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Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 19, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Compensation Initiative for City and City Related Employees.

ISSUES: (a) Implementing FY2021 compensation initiatives which were eliminated from the FY 2021 proposed budget because of COVID-19 revenue losses, (b) providing a one-time \$1,000 bonus for full-time employees and pro-rated for part-time employees; and (c) providing funding for Deputy Sheriff positions one-time bonuses where State funding was not fully provided.

RECOMMENDATION: That City Council:

1. Approve a 1.5% increase in the rate of pay to all FY 2022 City pay scales as originally proposed in the FY 2021 operating budget;
2. Approve a two-grade increase for Police Captains and Police Lieutenants and a one-grade increase for Deputy Sheriff Captains and Deputy Sheriff Lieutenants as originally proposed in the FY 2021

operating budget;

3. Approve moving the Deputy Fire Chiefs and the Chief Deputy Sheriffs to the Executive Pay Scale as originally proposed in the FY 2021 operating budget; and
4. Approve a one-time \$1,000 bonus for all eligible full time City and State-paid employees and a one-time prorated bonus for City and State-paid part-time employees in recognition of the valuable work these employees have undertaken during the COVID-19 pandemic in delivering City services and helping keep the public and their fellow employees safe;
5. Approve the City funding of the one-time \$3,000 bonuses for those 100% City-funded Deputy Sheriff positions for whom the Commonwealth of Virginia did not provide the State's planned \$3,000 Deputy Sheriff one-time bonuses; and
6. Indicate that compensation will be a priority for funding consideration as part of planning for the upcoming FY 2023 proposed City operating budget.

BACKGROUND: While major changes to compensation for City employees are traditionally considered as part of the consideration of the annual City operating budget in the late winter and spring of each year, the COVID-19 pandemic triggered a change in that typical timeframe. When the COVID-19 pandemic became evident in early 2020 -- causing the City to cancel a planned 1.5% across-the-board salary increase, cancel annual merits, and cancel targeted market-driven pay increases for certain public safety employees -- pay for City employees was effectively frozen. This was triggered by the need to cut some \$90 million out of the FY 2020 and FY 2021 operating budgets and caused the City to take unprecedented actions to continue to deliver services and to keep all employees paid and no employees furloughed. Other jurisdictions in the DMV region took similar actions. For FY 2022, merit increases were reinstated, and a 1% one-time bonus was paid in July of this calendar year to City employees, as well as certain State and non-City employees. (see footnote 1, pg1).

While the COVID-19 pandemic has not yet ended, with vaccinations and other health measures put in place, the economy has returned closer to a normal state (with a few exceptions). This has meant that City tax revenues have substantially recovered, with FY 2021 revenues exceeding budget projections. At the same time as the economy has begun to recover, the job market has become tighter and more competitive. Given that recovery, the City now has the fiscal resources to be able to restore compensation initiatives that were proposed for FY 2021 but then eliminated, as well as to fund a one-time \$1,000 bonus and to close a State-created bonus-funding gap for Deputy Sheriffs. While the City's long-standing practice is to make major compensation decisions as part of the annual budget process, the City's recent revenue growth, coupled with the pandemic and related economic sacrifices of City employees as well as their exemplary service during the pandemic, create a compelling, unique rationale to consider and approve a significant compensation initiative at this time.

I met last week with the three public safety compensation work groups (Police, Fire/EMS/Fire Marshal, Sheriff) as well as the General Scale employee advisory workgroup and discussed these recommendations with them. The Police and Fire groups included employee officers of employee associations who are seeking to change to recognized union status and then collectively bargain with the City in 2022. In general, the responses to the recommendations in this memorandum were generally favorable to neutral.

At the time of my meeting with these four employee groups, I was considering a recommendation which would have made the receipt of the \$1,000 bonus contingent on employees filing proof with the City that they were fully vaccinated. This caveat was intended to provide an incentive for more City employees to become vaccinated. Parallel to my meetings with employees, the City Attorney's Office was conducting a legal review.

The outcome of that review based on federal EEOC guidance concluded that a bonus for vaccination could only be provided if it was de minimis. As a result, I am not recommending that the \$1,000 bonus be tied to vaccination.

It should be noted that I have put in place a requirement that as of October 25, that employees who have not filed proof of full vaccination be COVID-19 tested weekly. To date 76% of employees have filed proof of full vaccination, with ten departments 100% vaccinated and six departments 85% to 95% vaccinated. Twelve departments vaccination rates are below 85%. The City will be looking at other options to get its employee vaccination rates higher.

The following describes each of the elements of this proposal:

1. 1.5% increase in all City pay scales: When the FY 2021 budget was proposed, a 1.5% increase in all City pay scales was recommended. This recommendation was the result of a 2019 benchmark study that showed that all of the City's pay scales (Police scale, Fire scale, Sheriff scale, and General scale) were lagging behind the City Council adopted pay philosophy goal of pegging City pay overall at the average pay for the City's comparator jurisdictions. The attached budget information from the FY 2021 budget process shows the results of this benchmark study. Given the lagging of the market then (and likely now), increasing all of the scales by 1.5% will help the City in its ability to recruit and to retain employees. It will also send a message to employees that they are valued. The cost of providing this 1.5% will be \$4.4 million annually, and \$2.8 million for the remaining months of FY 2022.
2. A two-grade increase for Police Captains and Police Lieutenants and a one-grade increase for Deputy Sheriff Captains and Deputy Sheriff Lieutenants: These four recommendations for grade increases were the result of the attached 2019 benchmark study that showed that these four levels of public safety supervisors were lagging behind the City Council adopted pay philosophy goal of pegging City pay to the average pay of the City's comparator jurisdictions. The cost of providing these position upgrades will be \$0.6 million annually, and \$0.4 million for the remaining months of FY 2022.
3. Moving the Chief Deputy Sheriffs and the Deputy Fire Chiefs to the Executive Pay Scale (no immediate cost): The same benchmark studies undertaken in 2019 indicated that the pay for the Chief Deputy Sheriff and the Deputy Fire Chiefs were significantly below their peers in the region. By moving these two position classifications to the Executive Pay Scale, their salary range will be more comparable to the region. In addition, they will be joining the pay scale that includes deputy department directors, the Assistant Police Chief, Assistant Fire Chief and other executives with similar management and leadership responsibilities. The cost of moving these positions to the Executive Pay Scale would be de minimis, as this is more of a pay-range change than a grade-level increase.
4. A \$1,000 bonus for all full-time employees: The 20-month Covid-19 pandemic has been one of the most difficult times to be a public employee. Regardless of the pandemic, almost all City services were continuously delivered, with many of those services requiring City employees to come to a City work site each workday at the height of the pandemic (and beyond) and directly interact in person with the public to deliver direct services (policing, fire and EMS services, processing benefit applications, staffing group homes, collecting refuse, processing tax payments, etc.) to the Alexandria business and residential communities. Employees needed to work in such a way that

they were safe, their fellow employees were safe, and the public was protected. The pandemic required personal risk-taking by employees, as well as creativity and alacrity in problem identification and problem solving. City employees across the board did an outstanding job and are to be commended.

As a result of their performance in the past and into the future until this pandemic is over, a \$1,000 one-time bonus is recommended for full-time employees. This would be prorated for part-time employees and would be paid next month. Sheriff's Deputies are receiving a \$3,000 one-time State-provided bonus (see #5 below) and would not be eligible for this \$1,000 bonus. Civilian employees of the Sheriff's Office would be eligible to receive this \$1,000 bonus.

The cost of providing this \$1,000 one-time bonus is estimated at \$2.6 million. Since this is a one-time bonus, there is no annualized cost to the City.

5. Providing City funding for the 100% City-funded Deputy Sheriff positions of the \$3,000 one-time bonus that the Commonwealth of Virginia is providing for the partially State-funded Deputy Sheriffs. During the last session of the General Assembly, the Commonwealth of Virginia approved a one-time \$3,000 State-provided bonus for Deputy Sheriffs. However, the State limited their payment of this bonus to those Deputy Sheriff positions where the State funds a share of the positions. In the Alexandria Sheriff's Office there are about 102 Deputy Sheriffs whose positions are partially State funded and about 68 Deputy Sheriff positions which are 100% City funded. It is proposed that the City pick up the funding for the \$3,000 at a cost of \$0.2 million for those 68 locally funded positions. These 68 positions are generally the newest and the lowest paid Sheriff Deputies. The Sheriff's Deputies would not be eligible for the \$1,000 City funded bonuses, but the Sheriff's Office civilian employees would be eligible to receive the \$1,000.
6. Make City employee compensation a priority for funding consideration as part of the FY 2023 budget process: While the above proposed changes in compensation will improve the compensation status of City employees, these changes will not likely result in the City reaching the City's pay comparability goal of being at the average pay of the City's comparator jurisdictions for all City pay scales. The pay data which is attached was collected two years ago, so it is outdated. While many comparator jurisdictions did freeze pay during the pandemic, since then jurisdictions have been making some changes in response to a tight job market. Therefore, it will be important for the City to focus on pay as part of the FY 2023 budget process, and it will send a message to employees that Council recognizes that City pay needs to be competitive.

FISCAL IMPACT: The total cost of these first five initiatives detailed above would be \$6.0 million in FY 2022, with those items that have a recurring impact costing about \$5.1 million in FY 2023 and beyond. The cost to the General Fund would be somewhat less as there are compensation costs that would be funded by the sanitary sewer, stormwater, resource recovery, capital, grant and other non-General Fund resources.

ATTACHMENT:

Attachment 1 - FY 2021 Budget Information on Compensation

Attachment 2 - General Scale Employee Workgroup Mid-Year Compensation Memo to City Manager

STAFF:

Debra Collins, Deputy City Manager

Jen Jenkins, Acting Director, Human Resources

Morgan Routt, Director, Office of Management and Budget