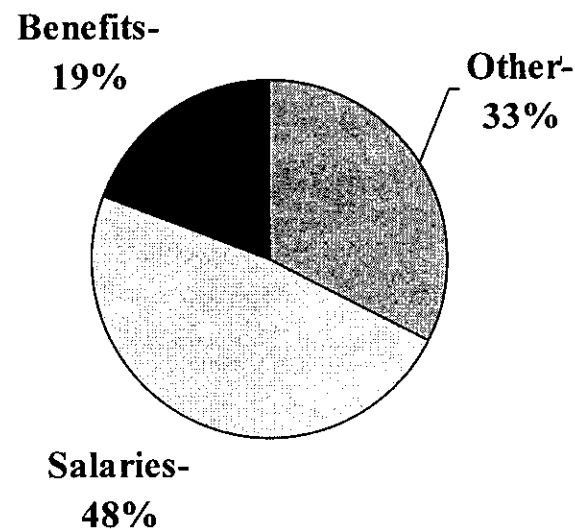


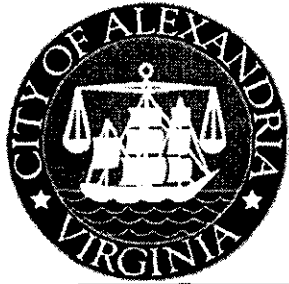
Retreat
11-4-06

City Employee Compensation

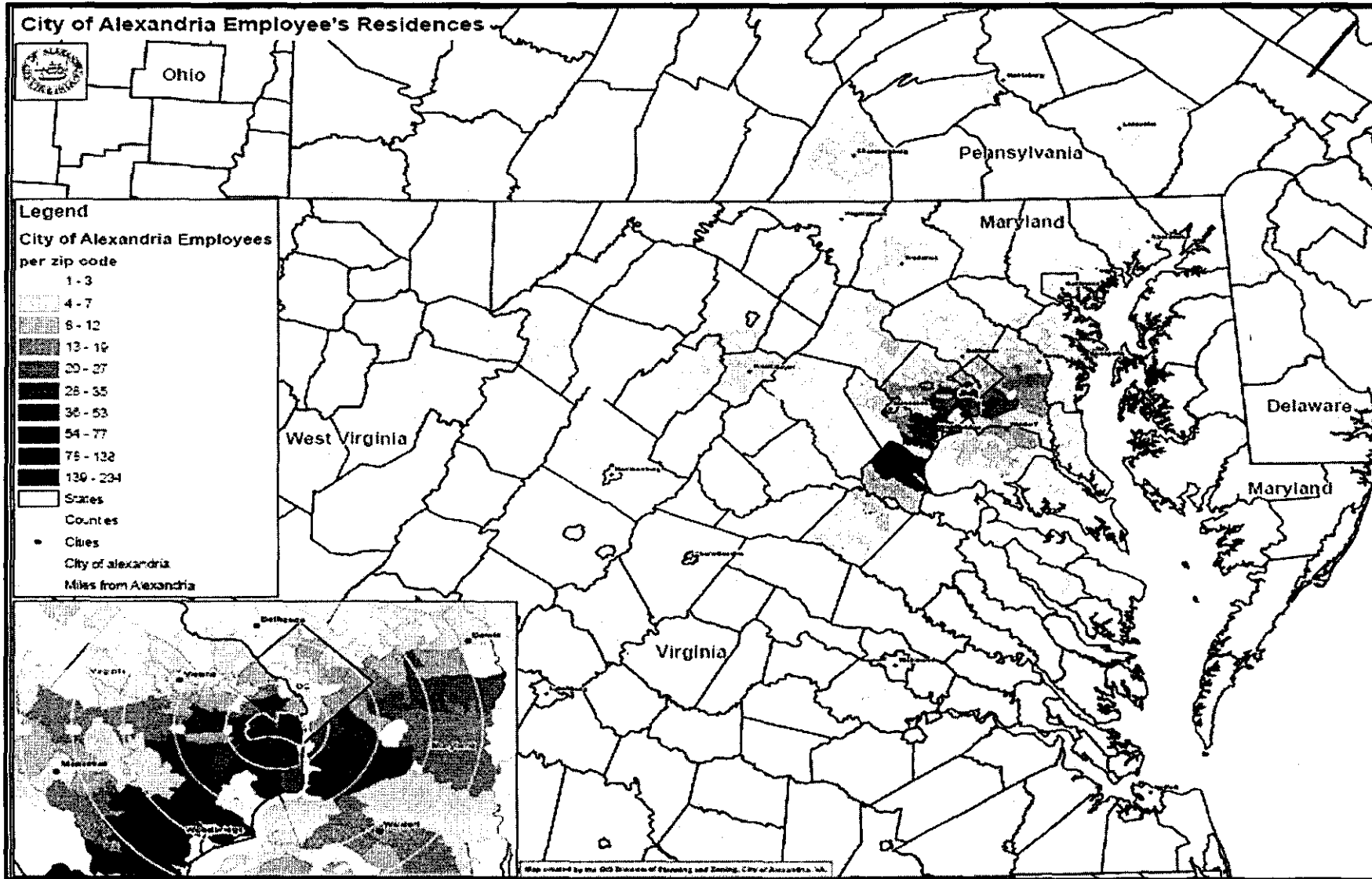
- 67% of FY 2007 City operating expenditures are for employee compensation
 - 48% salaries
 - 19% benefits

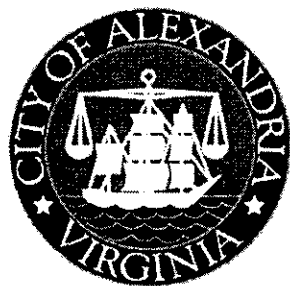
Cost of City Operations
FY 2007 - \$295.3M



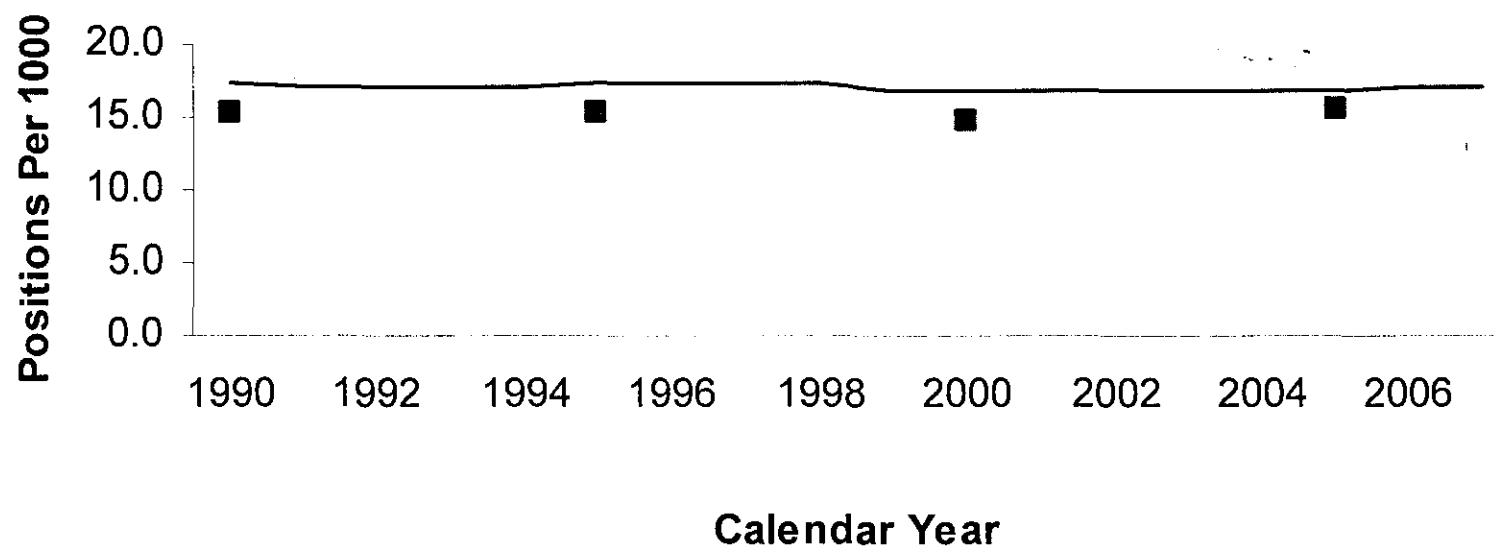


Where Alexandria City Employees Live by Zip Code

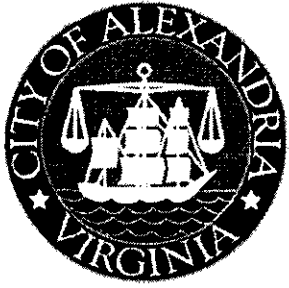




Full-time City Positions per Alexandria population



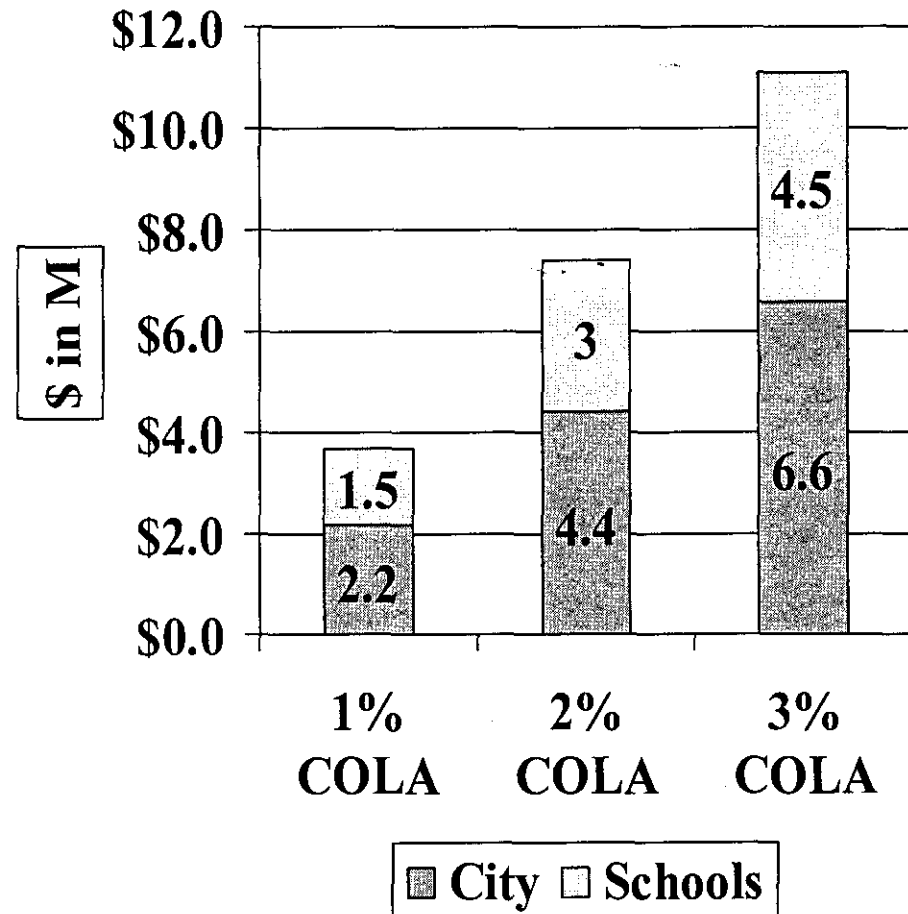
— Positions Per 1000 Residents —■— Positions per 1000 Daytime Population

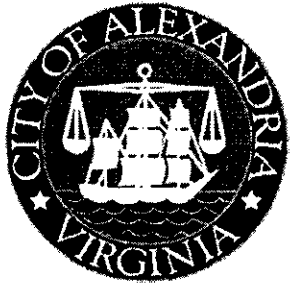


Cost of COLA

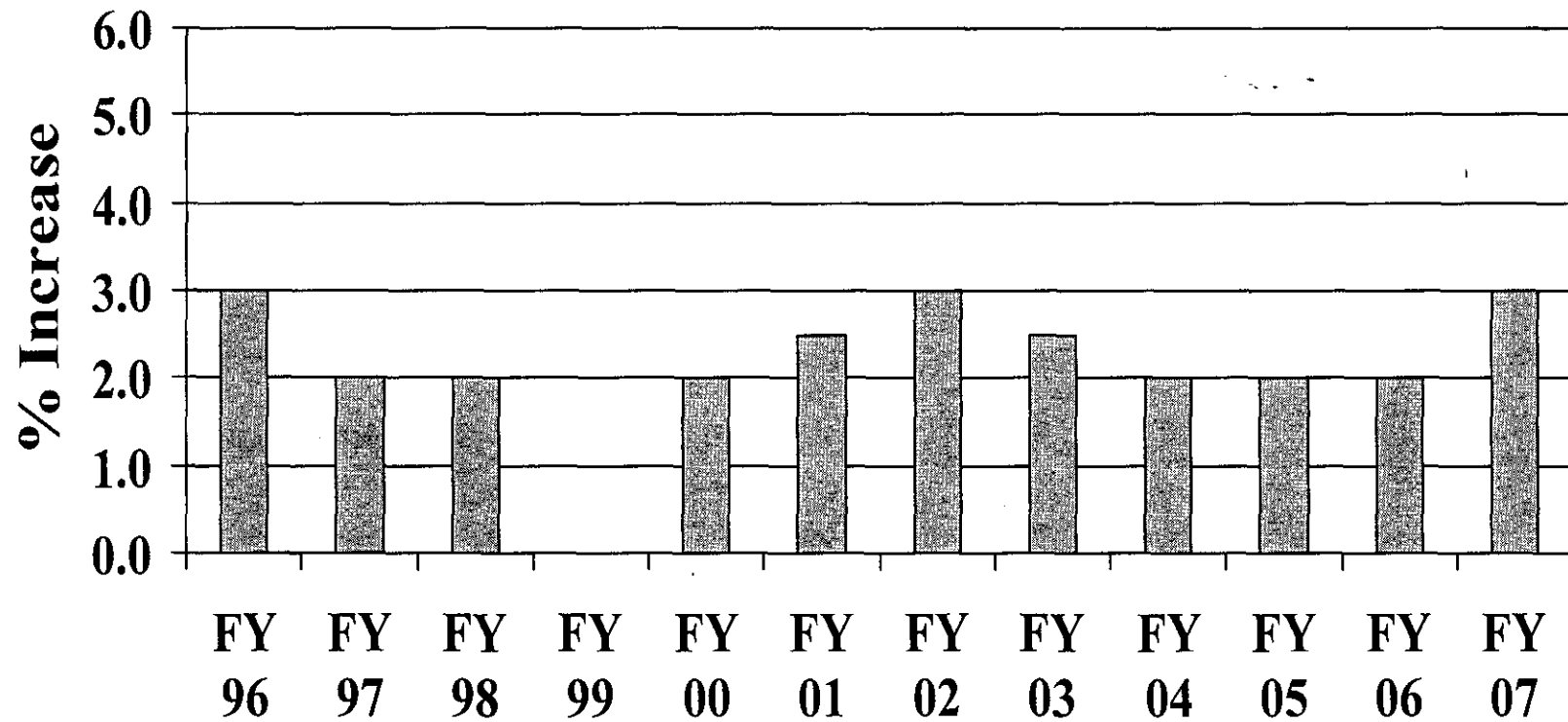
COLA

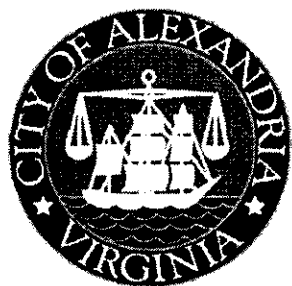
- CPI-U inflation at 2.8% in region (Sept. to Sept.)
- Cost of 1% COLA
 - \$2.2 M for City
 - \$1.5 M for School
 - \$3.7 M Total



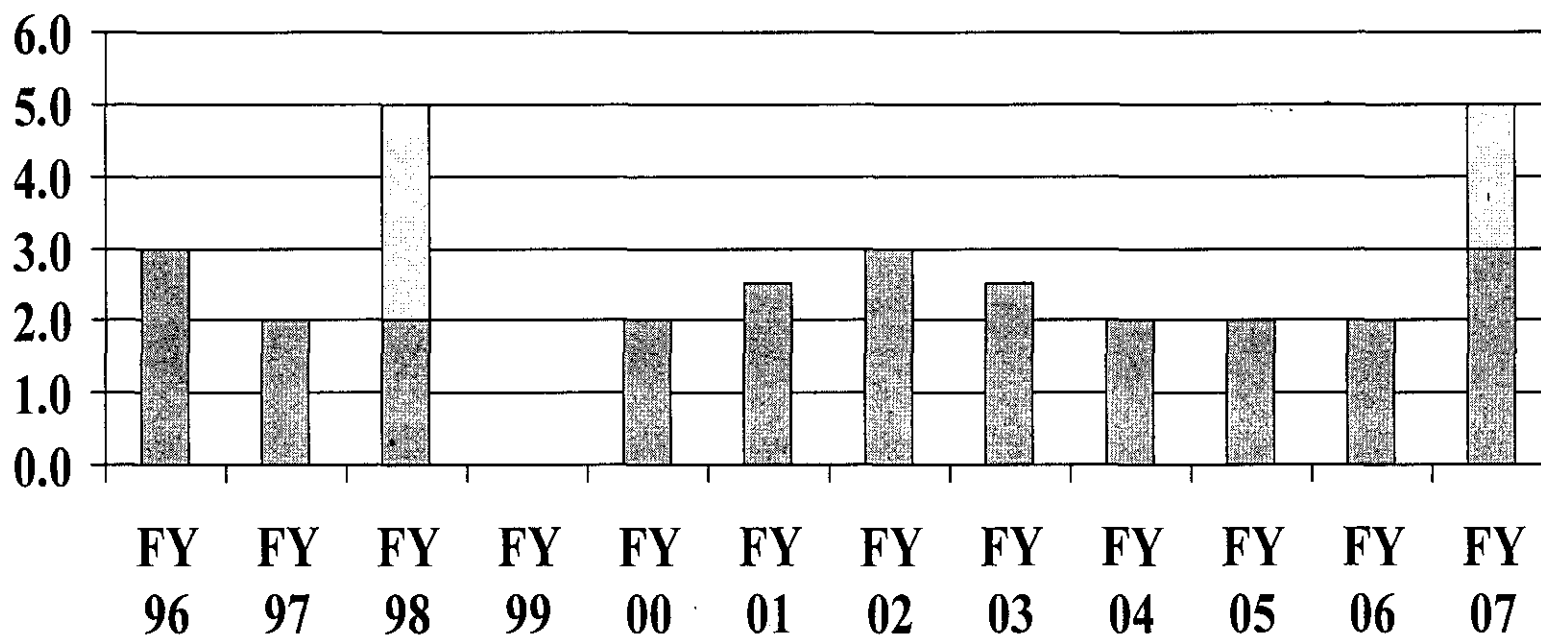


COLA History

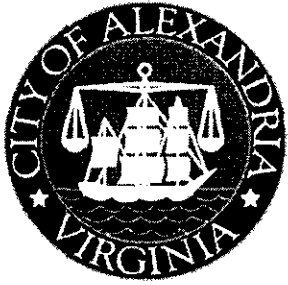




COLA and Market Rate Adjustment History



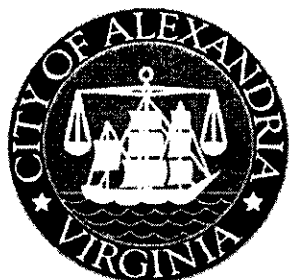
FY 07 MRA did not apply to Public Safety Employees



City

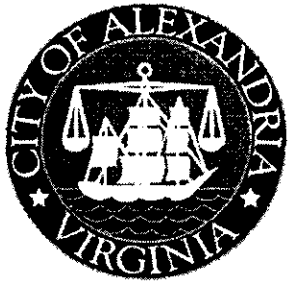
Employee Compensation

- 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)

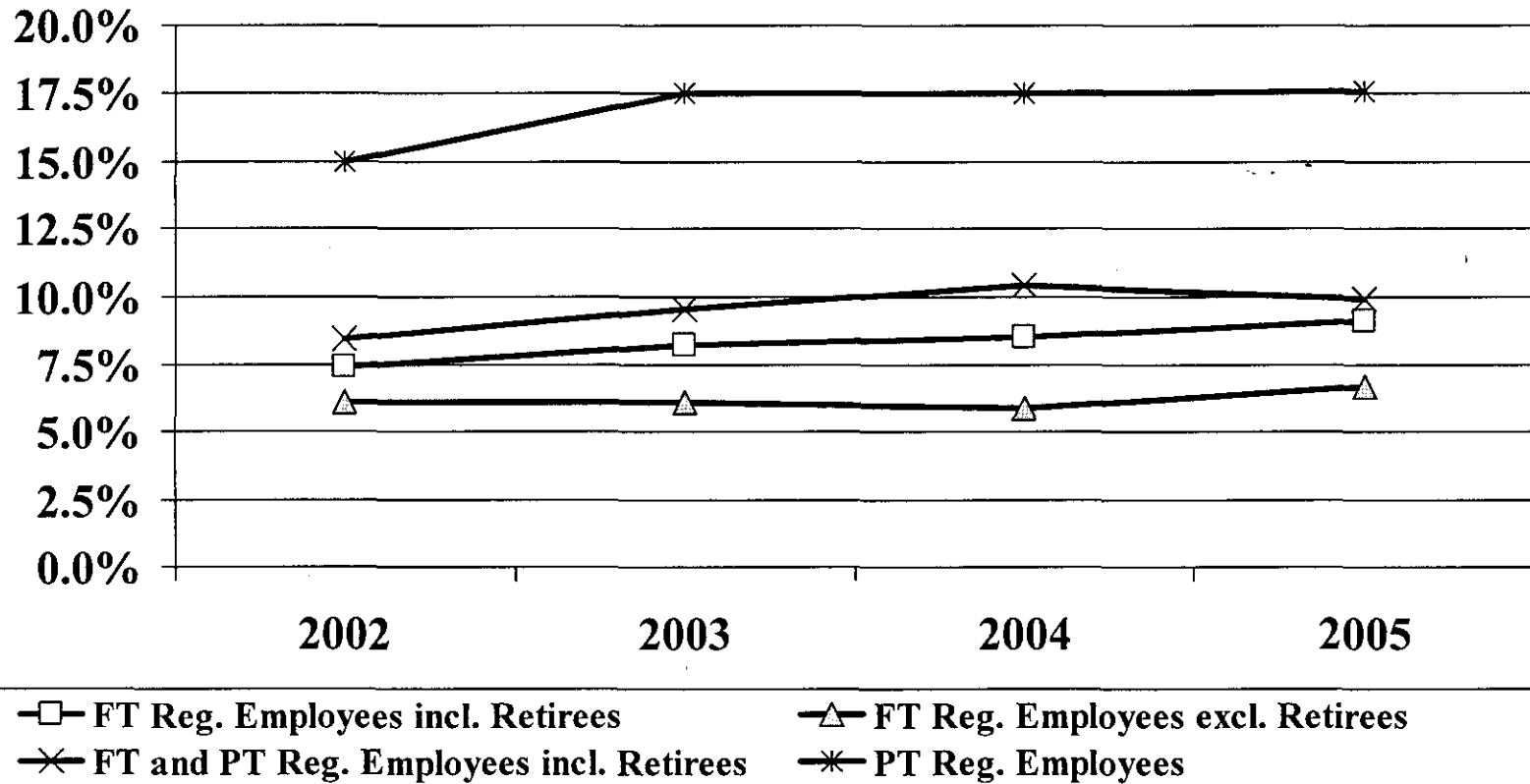


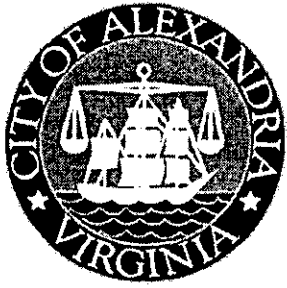
City Employee Compensation

- 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



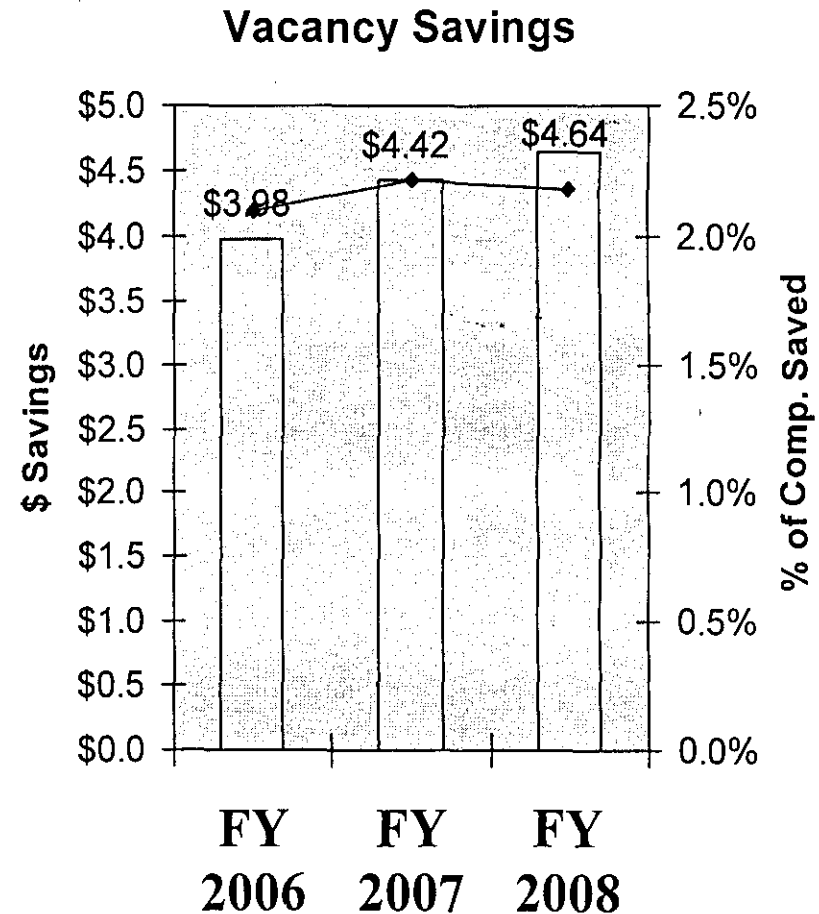
History of City Staff Attrition

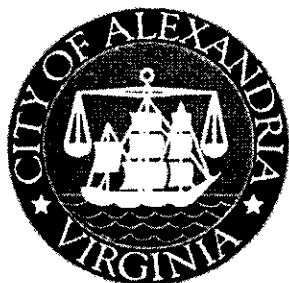




Vacancy Savings

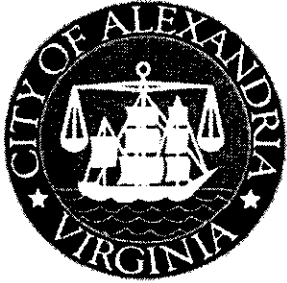
- Adjustments made to capture savings due to expected vacancies
- At least \$4.6 million reduction to personnel costs due to expected vacancies in FY 2008
- Equivalent to 2.2% of city-wide compensation





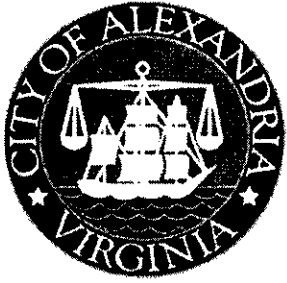
City Employee Health Benefits

- 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