The seal of the City of Richmond is a circular emblem. It features a central figure of a person standing on a pedestal, holding a staff or scepter. The figure is surrounded by a ring of stars. The outer border of the seal contains the text "CITY OF RICHMOND" at the top and "ESTABLISHED 1737" at the bottom. The seal is rendered in a light, semi-transparent grey color.

FY 2024 PROPOSED BUDGET: COMPENSATION AND BENEFITS

Investing in our Future as an Employer of Choice

CITY COUNCIL BUDGET WORKSHOP

LINCOLN SAUNDERS

CHIEF ADMINISTRATIVE OFFICER

MARCH 20, 2023

WHAT IS AN EMPLOYER OF CHOICE?

An employer of choice offers a fantastic work culture and workplace environment that attracts and retains exceptional talent.

In FY 2023 we asked: IS THIS THE CITY OF RICHMOND?

We took a look at our organization, culture, and comp and benefits philosophy, and we are making changes in FY 2024.



WHAT DOES IT MEAN TO BECOME AN EMPLOYER OF CHOICE?

We are developing new offerings, revising policies, streamlining processes, and enhancing how we:

Attract and retain and motivated individuals



Respond to the concerns of employees



Invest in professional development



Are accountable to community and our employees



Offer diverse benefit options and competitive compensation



REPRESENTATIVE COR-CONNECT MEMBERS

- Group established to communicate, engage, and build trust.
- Members are peer elected and have to be in good standing as an employee.
- Only non-supervisory positions are allowed to participate.
- The group composition is intentionally constructed to allow frontline workers access to senior leadership.
- The elected members serve as a liaison or conduit to gauge employee morale, bring issues to the forefront, and have a quarterly meeting with the top official.
- This group also serves as a barometer when introducing new policies, concepts, or procedures.
- This group provides feedback to the leadership.
- Leadership also has a forum to provide messaging directly to the employees by utilizing this group.



FY 2023 CLASS AND COMP OUTREACH

At-a-Glance:



CORE AREAS:



CLASS AND COMP OUTREACH RESULTS AND NEXT STEPS



Culture & Employee Engagement

- Develop Training, Educational Materials
- Training for Supervisors and Managers on Workplace Expectations and Leadership
- Employee Engagement Activities



Recruitment and Retention

- Educational Institutional Relations
- Consultative Talent Acquisition Team
- Conduct Citywide Hiring Events



Compensation and Benefits

- Medical Coverage/Design Review
- Continue Classification and Compensation Review
- VRS Transition
- Expand Health and Wellness Programs
- Implement Language Incentive and Parking Policy



Professional Development

- Recruit and Hire with Certifications
- Implement Tuition Assistance Program
- Create Apprenticeship Programs and Career Pathways



Performance and Accountability

- Job Description Survey and Assessment
- Revise Performance Management Policy and Employee Evaluation Process

FY 2024 PROPOSED BUDGET EMPLOYER OF CHOICE HIGHLIGHTS

Compensation and Benefits

- ✓ **\$14.1 million** for 8.0 percent General Wage Increase
- ✓ **\$350,000** for \$18 per hour minimum wage
- ✓ **\$5.7 million** for Sworn employee step increase and 3.0 percent step plan adjustment
- ✓ **\$5.6 million** for RRS
- ✓ **\$2.0 million** for collective bargaining

New Incentives

- ✓ **\$573,360** for parking equity and Green Transportation Initiative
- ✓ **\$500,000** for a language incentive
- ✓ **\$650,000** for tuition assistance
- ✓ **\$1.4 million** for a First-Time Homebuyer's Program
- ✓ **\$500,000** for professional and cultural development
- ✓ **\$1.0 million** for new health and wellness offerings





PAY PHILOSOPHY: COMPETITIVE WAGES

Setting a new standard in our approach to compensation



OUR FY 2024 PAY PHILOSOPHY

To maintain a competitive, market-based approach to pay, we need:

- ✓ Benchmarks of internal and external equity
- ✓ Rewards for exceptional performance (opportunities for growth and promotion)

Three pillars of our pay philosophy:

Transparent, fair, equitable, and sustainable pay systems

Competitive starting salaries and regular increases

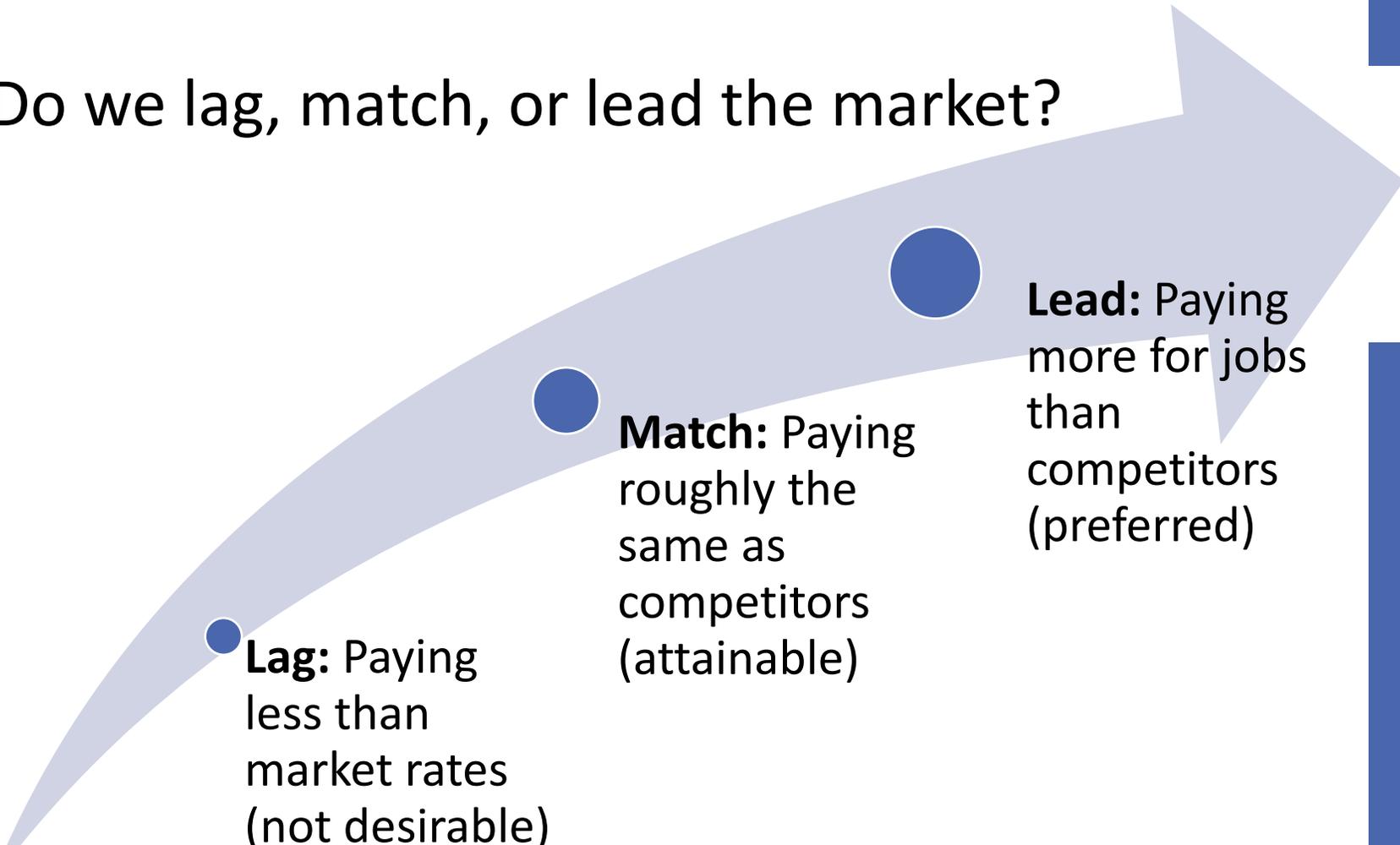
A minimum wage that leads by example

This ensures One Richmond is:

- Equitable
- Competitive
- Poised to meet future challenges

PAY PHILOSOPHY: WHERE DO WE NEED TO BE?

Do we lag, match, or lead the market?



Lag: Paying less than market rates (not desirable)

Match: Paying roughly the same as competitors (attainable)

Lead: Paying more for jobs than competitors (preferred)

What activities are we completing in Human Resources?

- ✓ Market study of job classifications and compensation
- ✓ Review of current job descriptions



COMPENSATION REFORM STUDY IS ONGOING

FY 2023:
Employee engagement sessions, review of industry trends

FY 2023:
Completed market pricing and benchmarking

FY 2024:
Complete review of job description survey

FY 2024:
Begin review of a hybrid program for percentage increases and merit-based performance

FY 2023
Information gathering

Reimagining
Human Capital
Management

FY 2024: Complete review of market data to ensure specific job classes are competitive

FY 2024 and Beyond:
City of Richmond leading the market!

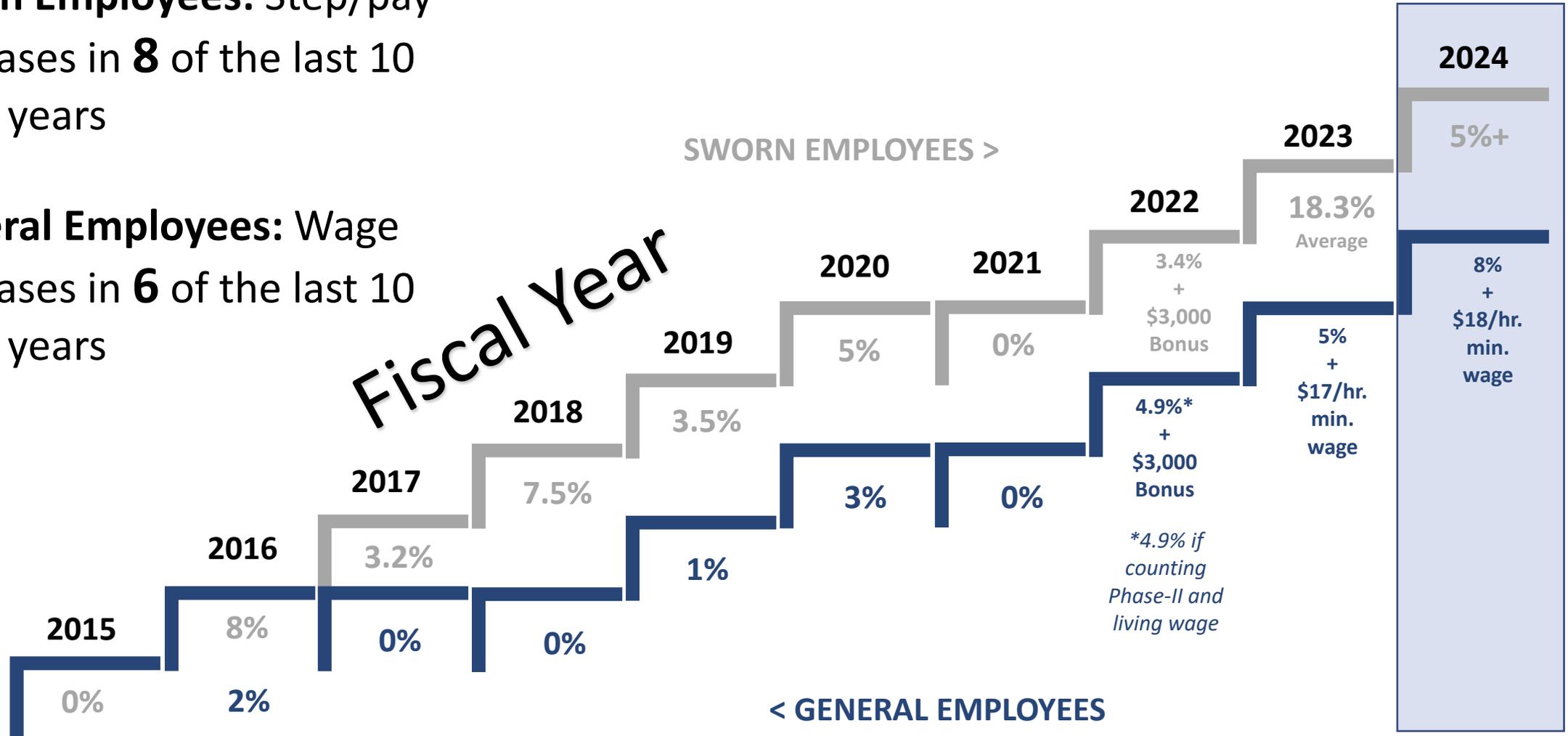
We are Here



SWORN PERSONNEL RECEIVED MORE INCREASES THAN GENERAL EMPLOYEES IN THE LAST 10 YEARS

Sworn Employees: Step/pay increases in **8** of the last 10 fiscal years

General Employees: Wage increases in **6** of the last 10 fiscal years



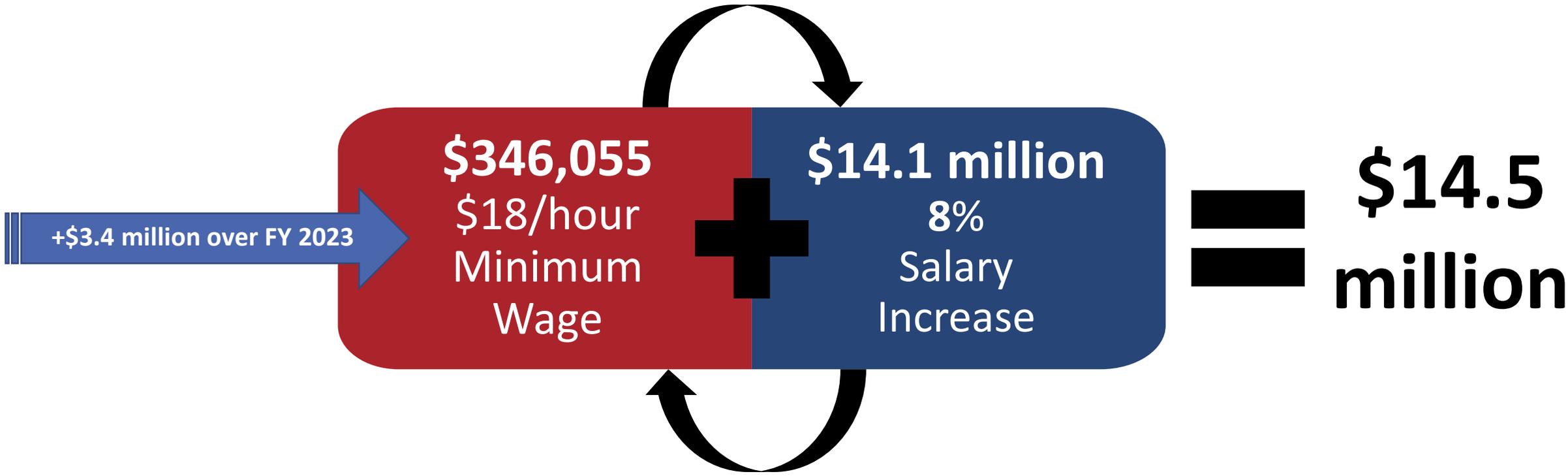
TAKING CARE OF OUR EMPLOYEES

\$20.1 Million
for Sworn and
General
Employee Pay
Adjustments



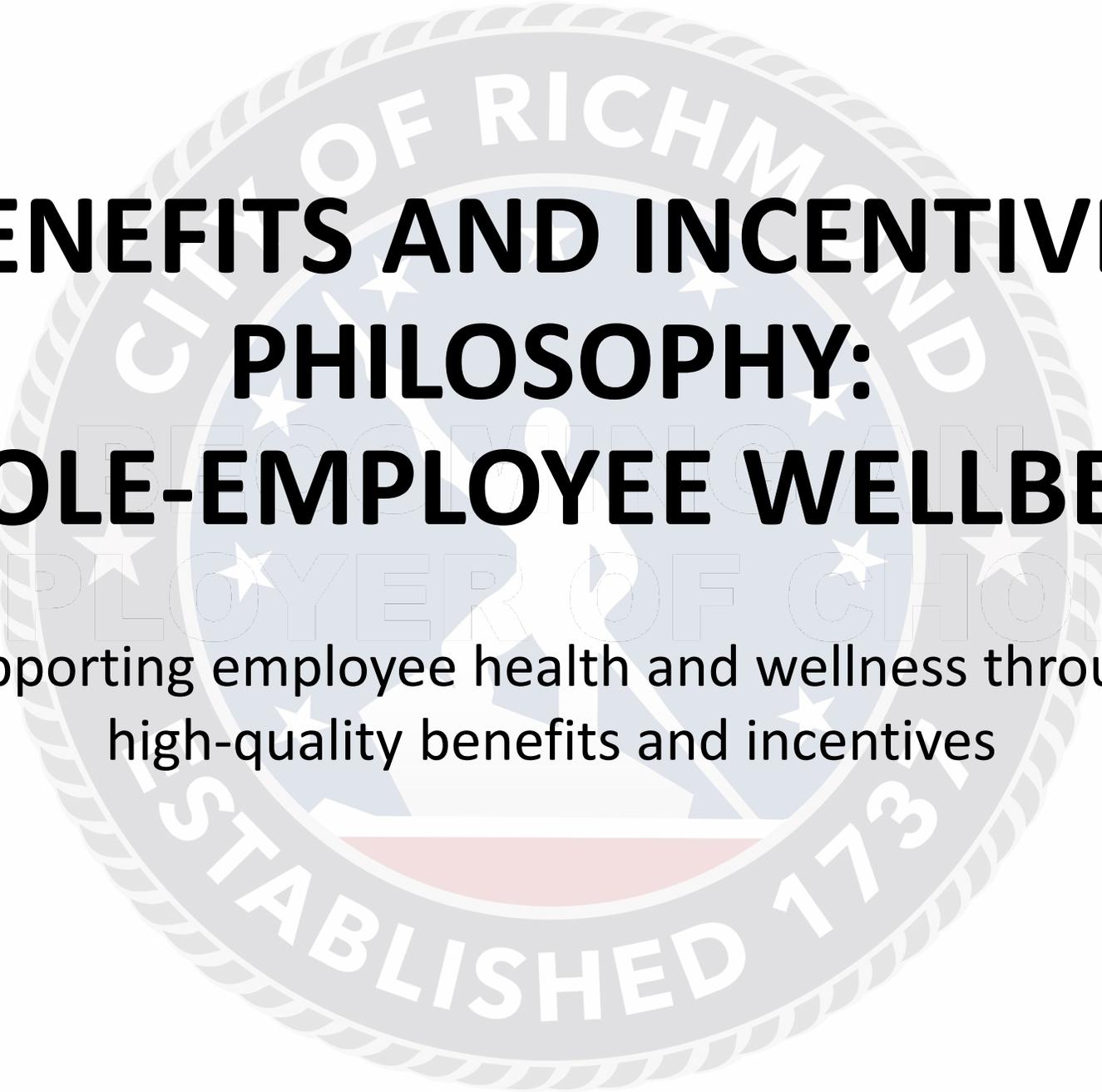
FY 2024 offers one of the most competitive pay plans in city history and one of the highest minimum wages in the Commonwealth.

FY 2024 GENERAL AND MINIMUM WAGE INCREASES



Approximately 2,600 employees impacted





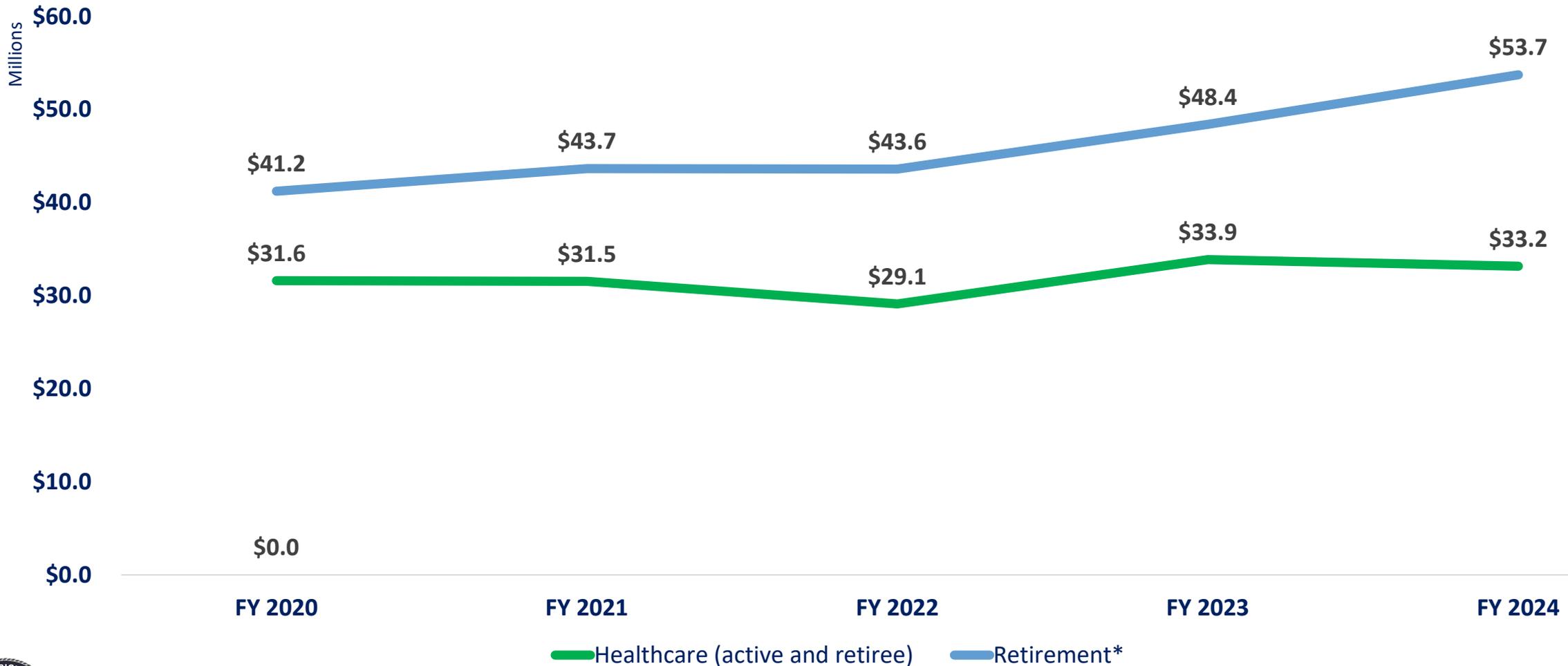
BENEFITS AND INCENTIVES PHILOSOPHY: WHOLE-EMPLOYEE WELLBEING

EMPLOYER OF CHOICE

Supporting employee health and wellness through
high-quality benefits and incentives

HEALTHCARE AND RETIREMENT ARE 9.0 PERCENT OF THE GENERAL FUND BUDGET IN FY 2024

General Fund Budget Drivers



Amounts shown in millions for FY 2024 GF only. FY 2020 – FY 2022 reflect actual amounts and FY 2023 – FY 2024 represent budget amounts.

*Retirement total for local (city) only; does not include state constitutional costs.



OVER 3,300 EMPLOYEES ARE ENROLLED IN THE HEALTHCARE PLAN

Cigna Medical Plan Categories	Number of Employees Per Category	City Cost and Percent	Employee Cost and Percent
Employee Only	2,311	\$22.7 million (87.3%)	\$3.3 million (12.7%)
Employee + One Child	408	\$5.9 million (76.6%)	\$1.8 million (23.4%)
Employee + Spouse	232	\$4.6 million (76.7%)	\$1.4 million (23.3%)
Employee + Family	381	\$8.4 million (73.7%)	\$3.0 million (26.3%)

Most employees are enrolled in the Employee Only category. The city covers the majority of costs for each category, with percent coverage being the highest for the costs of the employee only category.

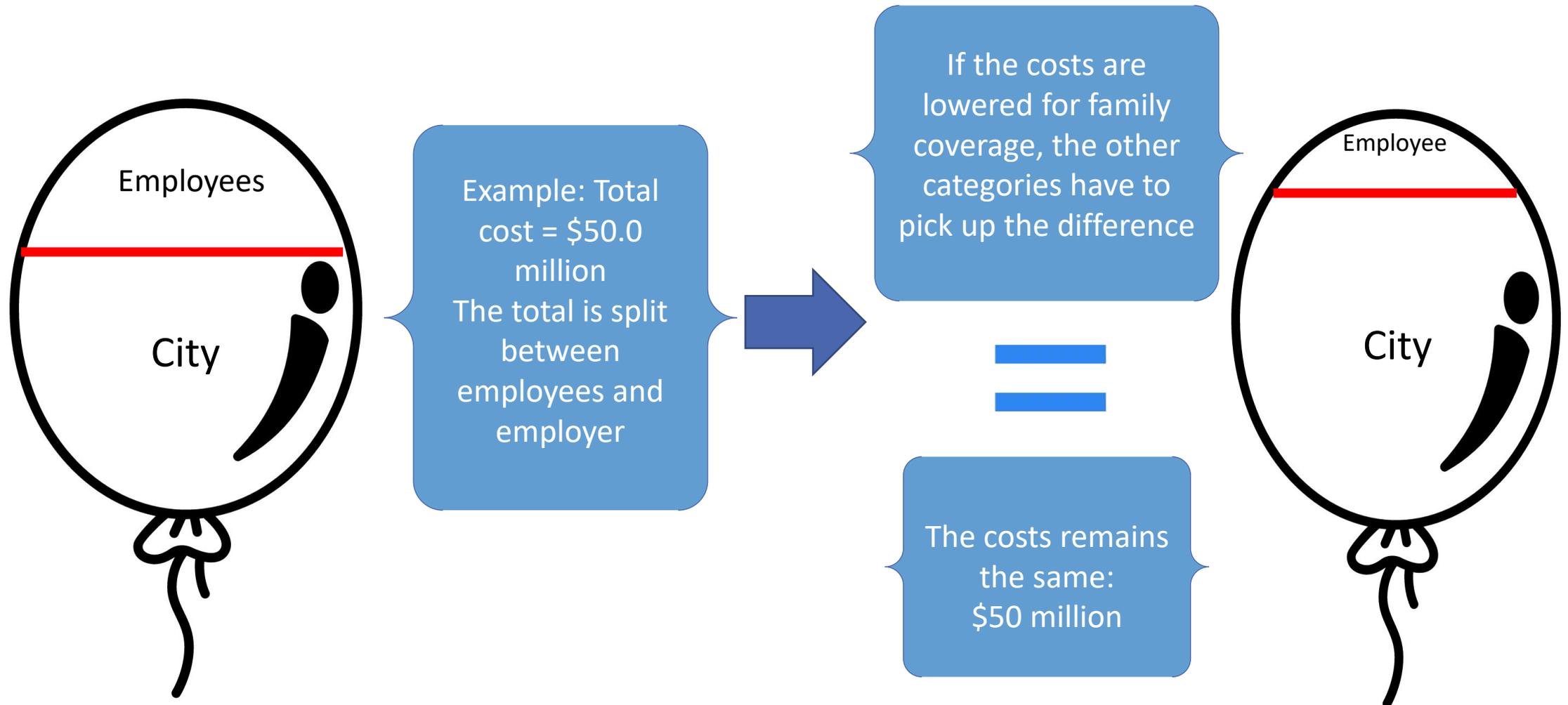


UNDERSTANDING COST IMPACTS OF HEALTHCARE PLANS

Healthcare costs follow the balloon effect.

if a balloon is squeezed on one end, the air simply moves to another area of the balloon.

Similarly the total cost of healthcare does not lessen if changes are made, it simply moves to another category.



ADDITIONAL HEALTH PLAN OPTIONS

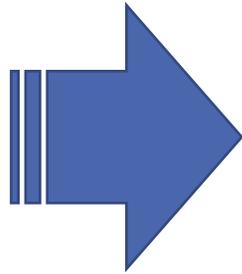
We are currently exploring additional healthcare options including adding an employee plus children and domestic partners categories.

Independent research and estimates from Cigna for Domestic Partners suggest the city's health insurance claims could increase by approximately **\$2 - \$10 million dollars.**



WIDE RANGE OF HEALTHCARE OPTIONS

The city offers comprehensive personal and family insurance through Cigna



Medical, Prescription Drug, Vision, Dental

Telehealth Connection, 24/7 Nurse Line, myCigna Mobile App

Multiple Healthcare Programs

Urgent Care

Diabetes Prevention Program

Autism Specialty Care Program

Health Rewards

Health Coaching



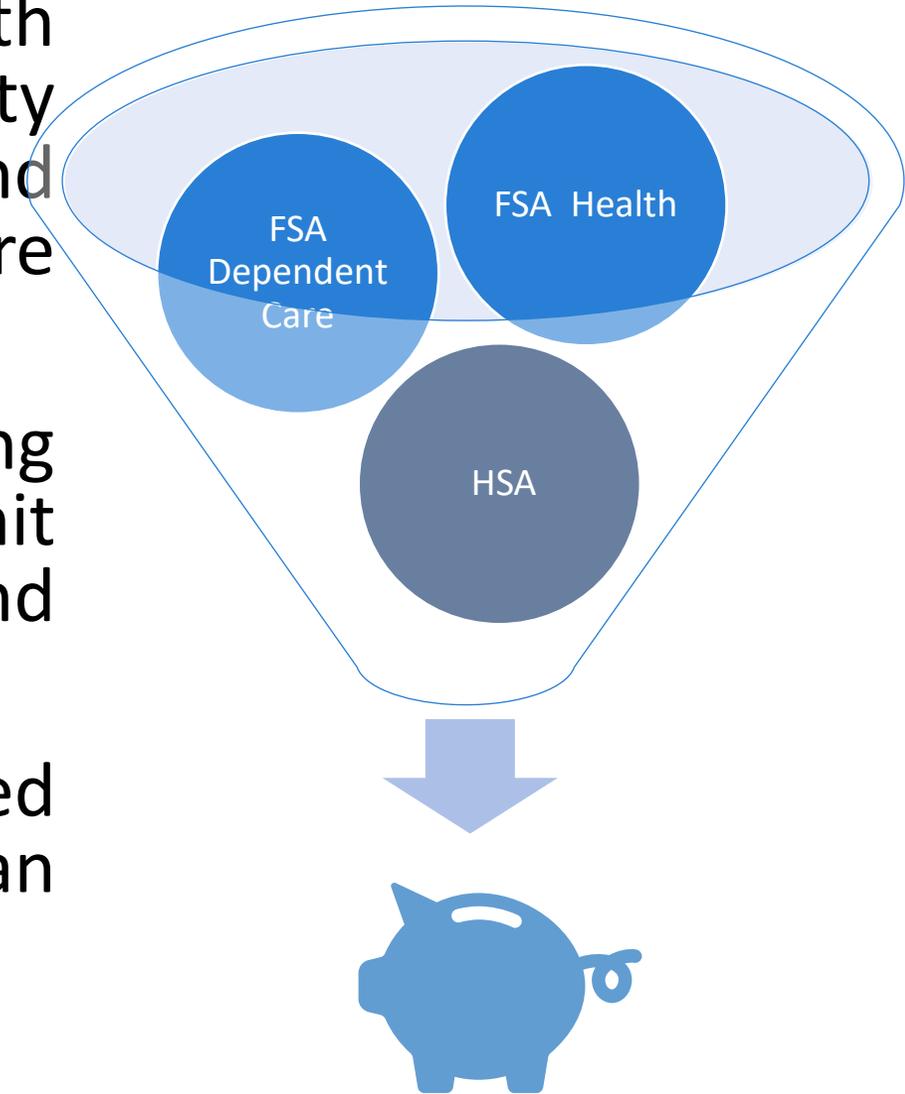
HELP IS AVAILABLE THROUGH THE EMPLOYEE ASSISTANCE PROGRAM

Cigna: Per incident, up to six face-to-face sessions, and unlimited telephonic consultations, for the employee or their household members for issues relating to:



SAVINGS ACCOUNTS ARE AVAILABLE: FSA AND HSA

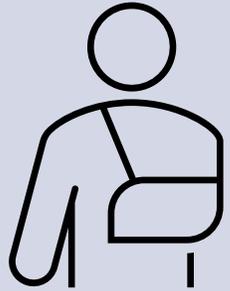
- For Cigna Plan 1 (high-deductible): A Health Savings Account (HSA) is offered. It is city funded (with an employee funding option) and can be used to pay for current and future qualified medical expenses tax-free.
- For Cigna Plans 2 and 3: Two Flexible Spending Accounts (FSA) types are offered to help limit employee out-of-pocket costs: FSA-Health and FSA-Dependent Care.
- Both FSA account types are employee funded with pre-tax dollars, meaning employees can pay for qualified expenses tax-free.



VOLUNTARY BENEFIT OPTIONS



The city also offers voluntary benefits employees may elect:



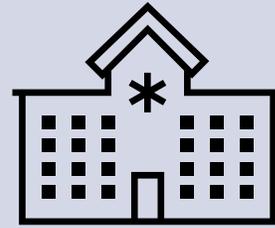
Short-Term
Disability



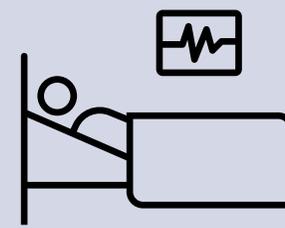
Personal
Cancer
Indemnity



Accident
Indemnity
Advantage



Hospital
Choice



Critical
Care and
Recovery

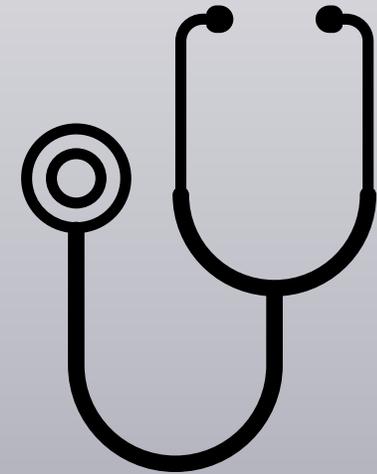


Pre-Paid
Legal
Services

SHORT-TERM DISABILITY

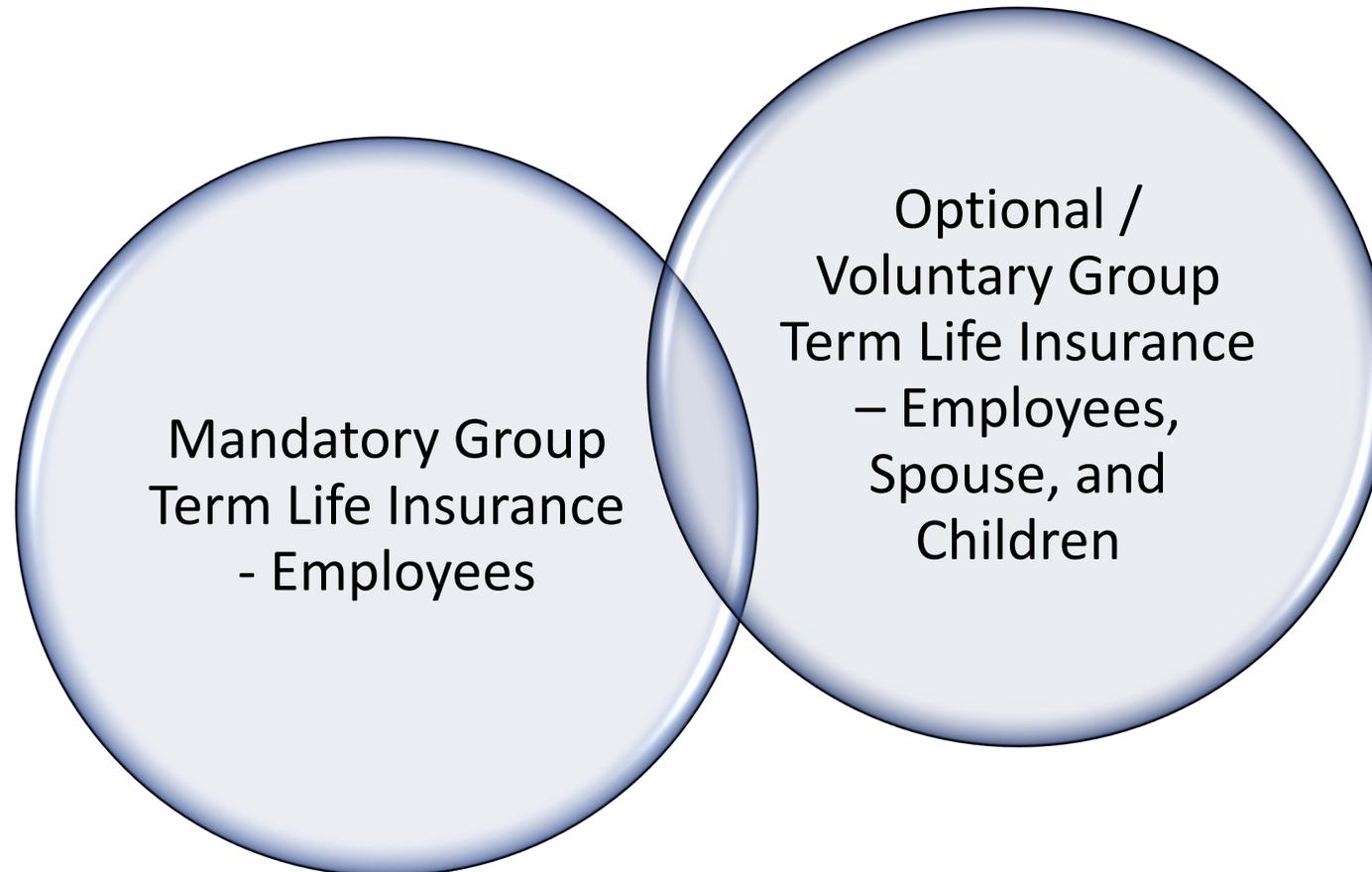


In the event an employee is disabled due to illness or off-the-job injury, Short-Term Disability can supply a monthly benefit up to \$6,000



MANDATORY AND VOLUNTARY LIFE INSURANCE

Full-time, permanent employees are covered by mandatory life insurance. Employees can purchase additional life insurance if they wish for themselves or their spouse or children.



EMPLOYEE WELLNESS PROGRAM

Helping decrease the risk of illness and improve quality of life

COMMUNITY BUILDING

Sports events and activities

CLASSES

Stress, nutrition, weight loss, ergonomics, and more

WEBINARS

Mental health, financial wellness, monthly newsletters

COACHING & COMPETITION

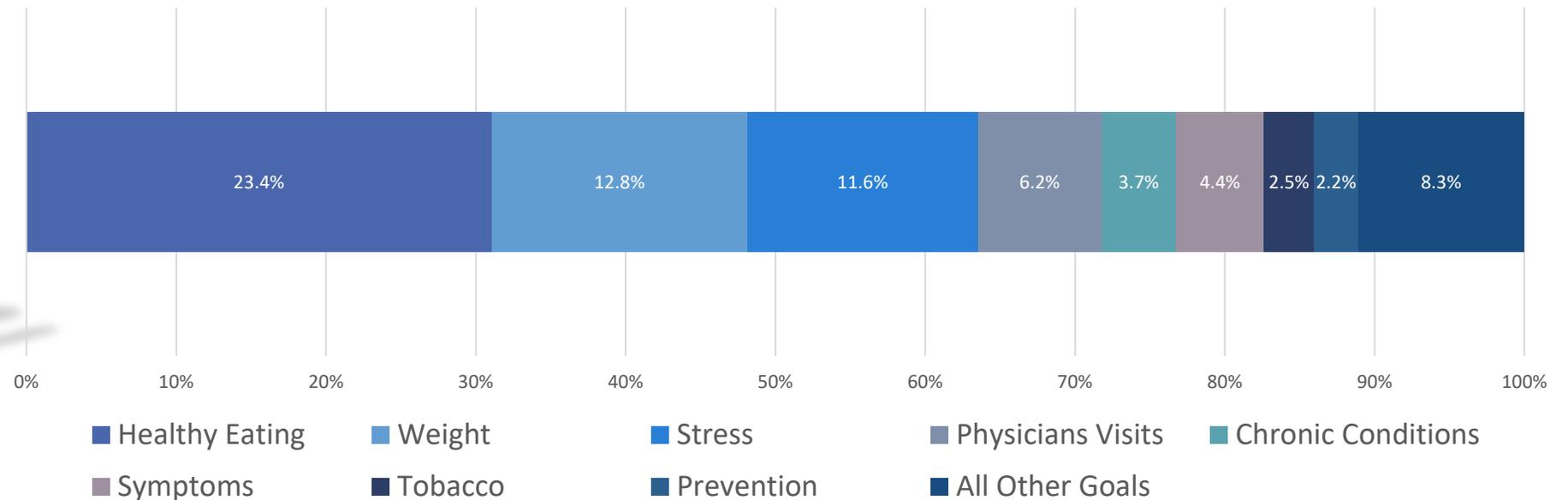
Fitness and behavior change competitions, health coaching



HEALTHY EMPLOYEES = HEALTHY ORGANIZATIONS

A health-promoting work culture can increase employee engagement and commitment. The most significant business outcomes of a healthy workforce include greater productivity, retention, loyalty, and stronger staff morale and motivation.

Employee Health Goals 2022



EXPANSION OF HEALTH AND WELLNESS



- **\$1.0 million** in funding for new employee health offerings
- Upfront cost for a three-year return on investment through healthier employees
- We are working toward awarding a contract to establish our very own employee health clinics!

NEW INCENTIVE PROGRAMS FOR EMPLOYEES

Supporting continuing education

Tuition Assistance



Enhancing upward mobility

First-Time Homebuyer



Creating career paths and growth opportunities

Cultural and Professional Development



Recognizing the importance of multilingual services

Language Incentive



Providing sustainable transportation incentives

Parking Equity and Alternative Transportation



RICHMOND RETIREMENT SYSTEM (RRS)

- RRS is one of seven¹ independent local government retirement systems
- Employers in RRS:
 - City of Richmond
 - Richmond Behavioral Health Authority
- Functions as a City Council authority
- Seven-member board of trustees

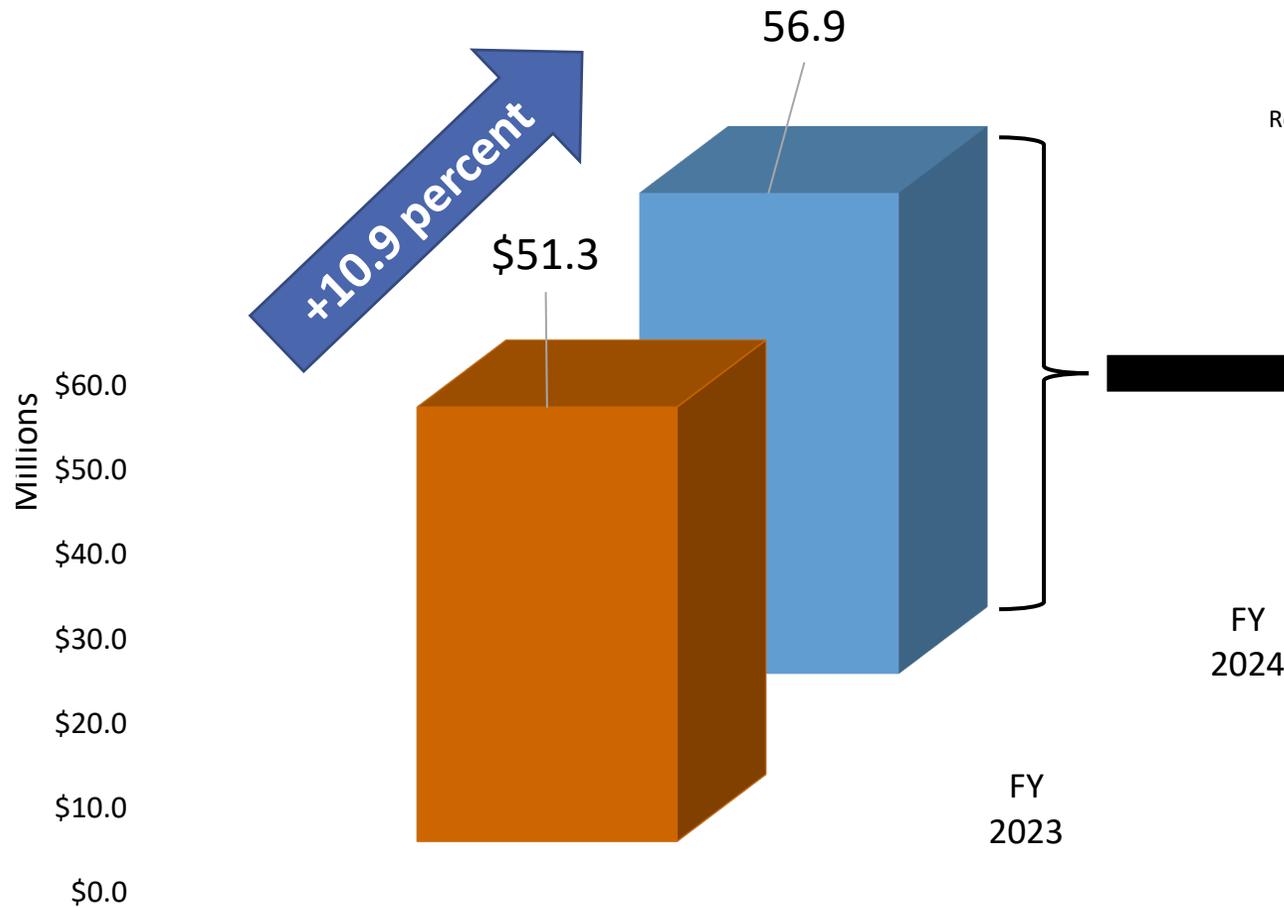


¹ City of Norfolk is transitioning to VRS.

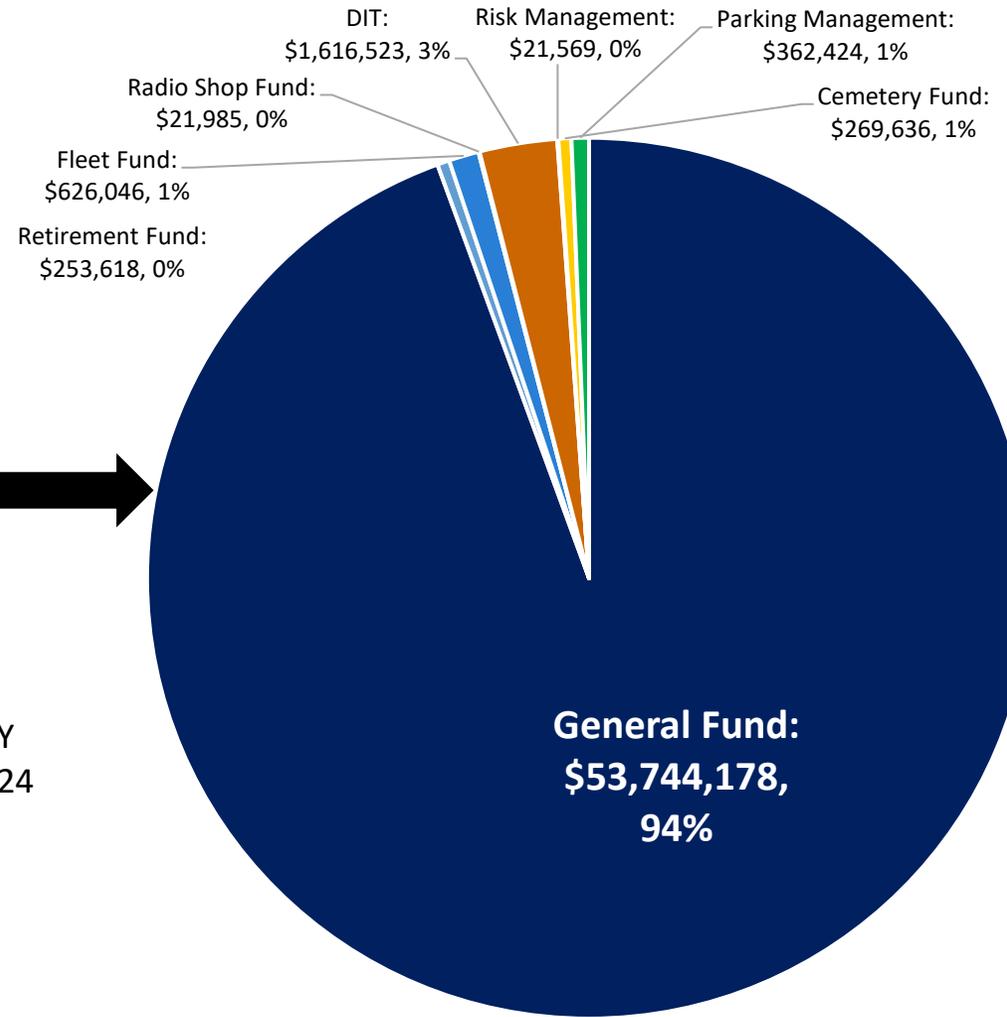


RRS FUNDING IS INCREASING 10.9 PERCENT IN FY 2024

RRS Funding Increase, FY 2023 to FY 2024



RRS Local (City) Retirement



FY 2024 City RRS Retirement by Fund



ELIGIBLE CITY OF RICHMOND EMPLOYEES

- General Employees:
 - Defined Benefit for those employed prior to July 1, 2006
 - Defined Contribution for those employed post July 1, 2006
- Sworn Employees – Defined Benefit
- Executive Employees – Defined Benefit



WHAT ARE THE MAJOR DIFFERENCES BETWEEN DB AND DC PLANS?

	DEFINED BENEFIT (DB)	DEFINED CONTRIBUTION (DC)
What is it?	Pays out a monthly benefit	Benefit amount is based on investment performance
How is it funded?	Employer Contribution (ER) + Employee Contribution (EE)	Employer Contribution (ER) Only <i>RRS Structure Example:</i> <5 years = 5.00% 5-9 years = 6.00% 10-14 years = 8.00% 15+ years = 10.00%
How is the benefit calculated?	Compensation Rate Base x Eligible Years of Service x Compensation Rate Multiplier = Monthly Benefit	Employer Contribution + Interest = Account Balance
Vesting Period	Five Years	Five Years



VRS TRANSITION: WHERE ARE WE NOW?

- Work group established
- Complicated issue
- In discussions with VRS staff
- Requested actuarial study from VRS
- Follow-up discussions to be scheduled by VRS



Virginia
Retirement
System

VRS TRANSITION – NEXT STEPS

Discussions with City Council:

- Understand costs
- Understand the differences between the plans
- Employee impact

Deliberate decision to move to VRS

City Council will need to adopt a resolution

If the decision is to transition to VRS:

- Communication plan
- Educational activities and consultative services
- Individual decisions for current employees



VRS TRANSITION – NEXT STEPS

A communications firm would be hired to develop a strategy for employee engagement and outreach related to the transition and provide the following materials:

Informational pamphlets

A detailed informational report outlining all aspects of the transition

Presentation slides and associated handout materials

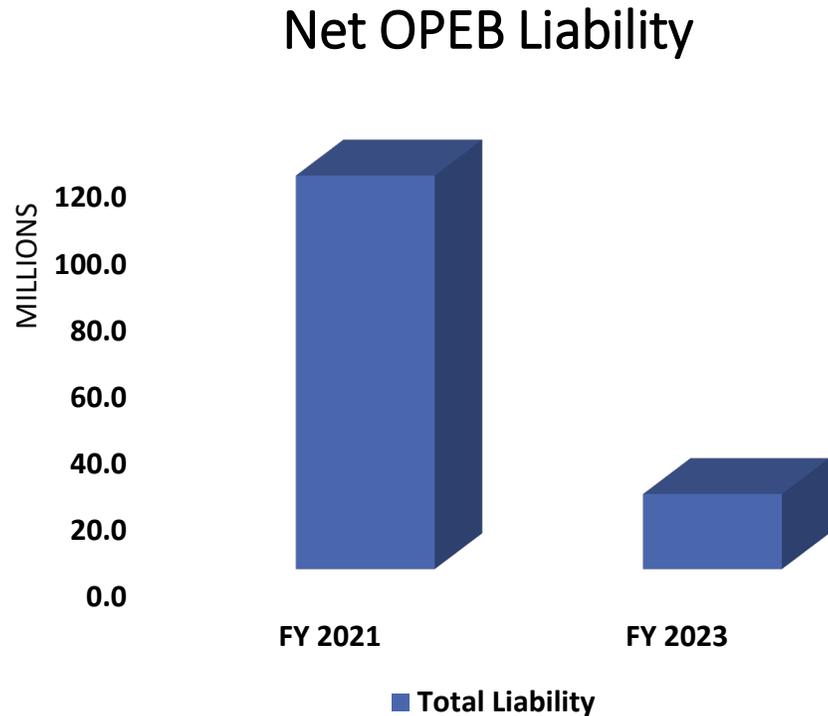
Digital media (e.g., Facebook, Instagram, Twitter) promotional materials

Printed posters for City Hall and other sites



PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)

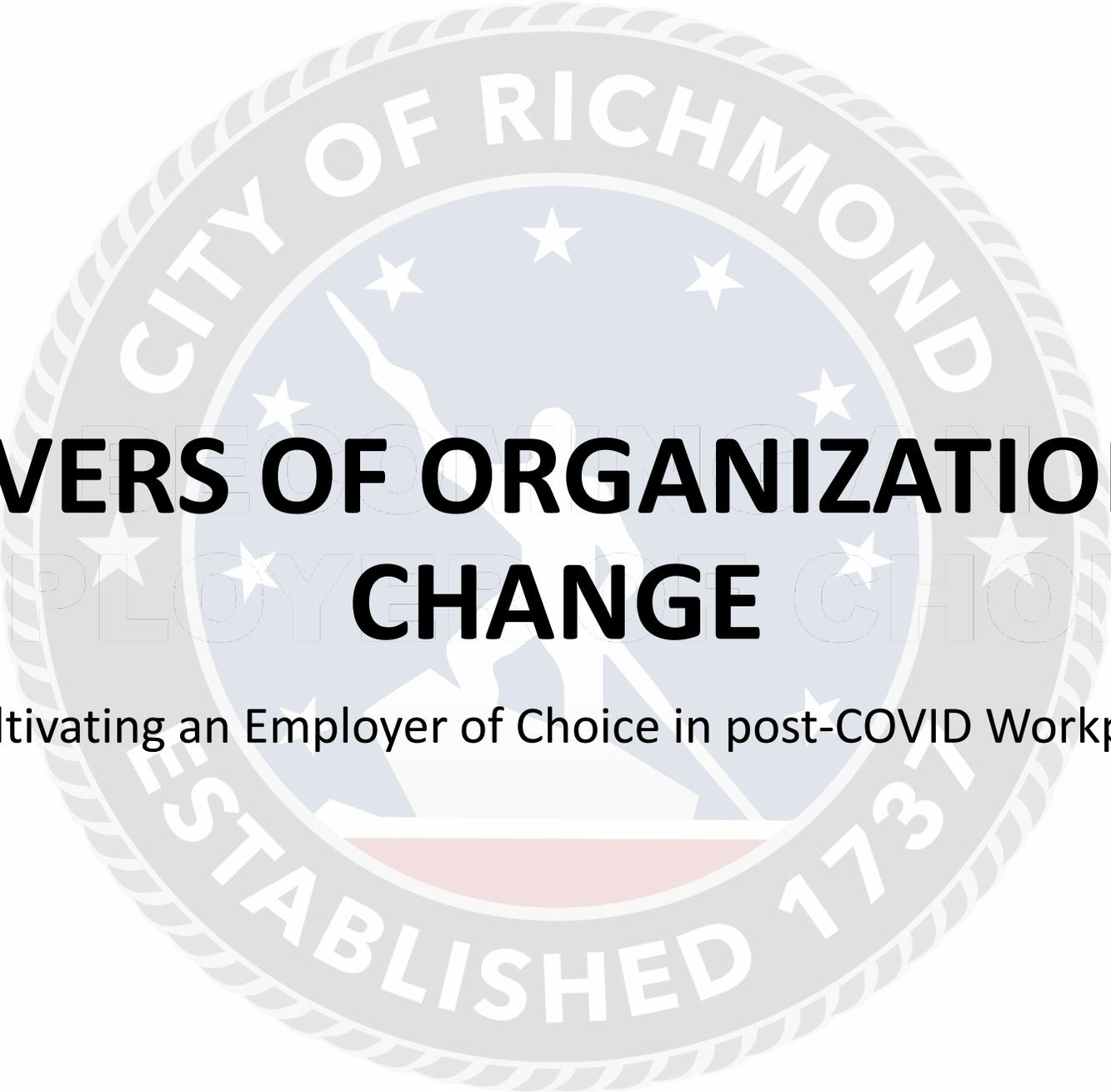
Total liability for OPEB fell from well over \$100 million in FY 2021 to an estimated \$23 million in 2023.



The amount the city contributes towards plan premiums depends on years of service.

Years of Active Service	
Monthly Subsidy	
<10	\$0
10-14	\$100
15-19	\$200
20-24	\$300
25+	\$400





DRIVERS OF ORGANIZATIONAL CHANGE

Cultivating an Employer of Choice in post-COVID Workplace



FOCUSING ON THE DEPARTMENT OF HUMAN RESOURCES

HR in FY 2024

- HR is being reimagined to meet the needs of a changing workforce in the post-COVID-19 world
- Strategically oriented with a more customer-centric business model and inclusive culture

FY 2024 Mission

- To provide high-quality services for internal and external customers
- Customers include administrators, staff, and prospective employees of the City of Richmond

FY 2024 Strategy

- Elevate the city to an employer of choice by building a progressive, innovative, and inclusive organization
- Designing employee wellness and development programs
- Administering equitable and consistent policy



WELCOMING NEW LEADERSHIP



Tyrome Alexander
Director of Human Resources



Robin Redmond
Deputy Director for Human Resources

James Henry,
Division Chief
for Talent
Acquisition

**Gerald "Wes"
Westry,** Division
Chief for
EEO/Employee
Relations

Diveda Palmer,
Division Chief
for Training and
Development

**Paulette
Giambalvo,**
Division Chief
for Benefits
and Wellness



CHANGING POLICIES TO FIT THE POST-COVID ENVIRONMENT

We are reviewing and changing policy to drive organizational change:

- Making policy changes to become more flexible and equitable and incorporate best practices result in operations that are more responsive to employee needs.
- Breaking down siloes through consistent policy application citywide.
- Using data to better inform policy decisions.
- Broadening policy to reflect changing employee workforce.
- Clear and concise, easily understandable.
- Revised: on call, overtime, paid parental leave, over hires, streamlining personnel rules.



FLEXIBLE WORKING ARRANGEMENTS ARE THE FUTURE

COVID-19 changed the face of work forever. This coupled with generational changes and shifting cultural values, today's workforce expect employers to offer flexible work environments.

- All large organizations are grappling with finding the balance.
- It is not a one-size fits all concept.
- The city has partnered with a consultant to develop equitable, organization-wide policies that cultivate consistency and flexibility.
- Spatial and IT needs will be greatly impacted.



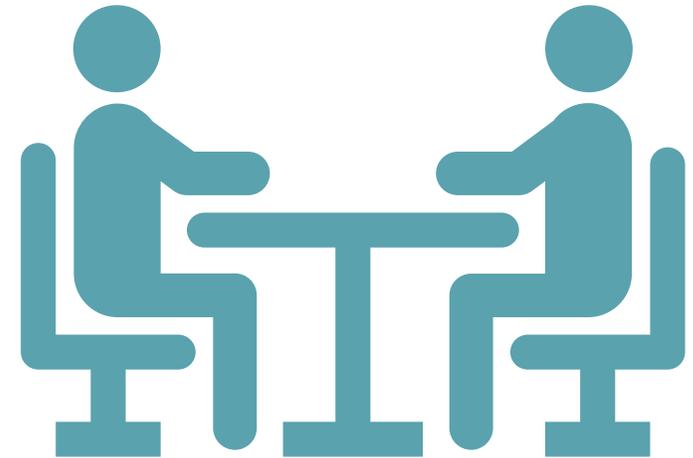
ADJUSTING TO THE CHANGING LANDSCAPE OF COLLECTIVE BARGAINING ADOPTION

Collective bargaining adopted in 2022.

\$2.0 million in FY 2024 to provide for staffing, contractual obligations, outside legal counsel, training, and educational materials needed to implement collective bargaining.

5 Bargaining Units

- Police
- Fire and Emergency Service
- Labor and Trades
- Professional
- Administrative and Technical



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BUILDING A STRONGER CITY STARTS WITH US!

DISCUSSION