


City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 9, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: COMPENSATION FOR GENERAL CITY EMPLOYEES

ISSUE: Compensation for General City Employees in FY 2007.

RECOMMENDATION: That City Council:

- (1) Approve the use of 100% of the average of the **midpoint** salaries of our comparator jurisdictions in lieu of the 90% of the average of the midpoint salaries as provided in the City's pay philosophy. This brings the policy for comparing or benchmarking salaries of general City employees with salaries for similar jobs in our comparator jurisdictions in line with the policy adopted by Council this spring for benchmarking salaries of sworn public safety employees; and
- (2) Approve a 2% market rate adjustment for all general City employees effective July 1, 2006, including all civilian employees who will receive a cost of living adjustment from the City in FY 2007.

BACKGROUND: The City Council's Pension/Employee Compensation Committee (Mayor Euille and Councilman Smedberg) are meeting to discuss employee compensation on June 12 with staff and the committee of City employees which has been discussing health insurance and employee compensation. We will report on the results of the meeting at the June 13 legislative meeting.

At its last meeting in May, the City employee committee discussed this proposal and agreed with the recommended change in the compensation philosophy and the proposed 2% market rate adjustment for general employees.

DISCUSSION: Over the past several years City staff has been doing considerable analysis of employee compensation issues and how the City compares in pay with its five comparator jurisdictions. As we discussed with Council during our budget work session on employee compensation, there is considerable competition for well-qualified employees in the Washington Metropolitan Area. The unemployment rate in the Washington Metropolitan Area is among the

lowest in the nation, making attracting and recruiting employees more challenging. The cost of housing has risen dramatically since Council adopted the City's pay philosophy in 1997, and we find that only 11% of our employees now live in the City. Gas and fuel prices have also risen at a rapid pace, and just keeping up with the expenses of commuting to work and everyday living is difficult for many of our employees.

We value our City employees and the excellent customer service that they provide to the members of the community. Our goal is to attract and retain a workforce of experienced and committed City workers.

The City has 66 Benchmark Job Classes that are used for comparative purposes with similar general employee jobs in Arlington, Fairfax, Montgomery, Prince George's and Prince William Counties. The 66 Benchmark jobs are linked to the remaining City jobs (overall there are a total of 594 City general employee job classifications) to enable the Personnel Services staff to review how City salaries compare to those in our neighboring comparator jurisdictions.

Last spring, City Council approved compensation adjustments for our sworn public safety employees. At that time Council also agreed that the City should use the average of the midpoint salaries of comparable sworn public safety jobs in our comparator jurisdictions. The City's pay philosophy, adopted by Council in 1997, used 90% of the average of the midpoint salaries of our comparators for comparison purposes. This results in the City being about 10% below the average of the midpoint salary of our comparators. While it has not been our policy to be a leader in employee pay, with the current competitive conditions, I believe that we should be at 100% of the average of the comparator midpoint salaries, not at 90%.

A review of the benchmark jobs for general City employees found that of the 66 general City employee benchmark jobs, 41 were below 100% of the mid-point average of similar jobs in the comparator jurisdictions. With linkages to other job classes, this means that 308 of the City's job classes were below the 100% threshold. There are 1,307 employees in these classes. Twenty-one benchmark jobs were between 100 and 110% of the mid-point average and four benchmark jobs were over 110% of the midpoint average (Attachment). There are 948 employees in these job classes. The analysis was based on the data for FY 2006, and we know that several of our comparator jurisdictions have approved significant employee salary adjustments for FY 2007, which means that on July 1 even more City benchmark jobs will fall below 100% of the midpoint average of our comparators.

When staff met with our City employee committee, there was a lengthy discussion about the pay concerns of general employees, and the City's limited ability to provide the resources for significant pay increases. One of the concerns expressed by employees at the meeting was that the benchmark jobs that had midpoint averages over 100% were those occupied by some of the lowest paid City employees (such as Cook, Custodian, Laborer II, Secretary II, Sanitarian II, and Fleet Services Tech I). The conclusion of the committee was that they supported a 2% market rate adjustment that is provided to all general employees on July 1, 2006.

We also discussed with the committee the City's intent to obtain consultant resources over the next year to assist staff in reviewing the compensation philosophy and developing a comparison of both pay and benefits. It should be noted, however, that the other jurisdictions base their comparisons strictly on pay, and we will need to continue pay comparisons in the future. We also intend to look at our personnel classification system as well as pay for performance systems. Another area of review will be retiree health insurance where GASB accounting mandates create the need to undertake this review.

I recommend that Council approve the 2% market rate adjustment for general employees to provide additional compensation to address the findings of the benchmark job study conducted by the Personnel Services staff. This approach enables us to address the pay issue within the context of the funds available for general employee compensation in FY 2007. While the Council has approved a 3% cost of living adjustment for all employees in FY 2007, the significant compensation increases provided in several of our comparator jurisdictions over the years, means that the City is still trying to reach 100% of the average of comparator job midpoint salaries and certainly is not a leader in the region in general employee compensation.

FISCAL IMPACT: The cost of a 2% market rate adjustment for City general employees is estimated to be approximately \$3.0 million in FY 2007, assuming implementation at the beginning of the fiscal year. Funds would be appropriated to the individual departments as part of the first supplemental appropriation ordinance next fall. These funds were made available as part of the \$4 million Council set aside for this purpose in the General Fund fund balance as part of the FY 2007 budget approved by Council on April 24, 2006.

ATTACHMENT: FY 2006 Alexandria Midpoint Salary

STAFF:

Michele R. Evans, Deputy City Manager
Henry Howard, Personnel Services Director
Terry Robinson, Personnel Services Division Chief
Bruce Johnson, Office of Management and Budget Director

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Job Title	Midpoint Salary
Director of Finance	90.8%
Therapist II	91.3%
Real Estate Appraiser II	91.4%
Emergency Comm Tech	92.2%
Fire Chief	92.3%
Police Chief	92.3%
Lab Aide	92.4%
Engineering Aide I	92.6%
Deputy City Manager	92.7%
Administrative Officer I	92.8%
Director of ITS	93.4%
Director of Personnel Svcs	93.6%
Dir Trans Environmental Svcs	93.8%
Civil Engineer II	94.1%
Library Assistant II	94.2%
Offset Press Operator I	94.4%
Customer Support Engineer II	94.4%
Asst Fire Chief	94.8%
Deputy Chief/ Police	94.8%
Code Enforcement Inspector II	95.1%
Librarian III	95.3%
TES Inspector I	95.6%
Administrative Technician	95.7%
Communications Director	95.9%
Personnel Assistant	96.0%
Maintenance Worker	96.0%
Deputy Registrar	96.3%
Assistant City Attorney IV	97.2%
Building System Technician	97.2%
Equipment Operator I	97.4%
Account Clerk II	97.8%
Network Engineer III	98.0%
Computer Operator II	98.3%
Horticultural Specialist I	99.0%
Communications Officer	99.1%
Supvr/Recr II	99.4%
Clerk Typist II	99.4%
Library Director	99.5%
Supt/Const & Maint	99.6%
Caseworker	99.7%
Dir Planning & Zoning	99.8%
Personnel Analyst II	100.5%
Budget/Mgmt Analyst I	100.5%
Code Enforcement Director	100.5%

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<u>Job Title</u>	<u>Midpoint Salary</u>
Dir MH/MR/SA/Ex Dir/Com Svs	100.8%
Asst City Attorney II	101.5%
Computer Programmer	101.7%
Cook	101.7%
Accountant II	102.6%
Urban Planner II	102.6%
Custodian	103.4%
Buyer II	103.6%
Heavy Equipment Operator	104.4%
Secretary II	104.8%
Laborer II	105.2%
Clerk II	105.3%
Computer Systems Analyst II	106.0%
Public Health Nurse II	106.1%
Computer Programmer/Anl II	106.2%
Sanitarian II	108.3%
Asst City Attorney I	108.7%
Fleet Services Tech I	109.3%
Medical Lab Tech	111.4%
Social Worker II	112.1%
Construction Field Rep	112.3%
Recreation Leader II	129.3%