

DATE: FEBRUARY 13, 2009
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO #5: PRELIMINARY RESULTS OF CITY EMPLOYEE
BENEFITS STUDY

Attached for your information are the preliminary results of the Benefits Comparison Study conducted by Watson Wyatt. Watson Wyatt was able to gather data from four of five comparator jurisdictions (Arlington, Fairfax, Montgomery and Prince William Counties). They were able to collect limited information from the fifth jurisdiction (Prince George's County).

Watson Wyatt produced four comparison reports based on the valuation of benefits of four subgroups in the City:

Sworn Police

Sworn Fire/ERT

Sheriff

General Employees

Each report values benefits for medical, dental, life insurance, paid sick leave, disability, vacation and holiday, defined contribution, post retirement medical and post retirement life insurance plans. The report sets out the methodology for calculating the value of another jurisdiction's benefits compared to the City of Alexandria's benefits. It provides summary data from each of the four reports prepared. The data is presented in graphs and charts, as well as indicates where the City of Alexandria's benefits, compare with the four comparator jurisdictions.

To date, the Benefits Study has not been presented to the City's Employee Project Advisory Team as it was recently completed by Watson Wyatt. It will go out to the Team at the same time it is delivered to Council. A subsequent meeting with Watson Wyatt on February 28 is scheduled for the Employee Project Advisory Team to review the contents of the report in detail,

with Watson Wyatt. A review of these benefits reports begins to provide information on where the City of Alexandria fits in the employee benefits marketplace.

The next steps in the process will be to complete our review of the four detailed employee benefits reports and obtain comments from our employee groups, the senior management team and City Council's Compensation and Pension Subcommittee so that the reports can be commented on, finalized and submitted to Council. We expect to schedule another work session with City Council in late spring when there will be additional time available for discussion.