

RETIREMENT AND EMPLOYEE BENEFITS

The Retirement and Employee Benefits appropriation covers the City's share of employee benefits costs including VRS retirement, life insurance, FICA (social security), workmen's compensation, separation pay, unemployment fees and health insurance. Costs involved in compensating employees, such as merit pay, specialized incentive pay and pay increases for Constitutional Officers are budgeted here as well.

The total budget for this department is \$42,864,268 which funds the following benefits:

Salary Increases and Benefits for Employees	FY15 Actual	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Increase/ (Decrease)
Accrued Payroll	\$339,395	\$743,720	\$355,000	\$355,000	\$280,000	(\$75,000)
Separation Leave Pay	793,691	1,015,177	790,000	790,000	1,100,000	310,000
Compensation	2,438,017	673,656	4,761,940	2,075,071	2,809,655	734,584
Fringe Benefits						
Line of Duty Pay	340,000	247,257	340,000	340,000	340,000	0
Workmen's Compensation	2,022,126	1,998,843	1,975,560	1,975,560	2,189,267	213,707
Hampton Employees						
Retirement System	2,912,751	3,018,996	2,559,000	2,559,000	2,807,000	248,000
Hospitalization Insurance	10,411,059	10,938,641	12,620,000	12,620,000	13,393,554	773,554
Medicare Advantage Plan	288,101	653,518	764,000	764,000	780,700	16,700
Group Life Insurance	774,377	798,829	939,700	939,700	975,000	35,300
Unemployment Insurance	103,761	83,592	110,000	110,000	110,000	0
FICA Contribution	5,670,366	5,823,905	6,300,997	6,300,997	6,111,641	(189,356)
Virginia Supplemental Retirement (VRS)	11,655,883	11,412,712	11,420,000	11,420,000	11,850,000	430,000
VRS Disability Program for Hybrid Plan	7,178	24,208	0	0	0	0
VRS Hybrid Plan						
Contribution/Match	248,899	753,007	44,000	44,000	68,136	24,136
Other Fringe Benefits	38,379	37,680	41,400	41,400	42,300	900
Wage Works - Flex Spending	7,015	7,003	7,015	7,015	7,015	0
Total	\$38,050,998	\$38,230,744	\$43,028,612	\$40,341,743	\$42,864,268	\$2,522,525

Budget Note: *This budget reflects the following*

**Provides for a 2% general wage increase (GWI) and a Citizen Satisfaction Bonus, the exact amount of which will be determined based on the percentage of residents indicating satisfaction with employee work performance. (The bonus is funded with departmental savings.)*

**A 5.4% increase in the health insurance premium of which the City is picking up its proportional share.*

RETIREMENT AND EMPLOYEE BENEFITS DESCRIPTIONS

Accrued Payroll

The City pays its employees on a bi-weekly basis during the fiscal year which begins July 1st and ends June 30th. For General Fund departments, any pay days within the first pay period of the fiscal year that relate to the month of June are (accrued) charged back to the closing fiscal year. The total amount accrued is charged against this accrued payroll account instead of the individual department's salary expense line-item. This satisfies the principles of the modified accrual basis of accounting that the City uses.

Compensation: General Wage Increase (GWI and Citizens Satisfaction Bonus)

This budget recommends a 2% compensation package which includes a 2% general wage increase (GWI) to be given to the City's permanent full-time (PFT) employees and a Citizen Satisfaction Bonus, the amount of which is determined by the percentage of approval.

Hampton Employees Retirement System (HERS) Contribution

HERS is a City provided retirement plan that was designed to supplement the retirement of those City employees eligible for participation in the Virginia Supplemental Retirement System (VRS). HERS covers all full-time salaried employees who were first hired prior to July 1, 1984. The City is required to contribute an actuarially determined amount. For FY18, the General Fund's share of the contribution is \$2,807,000.

Hospitalization Insurance (Self Insured)

Currently, the City offers one medical plan, Anthem Blue Cross/Blue Shield KeyCare (PPO plan) to all eligible active and qualified retired employees. For FY18, approximately 80% of eligible City employees will participate in the plan. This plan is supported by the City and its subscribers. For active employees, the City's premium portion averages approximately 71% and the employee's share averages approximately 29% depending on the type of employee coverage. For FY18, the estimated increase in premiums is expected to be 10.8%. This increase will be split between the City and employees so that the share for each will be 5.4%. The City continues to offer vision and dental plans to its eligible employees and retirees; however, all premiums are paid in full by the enrollee through payroll deductions. The City does not budget funds for these plans.

Life Insurance

All eligible permanent full-time employees are automatically covered under the basic group life insurance program provided by Minnesota Life for VRS members and retirees. The premium costs are calculated as a percentage of the employee's annual salary. The group life insurance rate is 1.31% as approved by the Virginia Governor and General Assembly.

Other Fringe Benefits

This budget represents miscellaneous fringe benefits such as deferred compensation as a part of the City Attorney, City Manager and Municipal Clerk's compensation package.

Workmen's Compensation (Self Insured)

The City is exposed to various risks of loss related to torts; theft of, damages to and destruction of assets; error and omissions; injuries to employees and natural disasters. The City has an established Risk Management Fund (in the Internal Service Fund) to account for and finance its uninsured risk of loss and the cost of providing insurance coverage such as automobile, general liability and workmen's compensation. Since the City is self-insured, this appropriation is essentially a General Fund transfer to the Risk Management Fund to support this self-insured liability of the City. For FY18, the Workmen's Compensation is funded at \$2,189,267.

Separation Leave Pay

Employees who retire or separate from employment with the City are entitled to receive payment for unused sick and vacation leave. According to the City's Personnel Policies Manual, active employees who are eligible for separation benefits have an established maximum number of hours that can be paid out. Upon separation, other than retirement pay, employees

RETIREMENT AND EMPLOYEE BENEFITS DESCRIPTIONS

will receive sick leave pay of \$20 per day up to a maximum of 720 hours. For retirees, sick leave is paid up to 720 hours based on an hourly rate equivalent to one-half of the employee's annual salary. For both separating and retiring employees, vacation leave pay will be based on the employees hourly rate on the date of separation up to the maximum accrual payout set forth in the Personnel Policies Manual.

Social Security (FICA)

This is the employer portion of the Medicare tax obligations for all paid employees. Contributions are calculated utilizing a combined rate for Social Security and Medicare (7.65%) applied to a predetermined wage base.

Unemployment Insurance

The City pays unemployment tax on the first \$8,000 of wages earned for each employee during a calendar year. The percentage rate applied is computed by the Virginia Department of Taxation. The City is estimated to pay approximately \$110,000 in unemployment taxes for Fiscal Year 2018.

Virginia Retirement System (VRS) Contribution

The City of Hampton contributes to VRS, an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. All full-time, salaried employees of the City must participate in the VRS Plan. Members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual reported compensation to VRS. In addition, the City of Hampton is required to contribute the actuarially determined rate of 15.91%.

Line of Duty Pay

According to the Virginia Code 9.1-400, the Line of Duty Pay (LODA) applies to any first responder or public safety employee who dies or becomes disabled in the line of duty. The plan, which is a component of the Virginia Retirement System, will provide death benefits and continued health insurance coverage to disabled persons, their spouses, dependents and surviving spouse and dependents of deceased law-enforcement officers and firefighters. VRS has created a fund for payment of the program benefits. The City is mandated by the State to make contributions to this plan on behalf of its public safety employees.

PERSONNEL ALLOCATION
Fiscal Years 2015 - 2018
(Permanent Full-Time Only)

General Fund Departments	FY15 Actual	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Net Increase/ (Decrease)
Constitutional, Judicial and Electoral Offices						
<i>Constitutional</i>						
City Treasurer	23.0	25.0	25.0	25.0	25.0	0.0
Commissioner of the Revenue	24.0	24.0	24.0	24.0	24.0	0.0
Commonwealth's Attorney	25.0	25.0	25.0	25.0	26.0	1.0
<i>Judicial</i>						
Circuit Court	7.0	6.0	6.0	6.0	6.0	0.0
General District Court	1.0	1.0	1.0	1.0	1.0	0.0
<i>Electoral</i>						
Voter Registrar	3.0	3.0	3.0	3.0	3.0	0.0
Economic Vitality and Neighborhoods						
Assessor of Real Estate	18.0	18.0	18.0	18.0	18.0	0.0
Community Development	54.0	54.0	55.0	55.0	54.0	(1.0)
Convention and Visitor Bureau	14.0	14.0	14.0	14.0	14.0	0.0
Economic Development	12.0	12.0	12.0	12.0	13.0	1.0
Infrastructure						
Parks, Recreation and Leisure Services*						
~Parks Division	55.0	55.0	53.0	53.0	53.0	0.0
Public Works - Administration	2.0	2.0	2.0	2.0	2.0	0.0
Public Works - Drainage Maintenance	23.0	23.0	23.0	23.0	23.0	0.0
Public Works - Engineering	7.0	7.0	8.0	8.0	9.0	1.0
Public Works - Facilities Maintenance	29.0	29.0	29.0	29.0	29.0	0.0
Public Works - Parking Facilities	1.0	1.0	1.0	1.0	1.0	0.0
Public Works - Streets and Roads	31.0	31.0	31.0	31.0	31.0	0.0
Public Works - Traffic Engineering	17.0	17.0	17.0	17.0	16.0	(1.0)
Leisure Services						
Hampton History Museum	4.0	4.0	4.0	4.0	4.0	0.0
Parks, Recreation and Leisure Services*						
~Recreation Division	43.0	44.0	44.0	44.0	43.0	(1.0)
Public Library	26.0	26.0	26.0	26.0	25.0	(1.0)
Public Safety						
Animal Control	8.0	8.0	9.0	9.0	9.0	0.0
Citizens' Unity Commission	1.0	1.0	2.0	2.0	2.0	0.0
Emergency Management	3.0	3.0	3.0	3.0	3.0	0.0
Fire and Rescue Division	287.0	297.0	297.0	297.0	297.0	0.0
Police Division	338.0	338.0	338.0	338.0	350.0	12.0
911 Emergency Communications Center	57.0	56.0	56.0	56.0	56.0	0.0
Youth Violence Prevention Unit/ATF	1.0	2.0	3.0	3.0	3.0	0.0

*Formerly Parks and Recreation

PERSONNEL ALLOCATION
Fiscal Years 2015 - 2018
(Permanent Full-Time Only)

General Fund Departments (Cont'd)	FY15 Actual	FY16 Actual	FY17 Budget	FY17 Adjusted Budget	FY18 Budget	Net Increase/ (Decrease)
Quality Government						
311 Customer Call Center	10.0	10.0	10.0	10.0	10.0	0.0
City Attorney	13.5	14.5	14.5	14.5	15.0	0.5
City Manager	14.0	14.0	15.0	15.0	15.0	0.0
Consolidated Procurement	7.0	7.0	7.0	7.0	7.0	0.0
Finance	15.0	15.0	15.0	15.0	15.0	0.0
Human Resources	8.0	8.0	9.0	9.0	9.0	0.0
Information Technology	17.0	17.0	17.0	17.0	18.0	1.0
Internal Audit	3.0	3.0	3.0	3.0	3.0	0.0
Marketing and Outreach	7.0	7.0	7.0	7.0	7.0	0.0
Municipal Council	11.0	11.0	11.0	11.0	11.0	0.0
Youth and Families						
Court Services Unit	4.0	4.0	4.0	4.0	4.0	0.0
Human Services~Youth, Education and Family Services	62.0	59.0	58.0	58.0	58.0	0.0
Human Services~Social Services	183.0	185.0	187.0	187.0	189.0	2.0
Virginia Cooperative Extension Services	2.0	2.0	2.0	2.0	2.0	0.0
Total General Fund Departments	1,470.5	1,482.5	1,488.5	1,488.5	1,503.0	14.5
Non-General Fund Departments						
Enterprise Funds						
Hampton Coliseum/Hampton Arts Commission	33.0	32.0	26.0	26.0	28.0	2.0
The Hamptons Golf Course	6.0	7.0	7.0	7.0	7.0	0.0
The Woodlands Golf Course	6.0	6.0	6.0	6.0	6.0	0.0

PERSONNEL ALLOCATION
Fiscal Years 2015 - 2018
(Permanent Full-Time Only)

	FY15 Actual	FY16 Actual	FY17 Budget	Adjusted Budget	FY18 Budget	Increase/ (Decrease)
Non-General Fund Departments						
<u>Internal Service Funds</u>						
Fleet Services	28.0	28.0	28.0	28.0	28.0	0.0
Information Technology	4.0	4.0	4.0	4.0	4.0	0.0
Risk Management	5.5	5.5	5.5	5.5	5.5	0.0
<u>Public Works Funds</u>						
Solid Waste Management	62.5	62.5	62.0	62.0	62.0	0.0
Steam Plant	41.0	41.0	41.0	41.0	41.0	0.0
Stormwater Management	71.0	71.0	71.0	71.0	71.5	0.5
Wastewater Management	68.5	68.5	69.0	69.0	69.0	0.0
<u>Special Revenue Funds</u>						
Parks, Recreation and Leisure Services ~ CDBG*	2.0	4.0	3.0	3.0	3.0	0.0
Housing and Neighborhood Division ~ CDBG*	3.0	5.0	7.0	7.0	7.0	0.0
Total Non-General Fund Departments	330.5	334.5	329.5	329.5	332.0	2.5
GRAND TOTAL	1,801.0	1,817.0	1,818.0	1,818.0	1,835.0	17.0

*Represents a correction for this department's position count.

**EXPLANATION OF
PERSONNEL CHANGES**

(Permanent Full-Time Positions Only)

General Fund Departments	Net Personnel Change	Explanation
<u>Constitutional, Judicial and Electoral Offices</u>		
Commonwealth's Attorney	1.0	This increase reflects the addition of one (+1.0) Assistant Commonwealth's Attorney II position, added mid-year in FY17, to assist in fulfilling the legal requirements associated with the implementation of the Police Division's body cameras.
<u>Economic Development and Vitality</u>		
Community Development	(1.0)	This decrease is attributed to the elimination of one (-1.0) vacant Land Development and Environmental Inspection Trainee position that was previously utilized to bridge a skill set gap.
Economic Development	1.0	This increase is attributed to adding one (+1.0) Business Development Coordinator position to support the Phoebus Partnership.
<u>Infrastructure</u>		
Public Works ~ Engineering	1.0	This increase reflects the transfer of one (+1.0) vacant engineering position from Public Works ~ Traffic Engineering and the reclassification of said position to a Senior Civil Engineer.
Public Works ~ Traffic Engineering	(1.0)	This decrease is attributed to the transfer of one (-1.0) vacant engineering position to Public Works ~ Engineering.
<u>Leisure Services</u>		
Recreation and Leisure Services Division	(1.0)	This decrease is attributed to the elimination of one (-1.0) vacant Event Coordinator position.
Public Library	(1.0)	This decrease is attributed to the transfer of one (-1.0) technology administrator position to Information Technology to provide more collaborative technology support to the Public Library.
<u>Public Safety</u>		
Police Division	12.0	This increase is attributed to the addition of seven (+7.0) patrol officer positions in the General Fund and five (+5.0) police officer positions funded by the three-year COPS grant.

**EXPLANATION OF
PERSONNEL CHANGES**

(Permanent Full-Time Positions Only)

Quality Government

City Attorney's Office	0.5	This increase is attributed to one half (+0.5) of a paralegal position being shared with the Stormwater Management Fund to assist with fulfilling Freedom of Information Act (FOIA) requests.
Information Technology	1.0	This increase is attributed to the transfer of one (+1.0) technology administrator position from the Public Library to provide more collaborative technology support to the Public Library.

Youth and Families

Human Services ~ Youth, Education and Family Services	0.0	The position changes in this department are attributed to the addition of two positions (+2.0), required by the Commonwealth, to increase the Healthy Families' program offerings as well as expand the service delivery. Three (-3.0) vacant Family Support Workers and one (-1.0) vacant Senior Office Specialist position were collapsed into one (+1.0) Database Administrator position which enables the department to meet State funding guidelines and one (+1.0) Administrator position. The number of permanent full-time position remains the same.
Human Services ~ Social Services	2.0	This increase is due to the addition of two (+2.0) family support workers, one of which was added mid-year in FY17, to help support school and court prevention initiatives.

Total General Fund Departments	14.5
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Non-General Fund Departments	Net Personnel Change	Explanation
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Enterprise Funds

Hampton Coliseum - Arts Commission	2.0	This increase is the result of adding one (+1.0) Food and Beverage Assistant to cover events between the Hampton Coliseum, the New American Theatre and the Charles H. Taylor Art Museum. One (+1.0) Maintenance Team Leader is also being added to cover events scheduled between the referenced venues.
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**EXPLANATION OF
PERSONNEL CHANGES**

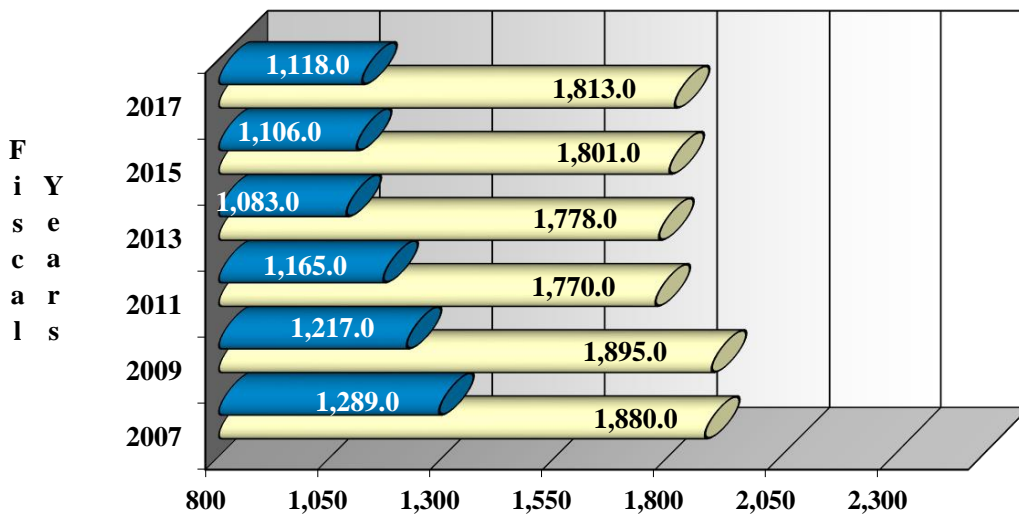
(Permanent Full-Time Positions Only)

Public Works Funds

Stormwater Management Fund	0.5	This net increase is the result of sharing one-half (-0.5) of a paralegal position, mid-year in FY17, with the City Attorney's Office to assist with fulfilling FOIA requests and the mid-year addition of one (+1.0) engineering position to work on the City's stormwater program as well as serve as the Coordinator of Records (COR).
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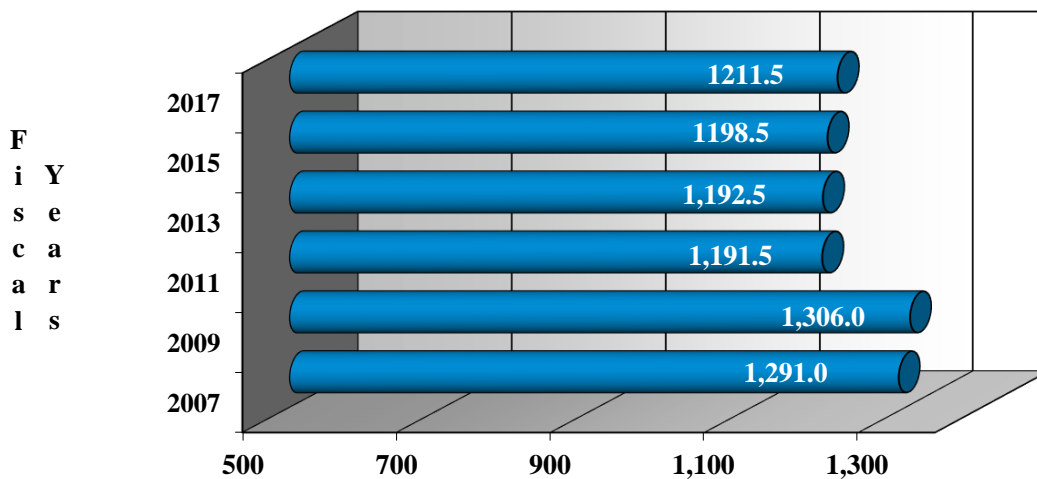
Total Non-General Fund Departments	<u>2.5</u>	
GRAND TOTAL	<u><u>17.0</u></u>	

Total Positions ~ All Funds



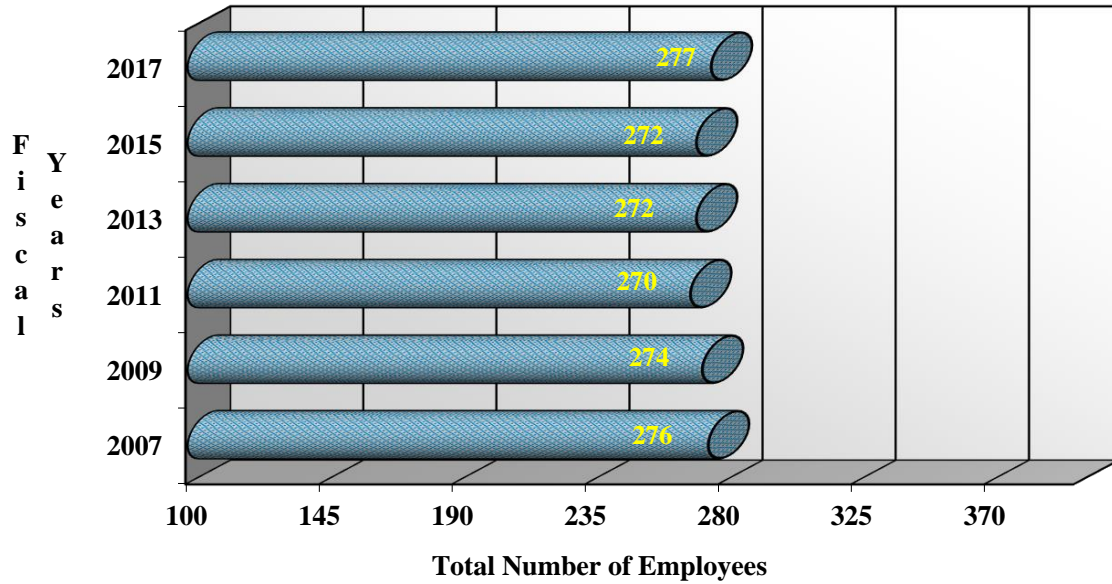
■ Excluding Public Safety
■ Total Positions

Total Positions ~ City Departments

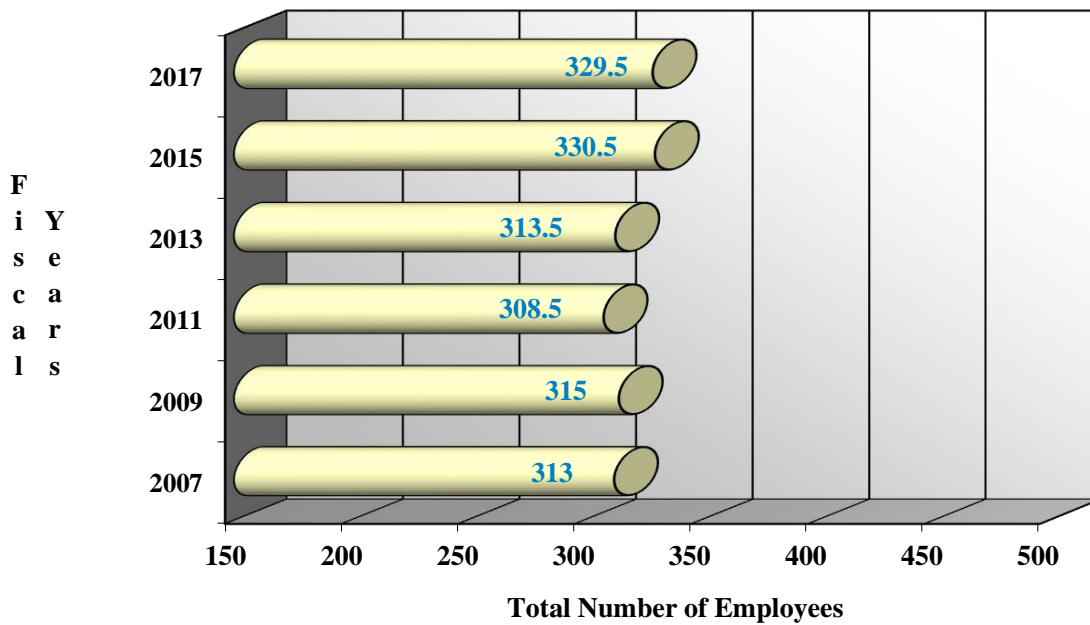


HISTORY OF AUTHORIZED STAFFING
Fiscal Years 2007-2017

Total Positions ~ City/State Departments



Total Positions ~ Non-General Fund



COMPARISON OF SALARY INCREASES vs. INFLATION

Fiscal Years 2008- 2018

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17*</u>	<u>FY18**</u>
Percent Increase in Salaries	4.0%	3.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%	2.5%	2.4%	2.5%
Inflation	4.8%	0.3%	2.1%	3.2%	1.0%	1.0%	1.8%	0.2%	1.2%	1.2%	

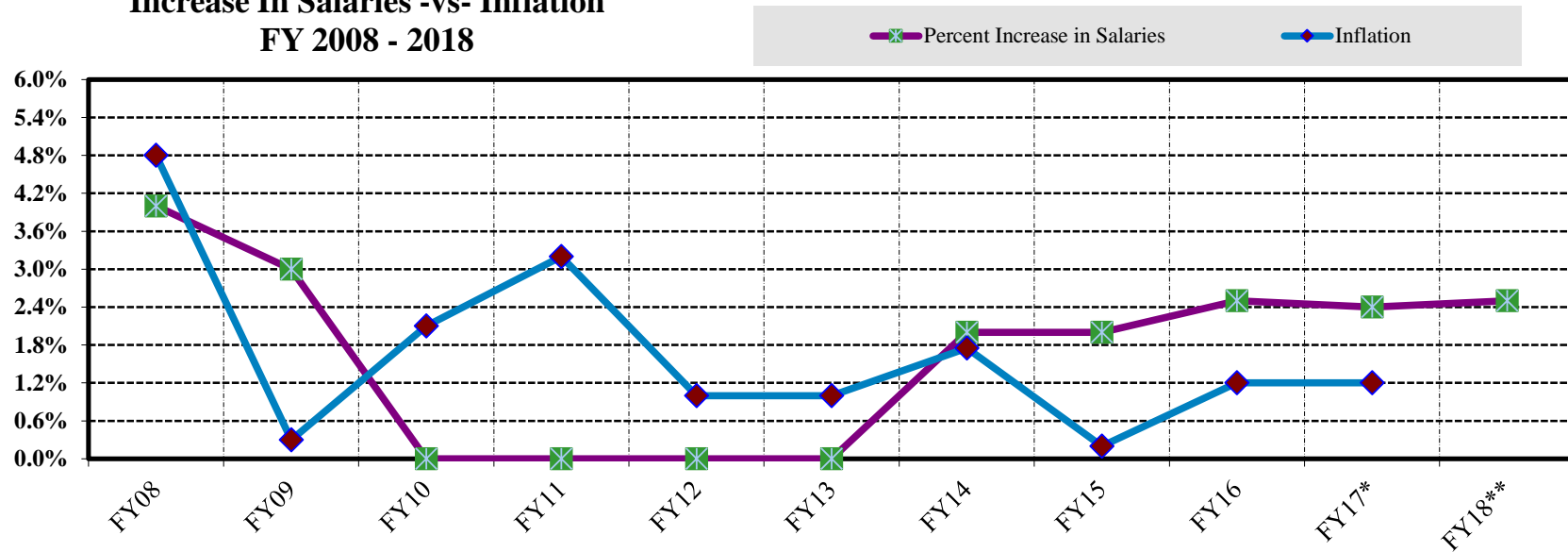
1. Salaries include merit and cost-of-living increases for City employees only.

2. Inflation is measured by the percent increase in the Consumer Price Index (CPI) for the Washington-Baltimore Area on a fiscal year basis.

* The FY17 estimate is based on the average inflation rate between July 2016 and January 2017

** The FY18 percentage increase provides for a 3% compensation increase - 2% of which is a general wage increase and 1% of which will be disbursed based upon time in position to address compression. Inflation rate for FY18 is not currently available.

**Increase In Salaries -vs- Inflation
FY 2008 - 2018**



Source: U.S. Department of Labor - Bureau of Labor Statistics and is an estimate only.