City
Employee Compensation

- 67% of FY 2007 City operating expenditures are for employee compensation
  - 48% salaries
  - 19% benefits
Where Alexandria City Employees Live by Zip Code
Full-time City Positions per Alexandria population

Calendar Year

--- Positions Per 1000 Residents --- Positions per 1000 Daytime Population
Cost of COLA

COLA

- CPI-U inflation at 2.8% in region (Sept. to Sept.)
- Cost of 1% COLA
  - $2.2 M for City
  - $1.5 M for School
  - $3.7 M Total
COLA History

City Council Retreat
November 4, 2006
COLA and Market Rate Adjustment History

FY 07 MRA did not apply to Public Safety Employees
City Employee Compensation

- Step Increases
  - Progression through salary scale equals $4.0 M in total in FY 2008
  - Equivalent to 1.9% increase in compensation on average

- Pay estimates include FY 2008 effects of FY 2007 2% market rate adjustment for General Schedule employees already implemented ($3M in FY 2007)
City
Employee Compensation

- Each employee/position different
  - % increase depends on step
  - Top of grade receives no increase except COLA
  - Savings included due to replacement of more senior employees by junior employees

- Public Safety Pay
  - Public Safety pay progression under study for future possible revision (FY 2008 or later)
  - $1 M set aside in fund balance to address public safety benchmark job review results in early 2007
History of City Staff Attrition

City Council Retreat
November 4, 2006
Vacancy Savings

- Adjustments made to capture savings due to expected vacancies
- At least $4.6 million reduction to personnel costs due to expected vacancies in FY 2008
- Equivalent to 2.2% of city-wide compensation
City Employee Health Benefits

- City Cost for Providing Employee Health Benefits
  - Preliminary estimate City costs will increase a net of $0.9M or 5.3%
  - Increase in City cost limited by phase-in of employee premium cost sharing saving $0.6 M
    - Post June 30, 2006 employees pay 10% of premiums
    - Pre June 30, 2006 employees will pay 6.6% of premiums (up from 3.3%)
    - Also, more precise estimate of cost for expected new hires (90% of average premium cost) and part-timers (50% of average premium cost)
City Employee Health Benefits

- Preliminary estimate assumes increases in premiums could be as high as 13% to 17%
  - Assuming there is no change in plan design
  - Based on industry trends and specific claims data for City employees as of this fall
  - Preliminary estimate is conservative
  - The estimated rate of increase in premiums could be lower than shown above
City Employee Retirement

- Retirement
  - No increase in % charged by VRS to City for basic or supplemental retirement benefits
  - Increase in retirement costs captured in cost of COLA and pay step increases provided above
  - Savings in closed 1970s police/fire defined benefit plan of $0.5 M due to change in actuarial assumptions