



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 4, 2019

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Consideration of Improvements to the Retirement Benefits and the Pay Scale of Alexandria Deputy Sheriffs.

ISSUE: Consideration of improvements to the Retirement Benefits and the pay scale of Alexandria Deputy Sheriffs.

RECOMMENDATION: That City Council authorize the City Manager to implement the following changes to the compensation and benefits of Alexandria Deputy Sheriffs:

- (1) Transfer full-time Deputy Sheriffs to the Virginia Retirement System plan with enhanced hazardous duty benefits, effective on or about January 1, 2020;
- (2) Require Alexandria Deputy Sheriffs to pay 1.5% into the City Supplemental Retirement System, effective on or about January 1, 2020; and
- (3) Approve a 2.29% increase to the Deputy Sheriff pay scale increase effective in October, 2019.

BACKGROUND: Maintaining competitive salaries for the City's public safety employees in relation to the City's competing jurisdictions is vital to the effective provision of public safety of our community, courts, and detention center. It is equally important to maintain equitable pay and compensation among the City's employees. The FY 2019 Approved Budget included \$3.6 million to address public safety pay issues, and in October 2018, City Council approved pay increases for Police and Fire/EMS personnel. At that time, the Sheriff and the Sheriff's Public Safety Work Group compensation priority focused on shifting Sheriff's Deputies and related uniformed staff from the general Virginia Retirement System (VRS) plan to the VRS plan with enhanced hazardous duty benefits (i.e., earlier retirement) that is designed for public safety officers. The plan provides for earlier retirement and increased benefits. The recommendation before Council at this time by

providing for an earlier retirement option with no penalty recognizes both the physical demands of the City's Deputy Sheriffs, as well as the hazards of the job in which they are putting themselves in harm's way each and every day. While Police and Fire have a shorter retirement period, they also contribute 8% to their pension plan. In exchange for adding the Deputy Sheriffs to the VRS plan with enhanced hazardous benefits, employees added to the plan are proposed to make an increased contribution of 1.5% towards their retirement to offset a small portion of the VRS Plan's over 10% increase in required contribution to fund the hazardous duty benefits. The VRS Plan with hazardous duty benefits is utilized by nearly all Sheriff departments in Virginia.

The FY 2020 Approved Budget included \$1.1 million to fund the recommendations provided at this time. Staff recommends that the Deputy Sheriff pay adjustments be implemented in October 2019. The nine-month cost for this pay adjustment is \$314,366 based on current salaries. The cost to the City in FY 2020 to convert to VRS with enhanced hazardous duty benefits, which are targeted to begin in January 2020, will require additional implementation time by VRS. The six-month cost for the enhanced benefit coverage is \$658,000. The total cost for these two changes for FY 2020 is \$972,366. This is proposed to be partially offset by \$102,000 generated from the 1.5% contribution to the Supplemental plan that is proposed to be paid by Sheriff Deputy employees.

DISCUSSION: One of the most important elements of this proposal is recognizing the physical demands of the work performed by the Deputy Sheriffs. The most significant difference between the general VRS plan and the VRS plan with enhanced hazardous duty benefits is the ability of the Deputy Sheriffs to receive a full, unreduced retirement benefit at age 55 with at least 25 years of service or at age 60 with at least 5 years of service. For the average Deputy Sheriff, this equates to a 25-year career instead of a 30-year career. Not only does this eligibility adjustment recognize the physical demands of the job, but it should reduce the incidence of work-related injuries and disability.

As noted above, another important element of this proposal is to increase compensation for the City's Deputy Sheriff's to ensure their pay is aligned with the market. The proposed 2.29% pay scale adjustment reflects 100% of the difference between the City's median Sheriff's Deputy pay scale salary and the median of our Northern Virginia comparator jurisdictions.

This 2.29% increase would raise the entire pay scale by 2.29% thereby giving all uniformed Sheriff's personnel this pay increase. By increasing the pay scale, this would mean that future hires on the Deputy Sheriff pay scale would see beginning salaries increase by 2.29%.

Given the \$1,316,000 annual additional cost of the Hazardous Duty Plan's benefits which equates to about 10% increase in Sheriff's Deputy payroll costs (from 23.24% to 33.35% of payroll), it is proposed that Sheriff's Deputies increase the share of what they pay for total City retirement costs by 1.5% from 5% to 6.5%. This 1.5% employee share increase would be implemented through the City's Supplemental Retirement Plan which Sheriff's Deputies would remain as members. Currently Sheriff's Deputies pay 5% towards retirement costs and the City pays 18.24%. This 5% is lower than the 7% that General City employees (hired since 2009) pay for their lower cost retirement plan, and less than the 8% that Police and Fire employees pay for their higher cost plan. This 6.5% would be nearly equal to the 7% that City General Employees pay. The attached chart compares the employee and employer contributions for the various classes of City employees. Staff is in the process of making changes to the Supplemental Plan and working with VRS to implement the VRS Plan with hazardous duty benefits. Upon completion, staff will bring the Supplement plan contribution changes and any VRS resolutions back to Council for formal approval. The pay increase will be implemented in October.

Sheriff Lawhorne concurs with the recommendations contained in the memorandum.

FISCAL IMPACT: The total cost of these recommendations in FY 2020 is \$870,366. This reflects six months of membership in the VRS plan with enhanced hazardous duty benefits, plus nine months of a 2.29 % pay scale adjustment, less the 1.5% contribution of \$102,000 from Deputy Sheriff employees. The full year cost of the 2.29 % pay scale adjustment is \$419,155; and the full-year cost of the improved VRS coverage is \$1,316,000. The full-year employee contributions amount would be \$204,000. The total full-year annual net cost of all of these recommendations is \$1.5 million. The chart below details those costs.

<u>Cost Summary</u>	<u>FY 2020</u>	<u>FY 2021</u>
2.29% Pay Scale Increase	\$314,366	\$419,155
VRS Plan with hazardous duty benefits	<u>658,000</u>	<u>1,316,000</u>
Total Added Costs	972,366	1,735,155
Less Proposed Employee Contributions of 1.5%	<u>(102,000)</u>	<u>(204,000)</u>
Total Net Costs	\$870,366	\$1,531,155

ATTACHMENT: City Employee and Employer Contributions Towards Their Retirement Costs

STAFF:

Laura B. Triggs, Deputy City Manager
Morgan Routt, Budget Director
Shawnda Howard, Chief Human Resource Officer
Kadira Coley, Retirement Administrator