whose annual salary is below \$70,000. This affects both Kaiser and United Healthcare deductible HMO plans and reduces the employee portion of the premiums by 25% from a 20% share to a 15% share. The total General Fund impact of this initiative is an increase of \$0.39 million.
- Due to premiums exceeding costs in FY 2019, this budget includes a one-month **health insurance premium holiday** for employees enrolled in United Healthcare plans. The total value of the premium holiday to employees is \$0.3 million, which will be funded using excess claims reserve balances.



Personnel & Compensation Summary

FY 2021 INTRODUCTION & HIGHLIGHTS

- Compared to FY 2020 Approved Budget, total **retirement** costs for all funds increases by \$2.75 million of which \$1.92 million occurs in the General Fund. This increase is largely driven by base salary increases as well as increases in the VRS required employer contribution rates due to VRS lowering their assumed rate of return from 7.00% to 6.75%, which increased from 7.74% to 8.93% (and from 17.85% to 20.59% for the Sheriff VRS—Enhanced Duty Benefit plan), as well as the increases in the City Supplemental Retirement employer contribution rates from 4.16% to 4.78%. Partially offsetting this increase is the decrease in the Line of Duty contribution rates from 7.00% to 6.71%.
- This budget also includes **targeted pay adjustments for several Public Safety job classifications**. This includes moving the ASO's Chief Deputy Sheriff and AFD's Deputy Fire Chief classifications to Band III of the Executive Pay Scale to ensure equity in compensation with other City departments. Also included are grade adjustments to APD's Police Captain and Police Lieutenant, ASO's Deputy Sheriff Captain and Deputy Sheriff Lieutenant, and AFD's Fire Fighter I classifications that were determined to be most out of alignment with the average compensation based on an analysis of regional comparator jurisdictions. These adjustments closer align the pay for these ranks with that of the regional comparators in accordance with the City's compensation philosophy. The total budgeted estimate for these Public Safety pay enhancements is \$834,397 and includes both salaries and benefits.
- Since the launch of **the Employee Wellness Incentive Program** in July 2019 through the end of 2019, almost 1,200 City employees took an active part in the program. All employees in regular employment positions are eligible for the well-being incentive. The program encourages employees to participate in wellness program activities, events, or challenges. By completing all program requirements, employees are eligible to earn up to \$50 per month. In order to further support the health and well-being of City employees, \$400,000 is included in the FY 2021 budget for the full-year implementation of the program.
- Throughout FY 2019 and FY 2020, a number of **mid-year compensation and staff strengthening adjustments** have been implemented including grade adjustments for the Department of Emergency Communication's Public Safety Communication Officers, moving RPCA's Torpedo Factory staff to the VRS pay scale with full benefits, and increases in the pay of Parking Enforcement Officers to reduce excessive turnover.
- On a net basis, the FY 2021 proposed budget includes an **increase of 33.98 Full-Time Equivalents (FTEs)** overall from the adjusted FY 2020 count. The FY 2020 count has been modified from the FY 2020 approved authorized levels to reflect mid-year adjustments. This brings the total FTE count for the City to 2,677.52 for FY 2021.
- Among these staffing level changes is the addition of **6.0 FTE staffing relief positions to the Fire Department**, which will reduce overtime demands on existing sworn staff.
- For FY 2021, it is proposed that the **Employee Homeownership Incentive Program (EHIP)** be reinstated. This program would provide down payment and closing cost assistance for City employees buying a house or a condominium in the City of Alexandria. The loan amounts would be tiered:
 - \$15,000 for employees with a household income of 80% of the Area Median Income (AMI) or below;
 - \$11,500 for employees with a household income between 80% and 120% of AMI;
 - \$7,500 for employees with a household income greater than 120% of AMI.



Personnel & Compensation Summary

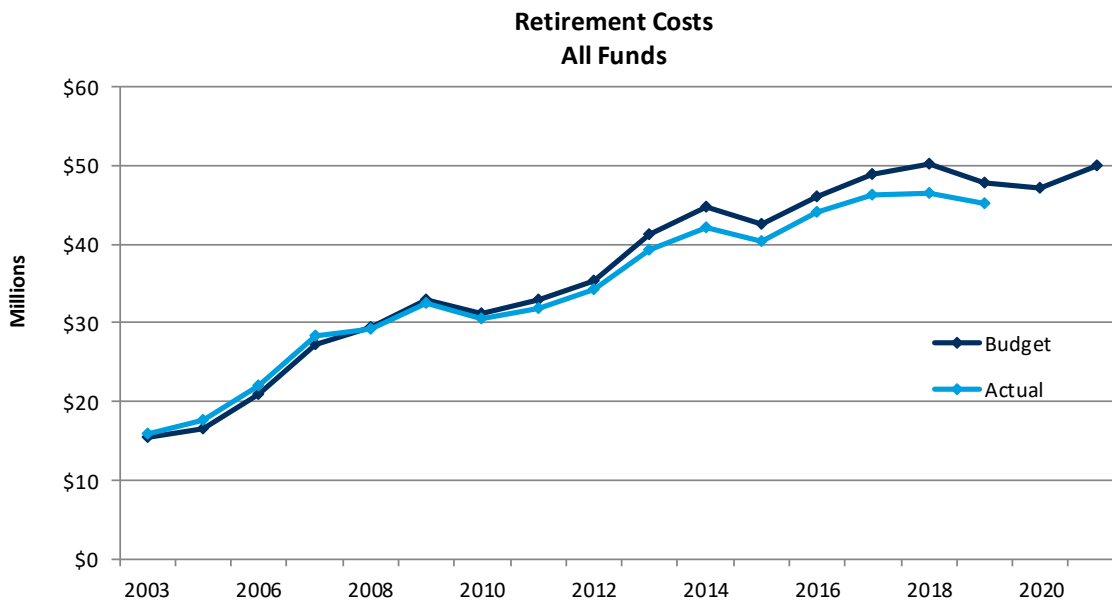
FICA & RETIREMENT

Federal Insurance Contributions Act (FICA)

This represents the City share of Social Security and Medicare taxes, which is budgeted at \$16.7 million for All Funds (excluding Schools and DASH) in FY 2021, \$11.9 million of which is General Fund related. The current Social Security tax rate is 6.20% of wages, and 1.45% of wages for Medicare. The Calendar Year (CY) 2020 maximum earnings cap increases from the CY 2019 level, by \$4,800 to \$137,700. Earnings above this cap will not be taxed for Social Security, but are still subject to Medicare tax.

Retirement

The FY 2021 retirement budget represents the cost to the City to fund the employer share of the City’s employee retirement plans, including the Virginia Retirement System, the City Supplemental Retirement Plan for General Schedule employees, Medics, Fire Marshals, and Deputy Sheriffs; and a Police and Fire pension plan for Sworn Firefighters and Police Officers as well as the VRS - Enhanced Hazardous Duty (VRS-EHD) plan for Sheriff’s Deputies. Since FY 2013, the retirement budget also includes the cost of Other Post Employment Benefits (OPEB) and public safety Line of Duty (LOD). The chart below shows the City’s actual retirement costs from FY 2003 – 2019 and the budgeted costs for retirement from FY 2003 – 2021. City retirement, OPEB and LOD expenses are calculated as a percentage of salary. Given this, two factors impact the total retirement costs in a given year: 1) the total covered payroll and 2) the percentage contribution rates for each of the retirement plans. The increased budgeted amounts in FY 2021 are the result of a number of factors, most notably the increase in the VRS contribution rates due to the VRS lowering their assumed rate of return from 7.00% to 6.75%, increases in covered payroll, and the full-year implementation of the VRS-EHD plan for sworn Deputy Sheriffs.





Personnel & Compensation Summary

RETIREMENT

The City provides several defined benefit pension plans that provide lifetime income to its employees at retirement. General Schedule employees, Deputy Sheriffs, Medics and Fire Marshals participate in the Commonwealth of Virginia's VRS plans as well as the City's Supplemental Retirement Plan. Firefighters and Police Officers participate in the Firefighters and Police Officers Pension Plan. The City has historically funded its pension plans with all the City's retirement plans being over 80% funded. In addition to the pension plans, City employees can prepare for retirement by electing to contribute into the City's 457 deferred-compensation and Roth IRA plans.

The table below provides a comparison of the contribution rates that were used to develop the FY 2021 Retirement budget. It should be noted that VRS is calculated in two-year cycles, and FY 2021 represents year one of the cycle.

Retirement Plan	FY 2020	FY 2021
VRS	7.74%	8.93%
City Supplemental - General Schedule	6.16%	6.78%
City Supplemental - Uniformed	10.50%	11.18%
Deputy Sheriffs VRS-EHD	17.85%	20.59%
Firefighters and Police Officers Pension	33.75%	34.60%
Firefighters and Police Officers Disability	4.55%	2.50%
OPEB	0.35%	0.35%
Line of Duty	7.00%	6.71%

OPEB & LINE OF DUTY

Other Post-Employment Benefits (OPEB)

Other post-employment benefits (OPEB) include retiree healthcare and retiree life insurance. In FY 2021, the contribution rate will remain at 0.35%. The actuarial estimates for OPEB are favorable for the City. The City's OPEB fund is currently 54.5% funded and is projected to be fully funded by 2031, assuming the City continues to make the actuarially determined contribution.

Line of Duty (LOD)

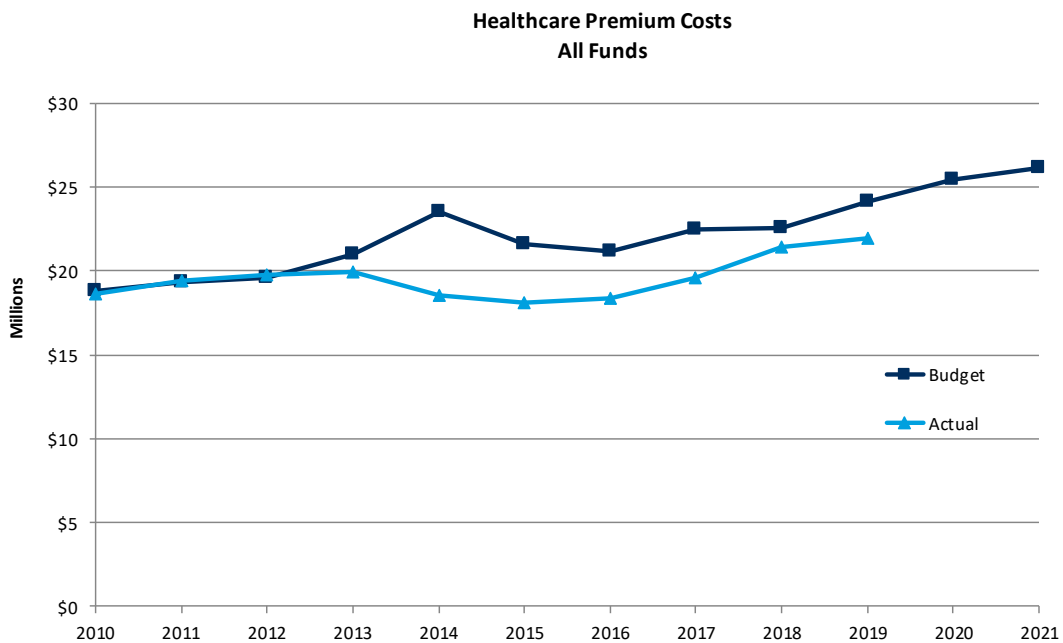
A State mandated, but City-administered program, the Line of Duty Act (LODA) provides benefits to local government employees and volunteers who hold specific hazardous duty positions. More specifically, it requires by State statute the City pay the full cost of benefits for eligible public safety employees who die or become disabled in the line of duty. Health coverage is provided to the disabled employee, their surviving spouse and dependent children. If disabled, healthcare benefits terminate upon the disabled person's death, recovery, or return to full duty. The City's FY 2021 contribution decreased from 7.00% to 6.71% of eligible public safety employee salaries due to City's commitment to continue the Plan's funding and improved public safety disability management.

Personnel & Compensation Summary



HEALTHCARE

Healthcare represents the share that the City pays for employee healthcare benefits. The chart below shows actual healthcare premium costs from FY 2010 – FY 2019, and the budgeted amount for healthcare from FY 2010 – FY 2021. For all funds, health insurance premium costs are anticipated to increase slightly by approximately \$0.7 million.



The rate increase for Kaiser plans is 5.0%, but United Healthcare plans will remain constant with a 0.0% rate increase compared to FY 2020 levels. This budget includes a change to the current employer/employee premium cost sharing formula for employees with salaries less than \$70,000 on either the Kaiser or United Healthcare deductible plan, with eligible employees paying a 15% share in deductible HMO plans instead of the current 20%.



Personnel & Compensation Summary

LIFE INSURANCE, DISABILITY COVERAGE, AND PTO

Group Life Insurance Benefit

Regular full and part-time employees are provided basic group term life insurance at one- or two-times base salary depending on the employee’s date of hire. Employees also have the option to purchase supplemental group term life insurance coverage and dependent life insurance coverage at their own expense. Police officers and firefighters are offered additional life insurance coverage for death or disability occurring in the Line of Duty. The table below provides information on the specific coverage available to employees.

Group Life Insurance	
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	1 or 2x Annual Salary
Line of Duty Coverage:	
Police Officers and Firefighters Only - City Funded	\$200,000

For FY 2021, Life Insurance rates for City-funded Basic Life coverage for active employees and eligible retirees will increase by approximately 12% resulting in a \$0.2 million cost. Supplemental Life Insurance paid for by active employees will decrease 15%. These new rates are guaranteed for 3 years.

Long-Term Disability (LTD)

General Schedule employees hired after January 1, 2014 are typically placed in the VRS Hybrid plan unless they are already participating in VRS from previous employment. The VRS Hybrid plan does not offer disability benefits as part of its core provisions. Since the City of Alexandria has opted out of the VLDP (Virginia Local Disability Plan), the City provides a comparable LTD plan with equal or greater value. Eligible employees are covered at 60% of their base salary up to \$5,000 per month after 120 days of disability with an optional employee-paid buy-up to begin a benefit after 90 days of disability. This budget proposes adding sworn Police and Fire Department staff to the Long-Term Disability plan effective FY 2021 to support these uniformed Public Safety employees for disabilities that do not occur in the Line of Duty. The cost is estimated at \$14,000 annually, which will be offset by eliminating of direct City costs for Fitness for Duty exams, which will now be LTD-covered costs.

Annual and Sick Leave

City employees are eligible for 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 (for full-time employees working 80 hours per pay period) in FY 2010 in order to provide employees with one additional day of annual leave.

Annual and Sick Leave*	
Annual Leave	New employees accrue 4.0 hours of leave per pay period, totaling 13 days of annual leave earned per year. For length of service spanning from 1 year to 11 years, the employee earns an additional day of annual leave per year of service with the City; at year 12 and beyond, the employee reaches the max of 25 days of annual leave per year, or 7.72 hours accrued per pay period.
Sick Leave	All employees accrue 3.69 hours of leave per pay period

*For full-time employees working 80 hours per pay period; prorated for part-time employees.

Personnel & Compensation Summary



CITY WORKFORCE BY FULL-TIME EQUIVALENT (FTE)

As shown below by Focus Area, the FY 2021 budget includes a net increase of 33.98 FTEs compared to the FY 2020 Amended total and an increase of 42.84 FTEs compared to the FY 2020 Approved Budget. The FY 2020 Amended column shows any FTE changes since the FY 2020 Adopted Budget, such as transfers or reclassifications. Additionally, the Amended column is based on an analysis of actual position count, which is performed by Human Resources and the Office of Management and Budget.

	FY 2019 Approved	FY 2020 Approved	FY 2020 Amended	FY 2021 Proposed	FTE Impact
Accountable, Effective, & Well-Managed Government					
City Council	1.00	1.00	1.00	1.00	0.00
City Manager	11.00	11.50	11.75	11.75	0.00
Office of Management & Budget	10.00	11.00	11.00	11.00	0.00
Performance & Accountability	3.00	3.00	3.00	3.00	0.00
Information Technology Services	63.00	72.00	73.00	74.00	1.00
Internal Audit	3.00	3.00	3.00	3.00	0.00
Communications & Public Information	8.00	9.00	9.00	9.00	0.00
Office of Organizational Excellence	-	-	1.00	1.00	0.00
City Clerk & Clerk of Council	3.00	3.00	3.00	3.00	0.00
Finance	103.75	108.25	107.25	108.25	1.00
Human Resources	25.00	26.00	25.00	25.00	0.00
City Attorney	16.00	16.00	16.00	16.00	0.00
General Services	73.60	73.83	57.83	57.83	0.00
Registrar	6.60	6.60	6.60	6.60	0.00
<i>Subtotal Accountable</i>	326.95	344.18	328.43	330.43	2.00
Healthy & Thriving Residents					
Community and Human Services	581.95	590.10	599.30	611.03	11.73
Health	16.63	16.75	16.75	17.75	1.00
Recreation & Cultural Activities	154.15	155.15	154.60	156.60	2.00
Library	67.21	67.21	67.21	67.21	0.00
<i>Subtotal Healthy</i>	819.94	829.21	837.86	852.59	14.73
Livable, Green, & Prospering City					
Planning & Zoning	48.50	49.50	49.50	51.50	2.00
Project Implementation	24.00	24.00	24.00	25.00	1.00
Transportation & Environmental Services	215.00	217.00	236.00	239.00	3.00
Code	51.62	51.62	51.62	51.62	0.00
Housing	15.00	15.00	15.00	15.00	0.00
Historic Alexandria	32.79	33.79	32.51	33.75	1.25
<i>Subtotal Livable</i>	386.91	390.91	408.63	415.87	7.25
Safe, Secure, & Just Community					
18th Circuit Court	12.00	12.00	12.00	12.00	0.00
Commonwealth's Attorney	27.00	28.00	28.00	29.00	1.00
Sheriff	210.00	209.00	209.00	209.00	0.00
Clerk of the Circuit Court	22.00	22.00	22.00	22.00	0.00
Court Services	8.00	8.00	8.00	8.00	0.00
Human Rights	6.00	6.00	6.00	6.00	0.00
Fire	277.50	294.50	293.50	300.50	7.00
Police	427.38	427.38	427.63	429.63	2.00
Emergency Communications	60.50	63.50	62.50	62.50	0.00
<i>Subtotal Safe</i>	1,050.38	1,070.38	1,068.63	1,078.63	10.00
GRAND TOTAL	2,584.18	2,634.68	2,643.55	2,677.52	33.98

*Amended count represents mid-year adjustments.

Personnel & Compensation Summary



FTE REDUCTIONS

The following table shows the reductions (-2.00 FTEs) of positions in the FY 2021 budget. These reductions will occur by attrition.

Department	Position	FTE Decrease
Transportation & Environmental Services	Equipment Operator I	1.00
Transportation & Environmental Services	Equipment Operator II	1.00
TOTAL REDUCTIONS		2.00

Note: 1.00 FTE represents a position working full-time at 80 hours per pay period. An FTE less than 1.00 represents a position that works less than full-time.

Personnel & Compensation Summary



FTE ADDITIONS

The following table shows the additions (+35.98 FTEs) of positions in the FY 2021 budget and net FTE change.

Department	Position	Increase
Commonwealth's Attorney	Management Analyst III	1.00
Community & Human Services	Senior Benefit Program Specialist	2.00
Community & Human Services	Family Services Specialist II	1.50
Community & Human Services	Pharmacist II	0.23
Community & Human Services	Early Intervention Specialist	2.00
Community & Human Services	Youth ID Support Coordinator	1.00
Community & Human Services	Reimbursement Account Specialist	1.00
Community & Human Services	Utilization Review Analyst	1.00
Community & Human Services	Facilities Maintenance	1.00
Community & Human Services	Reimbursement Specialist	1.00
Community & Human Services	Administration/Management Analyst	1.00
Finance	Account Clerk III	1.00
Fire	Nurse Practitioner	1.00
Fire	Relief Firefighter Positions	6.00
Health	Environmental Health Outreach Specialist	1.00
Historic Alexandria	Archaeologist	0.25
Historic Alexandria	Museum Administrator	1.00
Information Technology Services	Computer Program Analyst IV	1.00
Planning & Zoning	Urban Planner II	1.00
Planning & Zoning	Urban Planner III	1.00
Police	Police Sergeant	1.00
Police	Background Investigator	1.00
Project Implementation	Fiscal Officer I	1.00
Recreation, Parks & Cultural Activities	Management Analyst I	1.00
Recreation, Parks & Cultural Activities	Recreation Manager I	1.00
Transportation & Environmental Services	Admin Support V	1.00
Transportation & Environmental Services	Civil Engineer III	1.00
Transportation & Environmental Services	Inspector II	1.00
Transportation & Environmental Services	Civil Engineer III	2.00
TOTAL ADDITIONS		35.98

TOTAL REDUCTIONS	2.00
TOTAL ADDITIONS	35.98
NET FTE CHANGE	33.98

FY 2020 AMENDED FTE COUNT	2,643.55
NET FTE CHANGE	33.98
FY 2021 PROPOSED FTE COUNT	2,677.52

Note: 1.00 FTE represents a position working full-time at 80 hours per pay period. An FTE less than 1.00 represents a position that works less than full-time.

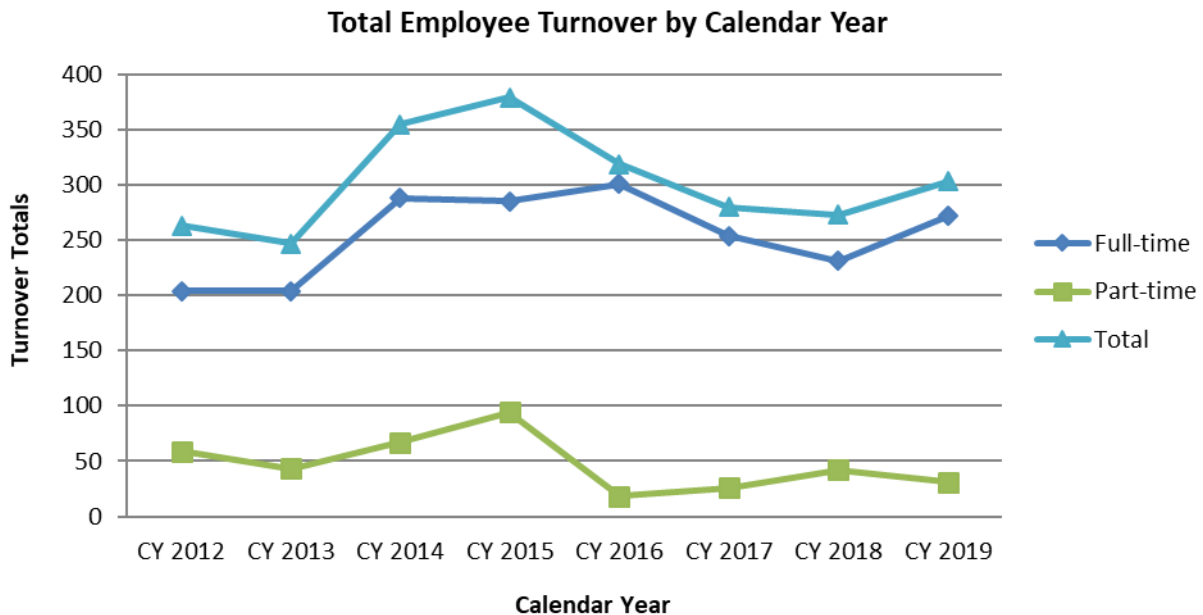
Personnel & Compensation Summary



CALENDAR YEAR 2018 TURNOVER

In Calendar Year (CY) 2019, overall employee turnover increased by 11% (from 273 to 303 employees), while a total of 80 employees retired from City service, an increase from 46 or 74% in CY 2018. Total voluntary turnover remained even at 200 when compared to the previous calendar year.

CY 19 Employee Turnover Totals			
	General Scale & Public Safety Full-Time	General Scale Part-Time	Overall
Voluntary Turnover	172	28	200
Involuntary Turnover	21	2	23
Retirement	79	1	80
Total Turnover CY 2019	272	31	303
Total Turnover CY 2018	231	42	273



Personnel & Compensation Summary



SALARY DISTRIBUTION & AVERAGES

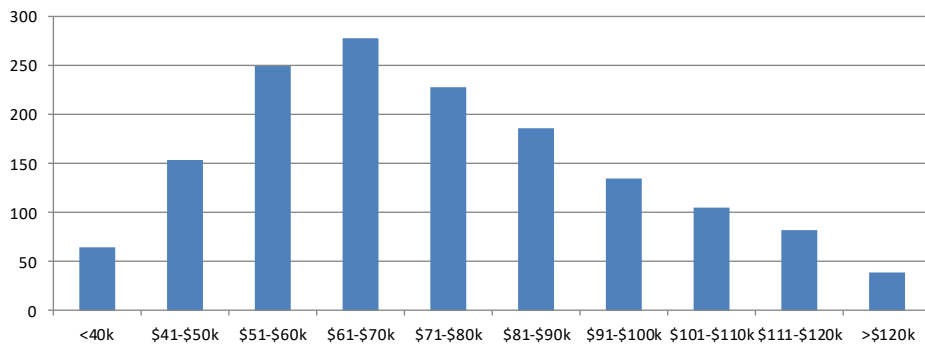
The following table shows the average annual pay for City full-time and part-time employees:

	As of January 1, 2019	As of January 28, 2020	% Difference 2019-2020
General Schedule (FT)	\$76,721	\$75,019	-2.27%
Public Safety (FT)	\$80,950	\$80,095	-1.07%
General Schedule (PT)	\$25/hr*	\$26/hr*	4.00%

*Due to the nature of part-time work, wages are calculated on an hourly rather than an annual basis.

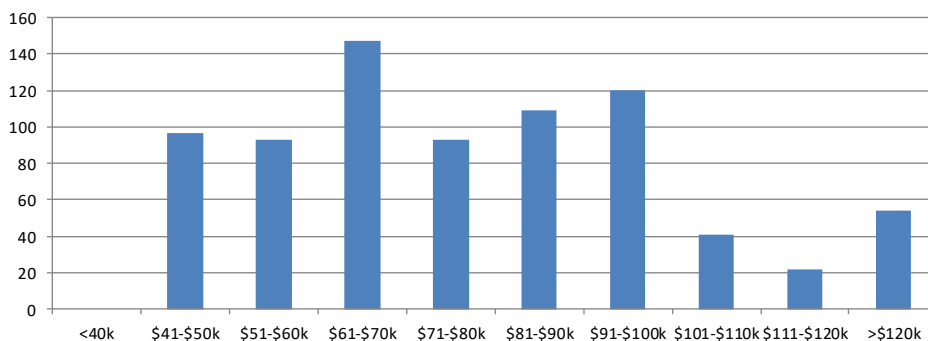
The majority of current General Schedule full-time employees (81%) earn between \$41,000 and \$100,000 annually, with 46% earning more than the average salary for General Schedule full-time employees (\$75,019) and 15% earning more than \$100,000.

Full-Time/Regular General Schedule Employees Salary



Approximately 46% of all sworn Public Safety employees earn more than the average salary of the group (\$80,095); about 16% earn more than \$100,000.

Full-Time/Regular Public Safety Employees Salary



Personnel & Compensation Summary



YEARS OF SERVICE

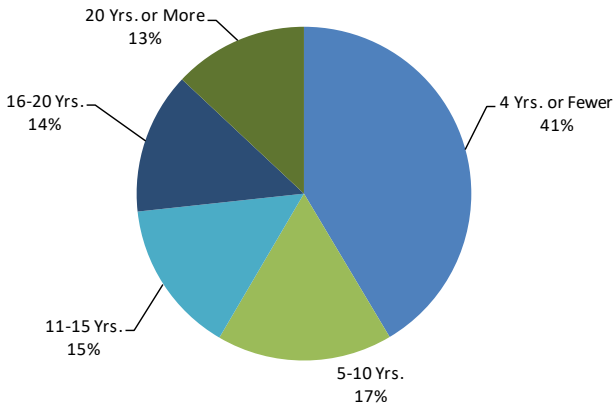
General Scale

More than half of the current General Schedule workforce (58%) has been employed with the City for 10 years or less; 15% have worked for the City for 20 years or more.

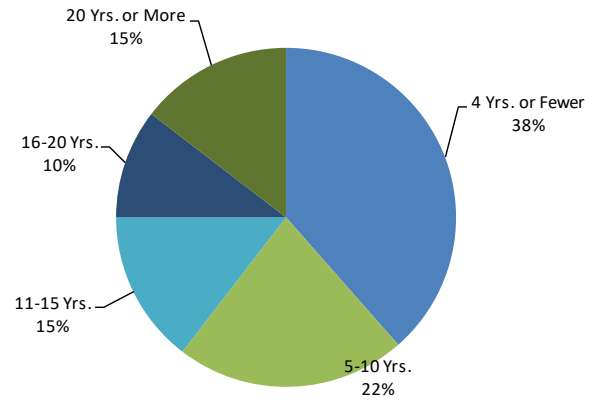
Public Safety

Similar to General Schedule employees, more than half (60%) of the current Public Safety workforce has been employed with the City for 10 years or fewer; 16% have worked for the City for 20 years or more.

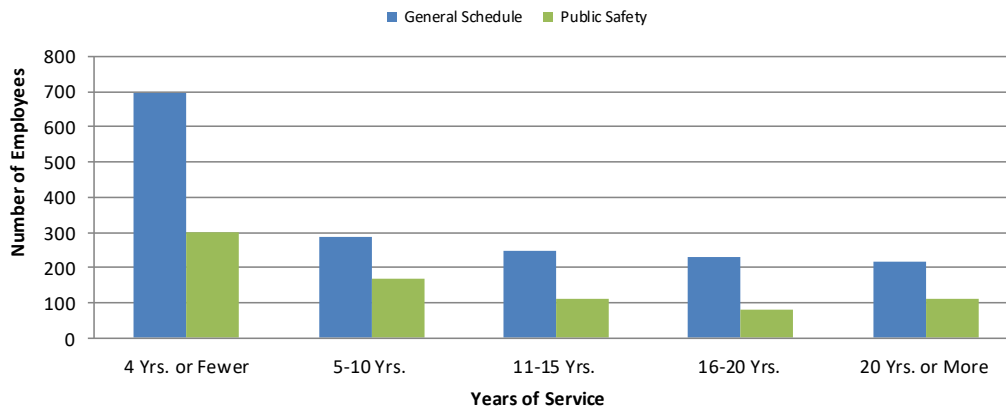
**Full-Time General Schedule
Years of Service**



**Full-Time Public Safety
Years of Service**



**Full Time- Employees
Years of Service**



Personnel & Compensation Summary



EMPLOYEE DEMOGRAPHICS

A little over three-quarters (75.5%) of the City's workforce fall within the ages of 30 and 59 years old.

Regular Employees by Age Distribution

