

The seal of the City of Richmond is a circular emblem. It features a central shield with a white plow and a sheaf of wheat on a blue background, surrounded by seven white stars. The shield is set against a larger blue circle. The outer ring of the seal is white with the words "CITY OF RICHMOND" at the top and "ESTABLISHED 1737" at the bottom, separated by a rope-like border.

# **FY 2025 PROPOSED BUDGET: COMPENSATION AND BENEFITS**

**CITY COUNCIL BUDGET WORKSHOP**

**LINCOLN SAUNDERS**

CHIEF ADMINISTRATIVE OFFICER

APRIL 8, 2024

# STRENGTHENING CUSTOMER SERVICE

## Our FY 2025 Focus

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- Strong customer service comes from a healthy and happy workforce
- Human Resources programs can strengthen the workforce by focusing on employee well-being
- A competitive and holistic compensation and benefits package supports employees' physical, mental, and emotional well-being



# OUR FY 2025 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

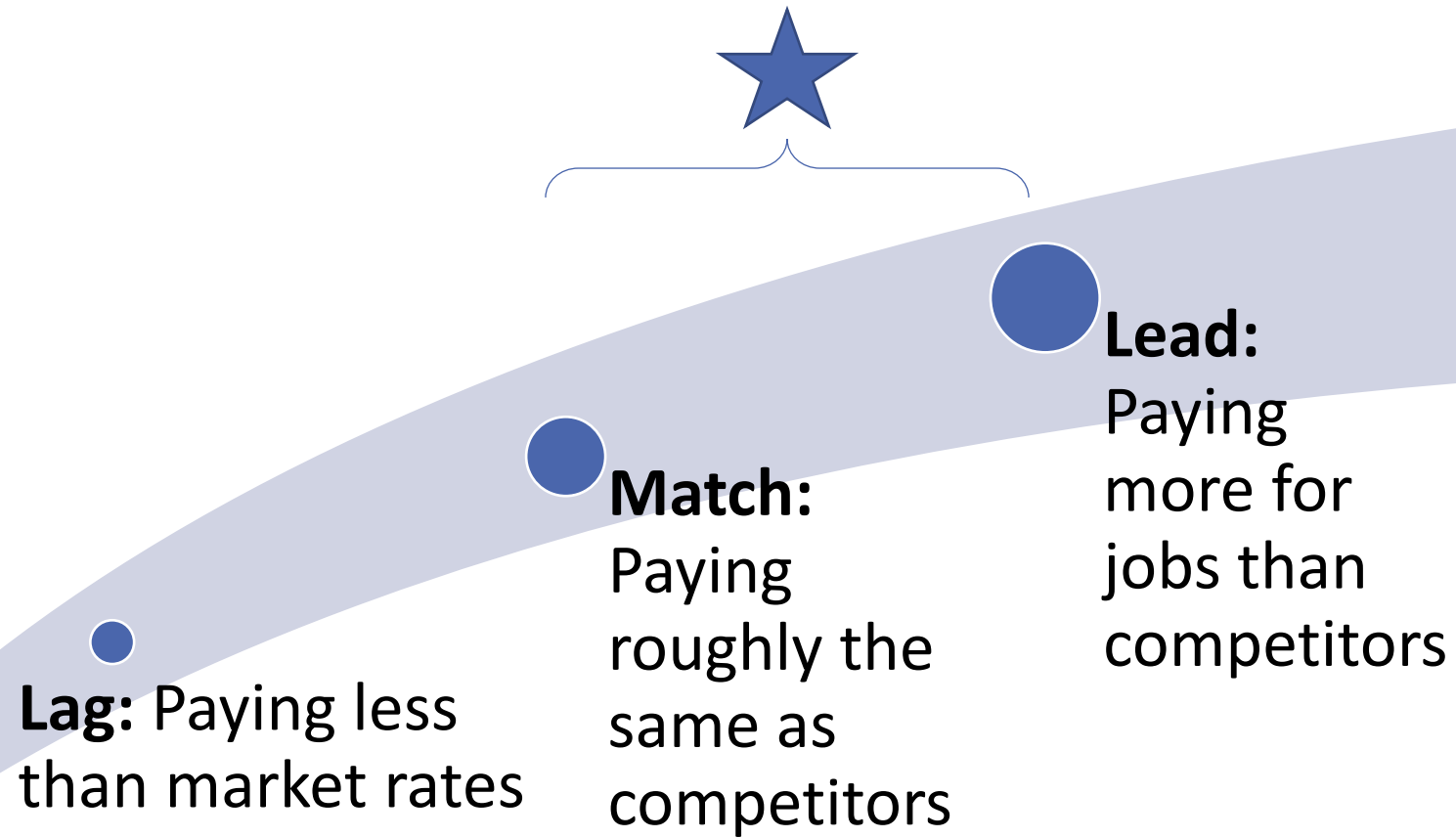
A minimum wage that leads by example

This ensures One Richmond is:

- Equitable
- Competitive
- Poised to meet future challenges

# PAY PHILOSOPHY: WHERE DO WE NEED TO BE?

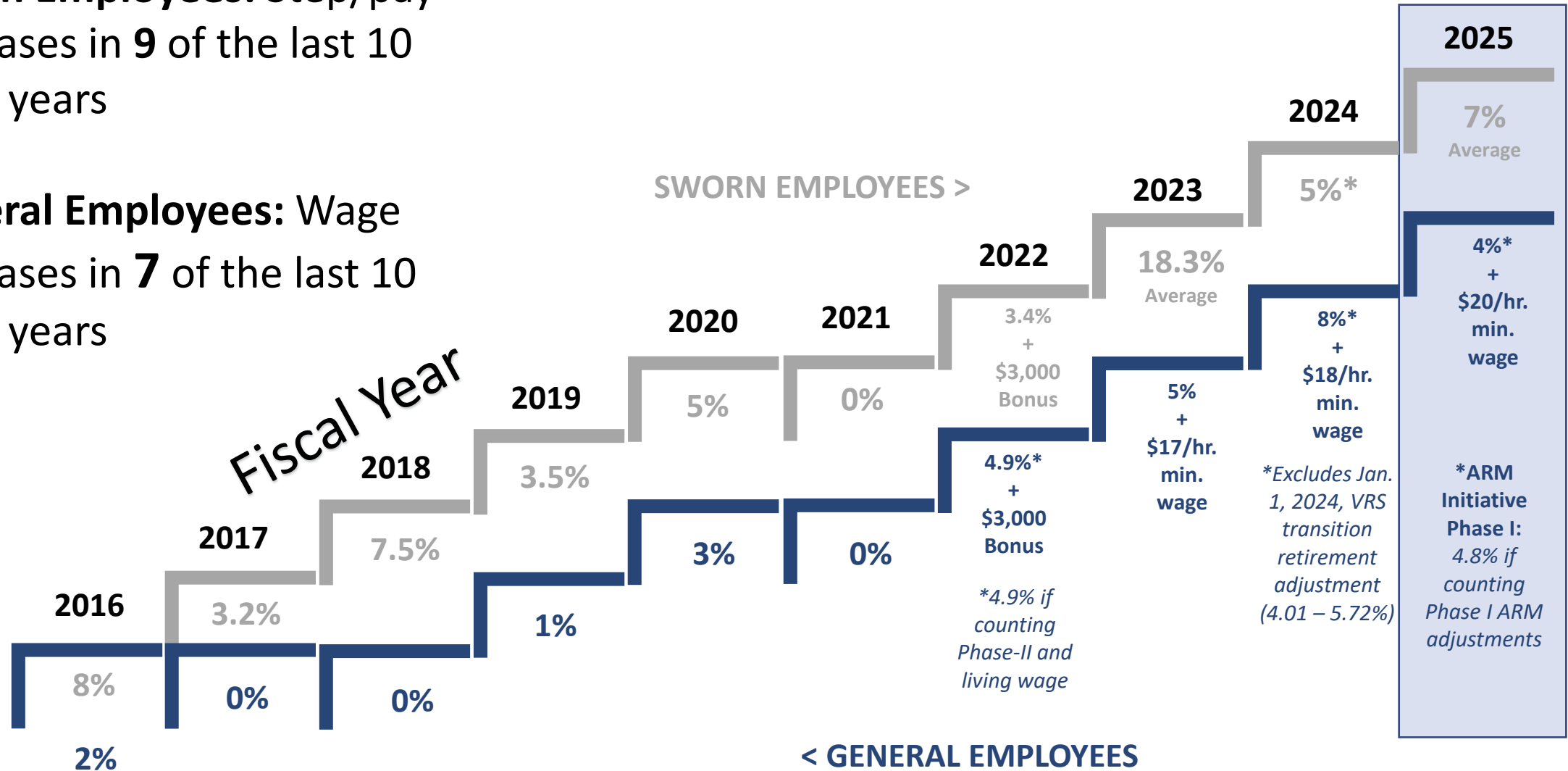
*Do we lag, match, or lead the market?*



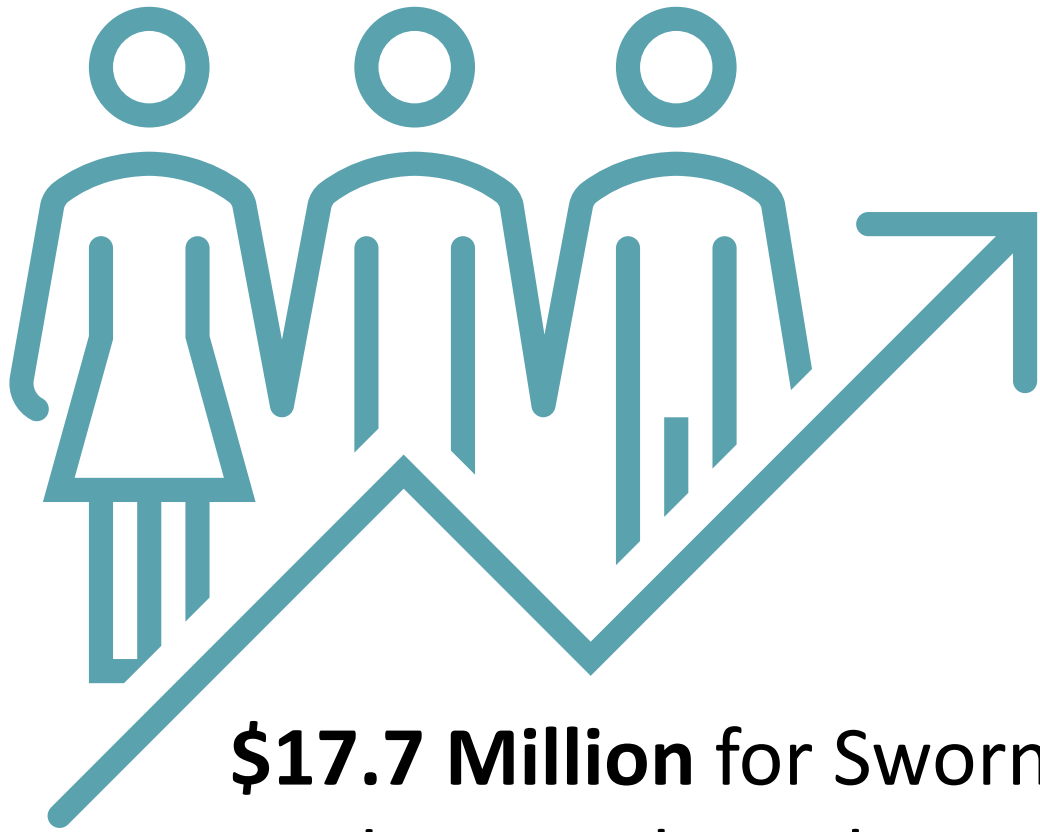
# SWORN PERSONNEL RECEIVED MORE INCREASES THAN GENERAL EMPLOYEES IN THE LAST 10 YEARS

**Sworn Employees:** Step/pay  
increases in **9** of the last 10  
fiscal years

**General Employees:** Wage  
increases in **7** of the last 10  
fiscal years



# TAKING CARE OF OUR EMPLOYEES



**\$17.7 Million** for Sworn  
and General employee  
pay adjustments

The city continues  
**making history** with  
another competitive pay  
plan, marking the **fourth  
consecutive year** of  
unprecedented pay  
adjustments

# WE ARE LEADING THE WAY IN MINIMUM WAGE!

## Minimum Wage

**\$11.66  
2017**

**\$20.00  
2024**

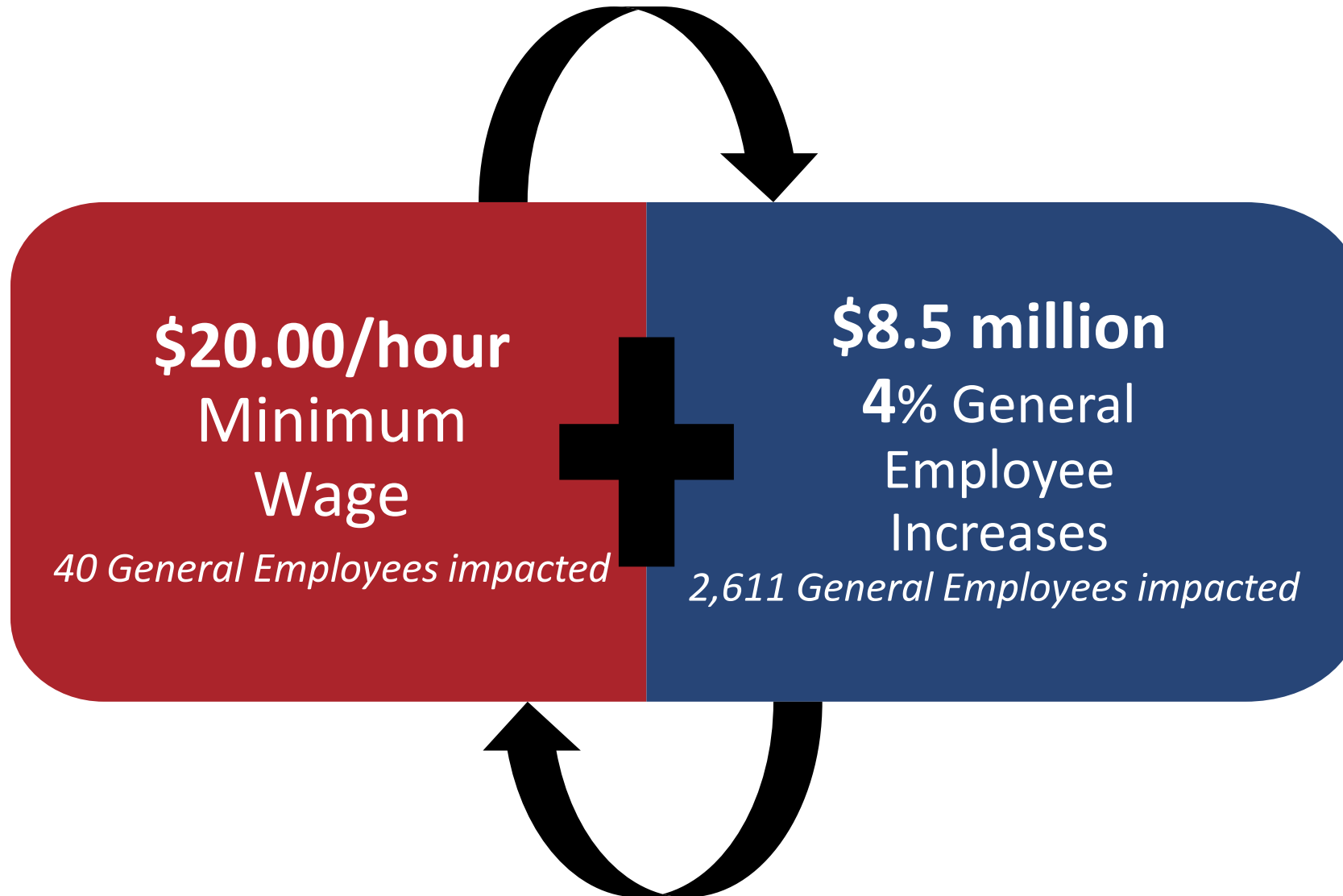


**What does a \$20.00 Minimum Wage mean?**

- \$41,600 annualized salary
- Positions Richmond as a leader in the market with **one of the highest minimum wages of municipalities in Virginia**
- 67% higher than the state's minimum wage of \$12.00 per hour
- 176% higher than federal minimum wage of \$7.25
- 72% higher than the city's 2017 minimum wage of \$11.66 per hour
- We believe this is the right thing to do!

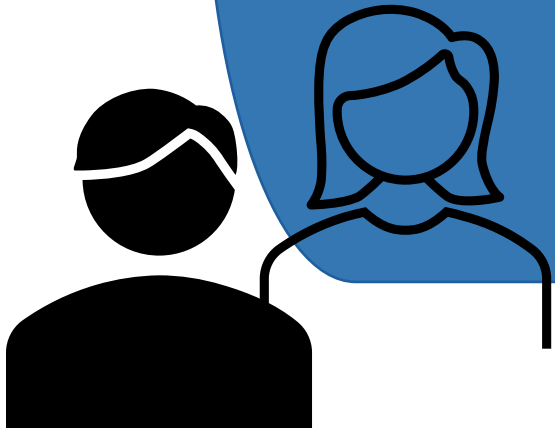


# FY 2025 GENERAL AND MINIMUM WAGE INCREASES



# FY 2025 EMPLOYEE WAGE INCREASES

4.0% wage  
increase for  
General  
Employees



7.0%  
(average)  
Step Plan  
adjustment  
for Sworn  
Employees





# **MAINTAINING A COMPETITIVE, MARKET-BASED COMPENSATION STRATEGY**

Attract, Retain, Motivate (ARM)

# FY 2023 – FY 2024 COMPENSATION & JOB STUDY

- Last year, the Mayor announced an assessment of current compensation structures and comparative market analysis.
- Scope:
  - Position description questionnaire
    - ✓ Employee responses to job classification and assigned duties.
  - Benchmarking to neighboring localities and peer cities
    - ✓ Match job titles, descriptions, and salaries of City of Richmond jobs to peer city jobs. This analysis included Henrico, Chesterfield, Hanover, and Norfolk
  - Compensation comparative analysis
    - ✓ Benchmarked jobs to determine City of Richmond's pay and pay range competitiveness



# AFTER COMPLETING THE COMPENSATION REFORM STUDY, WE ARE INTRODUCING THE ARM INITIATIVE

✓ **FY 2023:**  
Employee  
engagement  
sessions, review  
of industry trends

✓ **FY 2024:**  
Completed  
market pricing  
and  
benchmarking

✓ **FY 2024:**  
Completed  
review of  
market data to  
ensure specific  
job classes are  
competitive

✓ **FY 2023**  
Information  
gathering

✓ **FY 2024:**  
Completed  
review of job  
description  
survey

**FY 2025:**  
Introducing  
the **ARM**  
Initiative:  
Attract,  
Retain,  
Motivate!

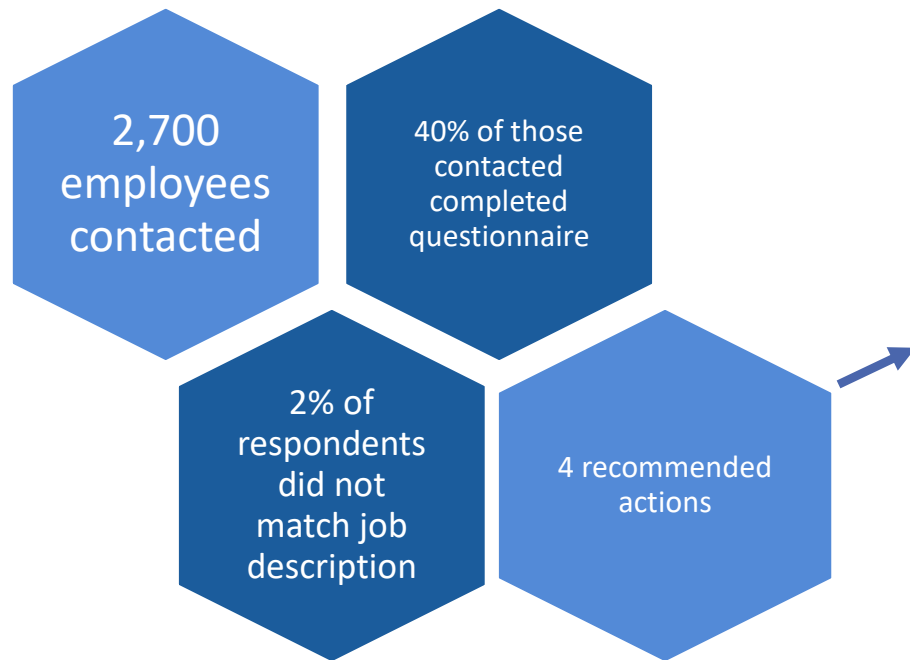


# ARM INITIATIVE – A PHASED APPROACH TO PAY

- 1 ARM provides a fiscally sound approach to a new compensation strategy:
- 2 To attract and retain high-quality employees, we need to accelerate employee compensation increases
- 3 Phase 1 moves existing employees at the bottom of a pay range to at least 15% from the minimum of the range
- 4 In annual phases, additional compensation increases move employees deeper into the pay range

# FY 2023 – FY 2024 COMPENSATION & JOB STUDY

## At-a-Glance:



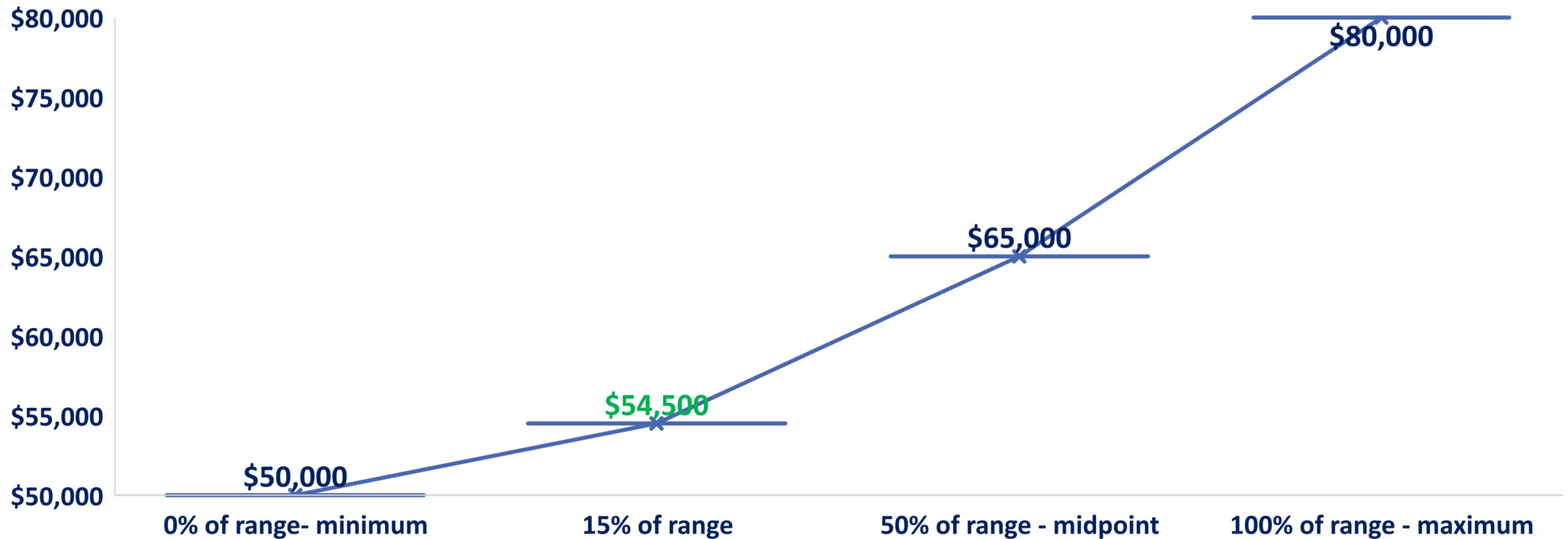
## Actions:

- ✓ Grade range increase of at least **10%**
- ✓ Moving **80** jobs to a new grade level, impacting **312** employees
- ✓ **8** new job classifications created, providing additional career ladders
- ✓ Review job classifications of employees whose job duties do not match their classification

# ARM PHASE 1 IMPLEMENTATION: AN EXAMPLE

In FY 2025, employees earning below 15% of pay range receive an adjustment to 15% of the midpoint of the pay range.

## Example of Phase 1





**ATTRACT,  
RETAIN, &  
MOTIVATE**

**Compensation adjustments due to ARM and collective bargaining:**

*24% of eligible general employees receive a 4.1% to >20% wage increase, to bring them to 15% from the minimum of the range.*

**IMPLEMENTING PHASE 1**

### Total Increases July 2024

Percentage	Number of Employees
4%	2048 (76%)
4.1-4.9%	39
5.0-5.9%	38
6.0-6.9%	91
7.0-7.9%	183
8.0-8.9%	51
9.0-9.9%	47
10.0-10.9%	15
11.0-11.9%	64
12.0-12.1%	3
13.0-13.9%	56
14.0-14.9%	11
15.0-15.9%	4
16.0-16.9%	26
17.0-17.9%	15
18.0-18.9%	3
19.0-19.9%	3
20% or greater	9

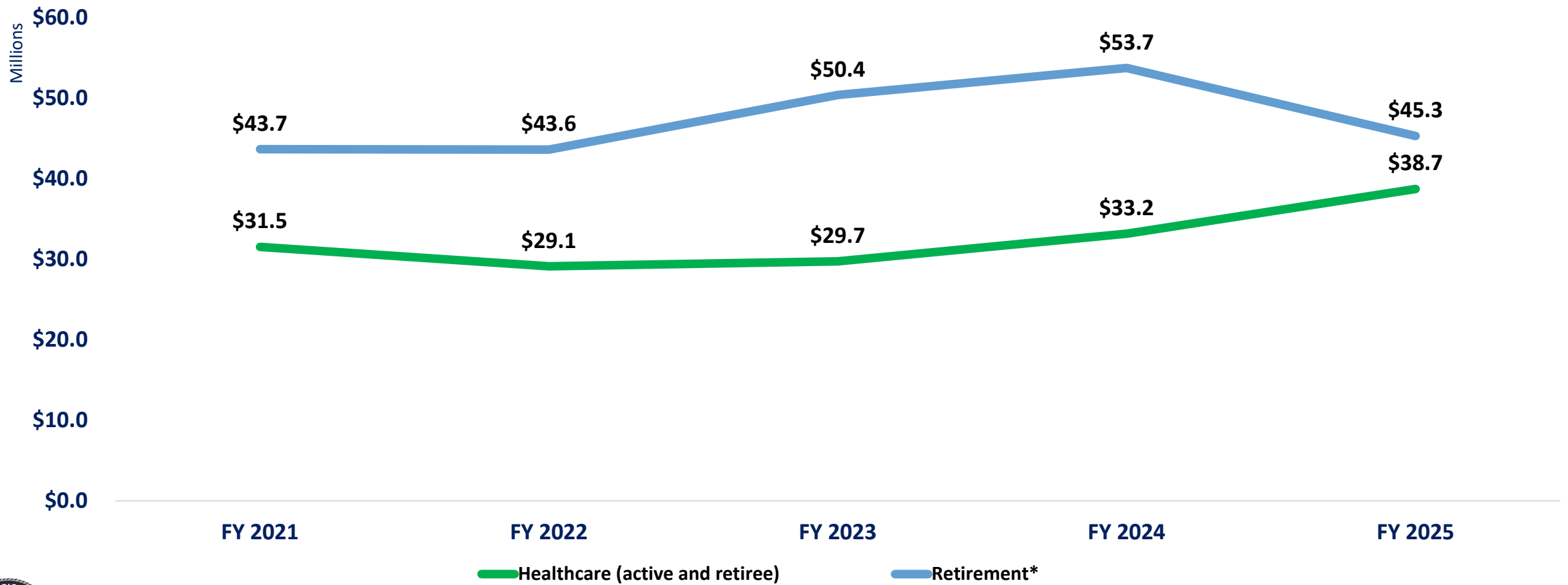


# **BENEFITS AND INCENTIVES PHILOSOPHY: WHOLE-EMPLOYEE WELLBEING**

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

# HEALTHCARE AND RETIREMENT ARE 8.4 PERCENT OF THE GENERAL FUND BUDGET IN FY 2025

General Fund Budget Drivers



Amounts shown in millions for FY 2025 General Fund only. FY 2021 – FY 2023 reflect actual amounts and FY 2024 – FY 2025 represent budget amounts.

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



# AS OF JANUARY 1, THE CITY OF RICHMOND IS A VRS EMPLOYER

Conducted **18** VRS  
Information Sessions,  
reaching **over 1,500**  
**employees**

All Sessions	1,553 Total Attendees
Hybrid Plan Sessions	1,162 Attendees
Hazardous Duty Plan Sessions	105 Attendees
Plan 1 and 2	286 Attendees



- Held **over 500 one-on-one retirement counseling sessions**
- Answered nearly 500 employee questions
- Sent **22 informational emails** to employees with need-to-know information and transition reminders



# VRS TRANSITION IS UNDERWAY FOR EXISTING EMPLOYEES

- As of January 1, 2024, permanent full-time **new hires** are automatically enrolled in VRS.
- Permanent full-time employees hired prior to January 1, 2024, have until the end of the year to decide to move to VRS or stay in RRS:



**We are here**

April 2024:

Over 3 months into the  
join period

June 2024:

1 week of information  
sessions

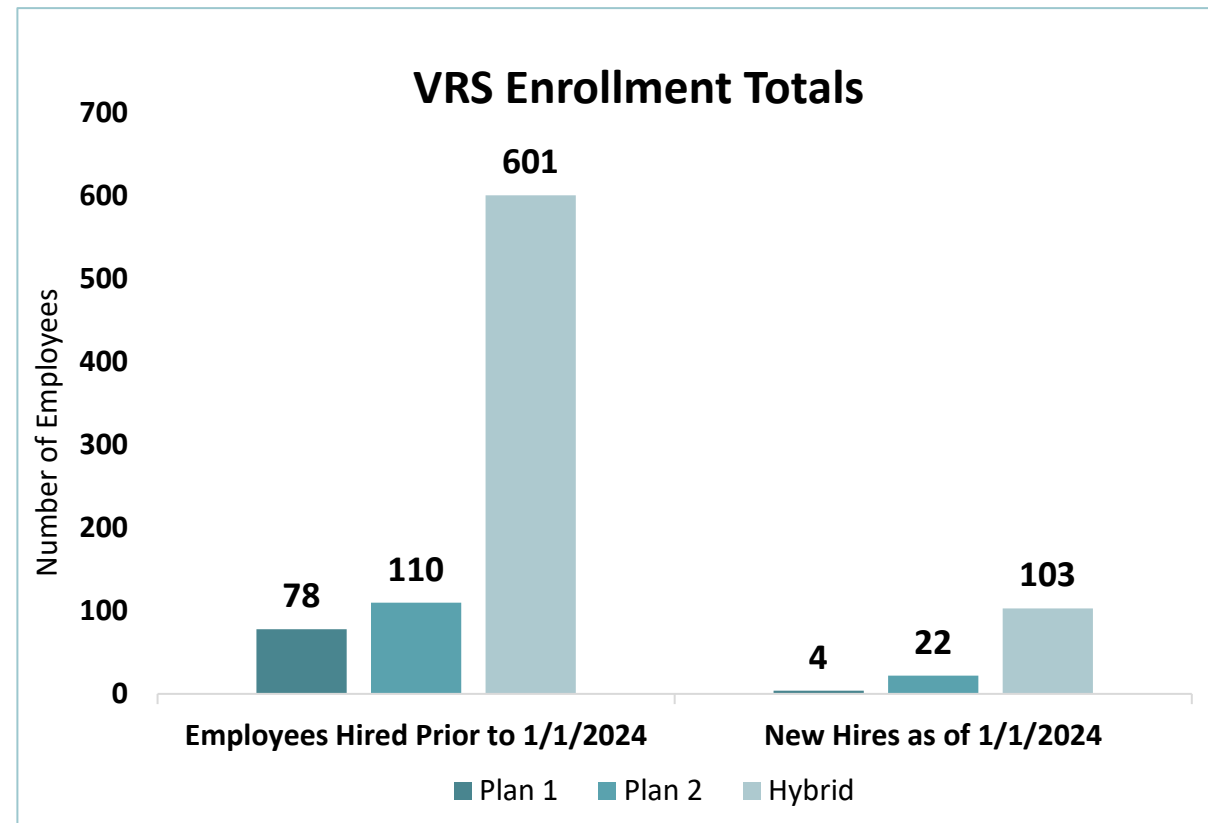
December 31, 2024:

Join period ends

# 789 EXISTING EMPLOYEES AND 129 NEW EMPLOYEES ARE IN VRS

Who has been enrolled in VRS since January 1?

Plan	Employed prior to January 1, 2024	New Employees Hired January – March 2024
Total	789	129
Plan 1	78	4
Plan 2	110	22
Hybrid	601	103



*Transition Data as of April 3, 2024.*

# 23% OF EXISTING EMPLOYEES HAVE ELECTED VRS SO FAR

## VRS Transition Dashboard



3,438  
Total

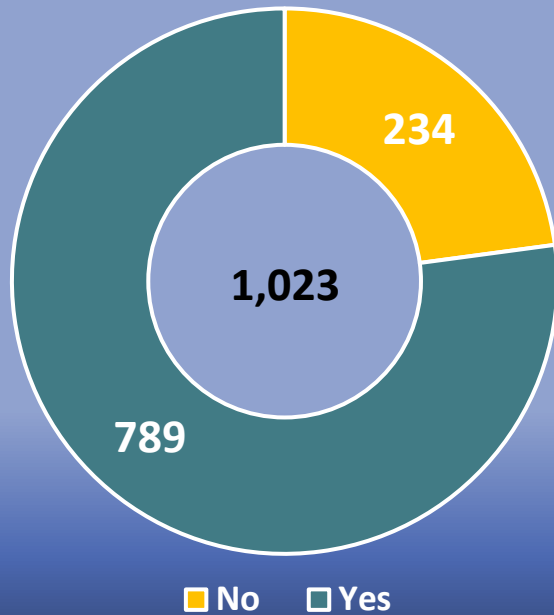


2,649  
Members



789  
Members

### Total Employee Elections: Yes or No to VRS



### Sworn Transitioning to VRS

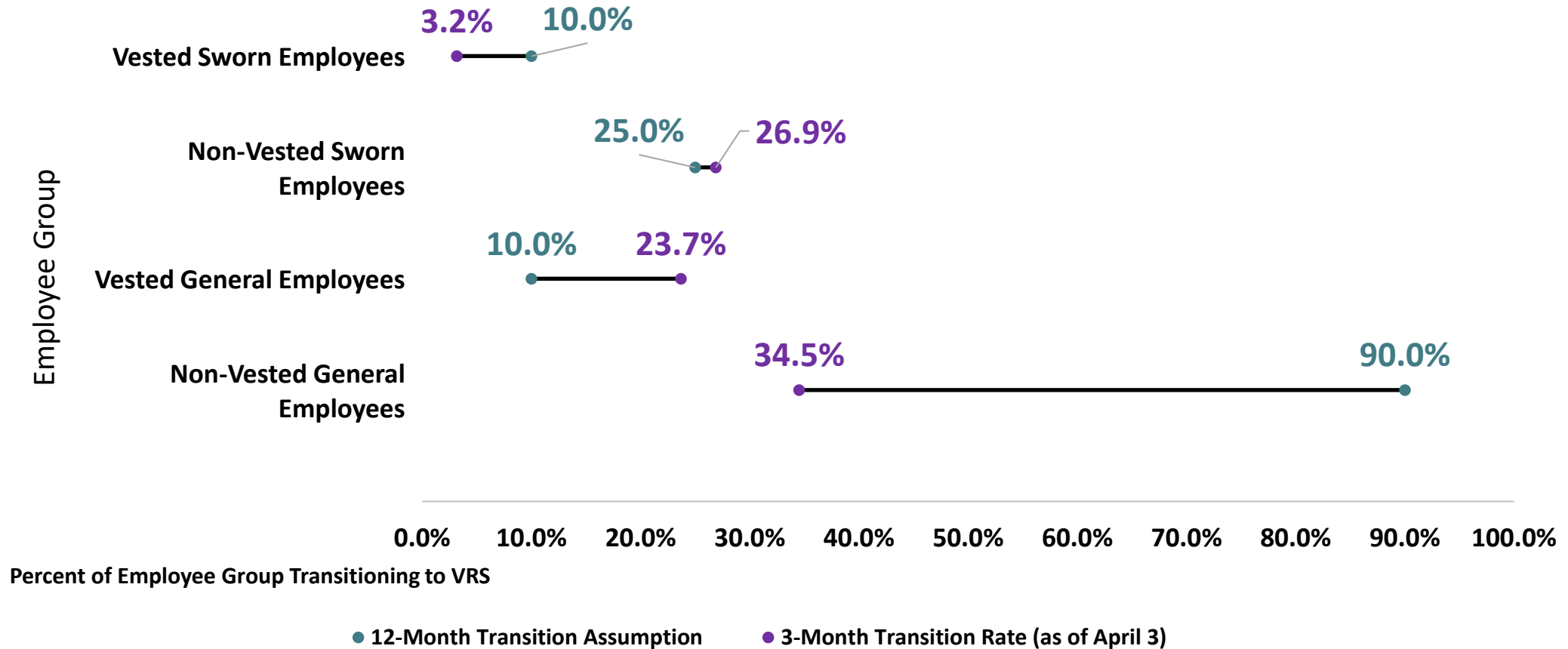
Total	Fire	Police
9.5%	14.5%	2.7%
90	64	26

Transition Data as of April 3, 2024.



# VRS TRANSITION RATES AFTER THREE MONTHS

## Existing Employee 3-Month vs. Assumed Transition Rates



*Transition Data as of April 3, 2024.*



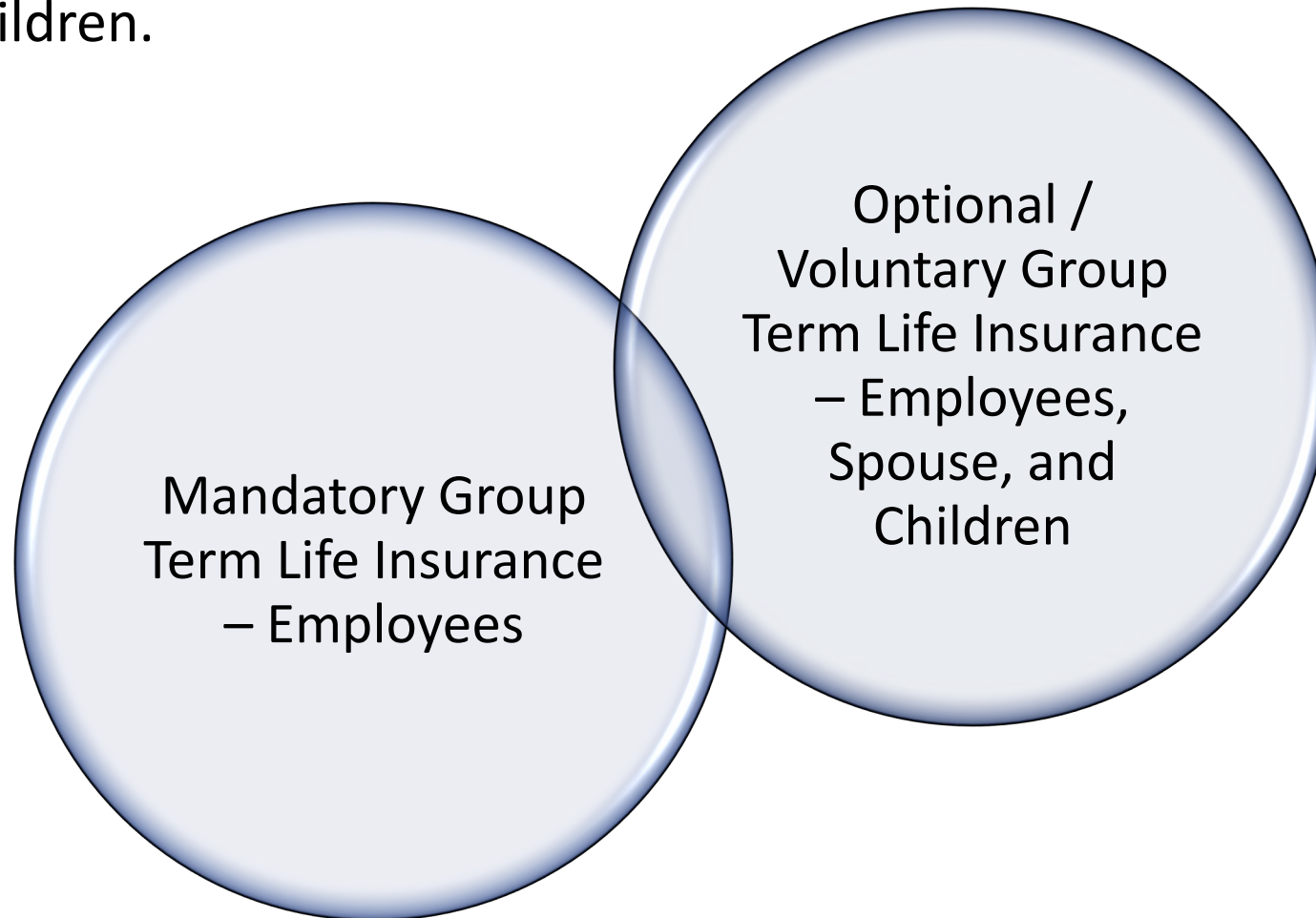
# OFFERING CITYWIDE SHORT/LONG TERM DISABILITY INSURANCE

- Our goal: provide short- and long-term disability insurance to all employees to keep our workforce safe
- **\$1.3 million** in the proposed budget for disability insurance
- Estimated implementation January 2025
- VRS Hybrid members receive employee paid short-term disability automatically after a one-year wait period



# MANDATORY AND VOLUNTARY LIFE INSURANCE

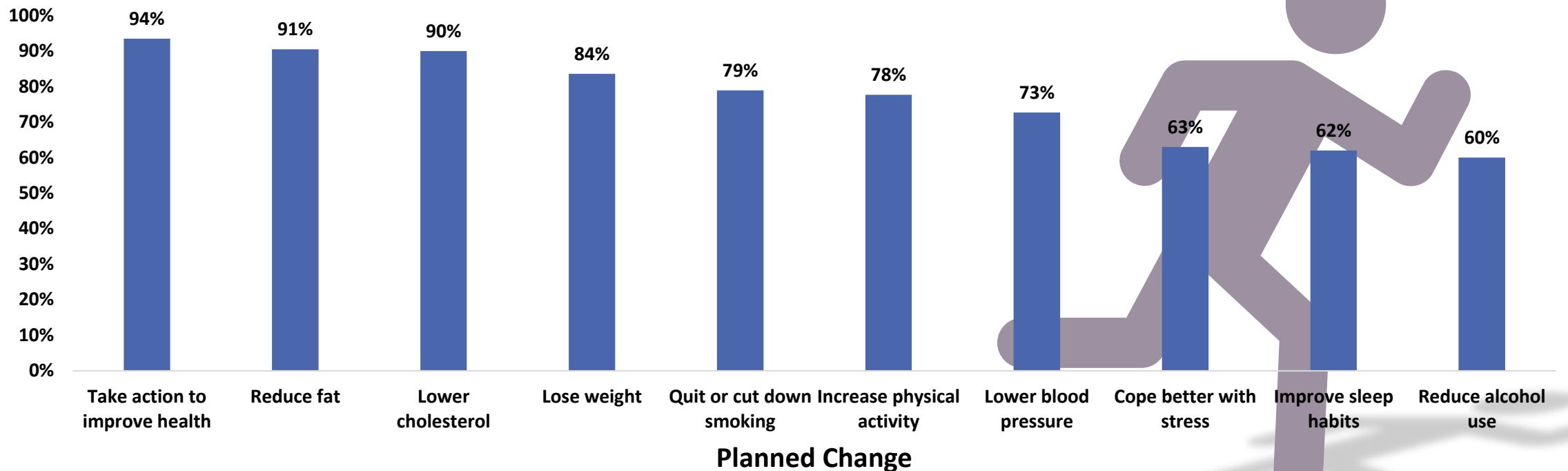
Full-time, permanent employees are covered by mandatory life insurance through VRS. Employees can purchase additional life insurance if they wish for themselves or their spouse or children.



# PROMOTING A HEALTHY WORKFORCE

Offering comprehensive benefits and wellness programs can increase employee productivity, engagement, commitment, and attract employees who value health and wellbeing.

## Employee Health Goals 2023



Source: Cigna Employee Health Assessment, July-August 2023.



# OVER 3,400 EMPLOYEES ARE ENROLLED IN THE HEALTHCARE PLAN

Cigna Medical Plan Categories	Number of Employees Per Category	Estimated FY 2025 City Cost	Estimated FY 2025 Employee Cost
Employee Only	2,409	\$25.5 million	\$3.1 million
Employee + One Child	329	\$5.2 million	\$1.4 million
Employee + Children	62	\$1.3 million	\$0.3 million
Employee + Spouse	241	\$5.2 million	\$1.5 million
Employee + Family	401	\$9.6 million	\$3.3 million





Employees and their families can access employee Healthcare Clinics operated by Marathon Health.

- The first clinic, the Hioaks location, opened on January 17, 2024.
- A second location will open in Spring 2024, just a few blocks from City Hall.
- Employees have access to all other Marathon Network locations.



# COMPREHENSIVE COST SAVING CARE

Clinics offer comprehensive care, revolutionizing healthcare access:



Marathon Health demonstrates cost savings and increased employee wellbeing:

\$2,000  
average  
annual savings  
for every  
engaged  
employee

67% of  
members use  
Marathon  
Health as  
their primary  
care provider

59% of high-  
risk  
members  
improve  
health

# CLINICS PROVIDE SIGNIFICANT, IMMEDIATE BENEFITS TO EMPLOYEES AND THE CITY



Location convenience and mobile-friendly app remove time and scheduling barriers to entry



Employees and dependents receive holistic, wrap-around services and care at no to low cost



Productivity improves thanks to less sick time taken for doctor visits and enhanced health outcomes



Results in cost savings for employees and the city

# EMPLOYEE FEEDBACK HAS BEEN POSITIVE

“ Access to Marathon *literally* saved my life.

Allison Beatty

Principal Management Analyst

Office of the Chief Administrative Officer



*It's such a wonderful feeling to know that Marathon Heath is really concerned about my health and wellbeing. I'm seeing positive results!!!!*

*Debra S. Williams*

Administrative Technician, Senior  
Department of Information Technology

”

# EMPLOYEE FEEDBACK HAS BEEN POSITIVE

“

Initially, I harbored significant hesitation about visiting Marathon Health. However, to my pleasant surprise, the entire experience surpassed my expectations.

**Donetta A. McQueen**  
Executive Assistant, Senior

My experience with Marathon Health has been nothing short of exceptional. Their commitment to delivering high-quality, patient-centered care is evident in every interaction, and I am grateful to have such a dedicated healthcare partner.

**Roxana Talavera-Denson**  
Language Access Coordinator



”

# EMPLOYEE FEEDBACK HAS BEEN POSITIVE



“ Marathon Health has been a blessing to me. I don't have to worry about copays or paying for prescriptions. Marathon Health has also assigned me a Health Coach, Laruen Stratton, which I never thought I needed, but I have used the services, along with the mental health counselor, Shardee Washington.

*Le'Charn D. Benton, MBA  
Management Analyst II, Principal  
Office of the DCAO for Human Services*

Marathon gives a professional service but family courtesy vibe. They care about YOU, not just your insurance. The providers are knowledgeable and very friendly.

**Calvin Swann**  
**Debt Setoff Coordinator**  
**Department of Finance**



”

# EMPLOYEE FEEDBACK HAS BEEN POSITIVE

“



What struck me most was the seamless registration process at Marathon Health. It was evident that they prioritized patient convenience, making it remarkably easy for me to secure an appointment.

In essence, Marathon Health's impact extends far beyond the walls of its clinic. It serves as a cornerstone at the city, ensuring that employees, have access to the quality healthcare they deserve.

Tyrome Alexander  
Director, Human Resources

My experience at Marathon Health Clinic was truly exceptional service and outstanding patient-centered care. They were not only professional but also genuinely caring, taking the time to listen to my concerns and address them with compassion and expertise.

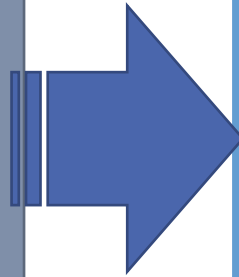
*Cynthía Osborne*



”

# WIDE RANGE OF HEALTHCARE OPTIONS

Comprehensive  
employee and  
family care through  
Cigna and  
Marathon Health  
(the Employee  
Health Clinics)



Medical, Prescription,  
Vision and Dental Care

Multiple Healthcare Programs  
available through Cigna, all located  
in the myCigna App

Healthy  
Rewards with  
fitness facility  
discounts

Weight  
Watchers

Health  
Coaching  
programs  
and  
consultations

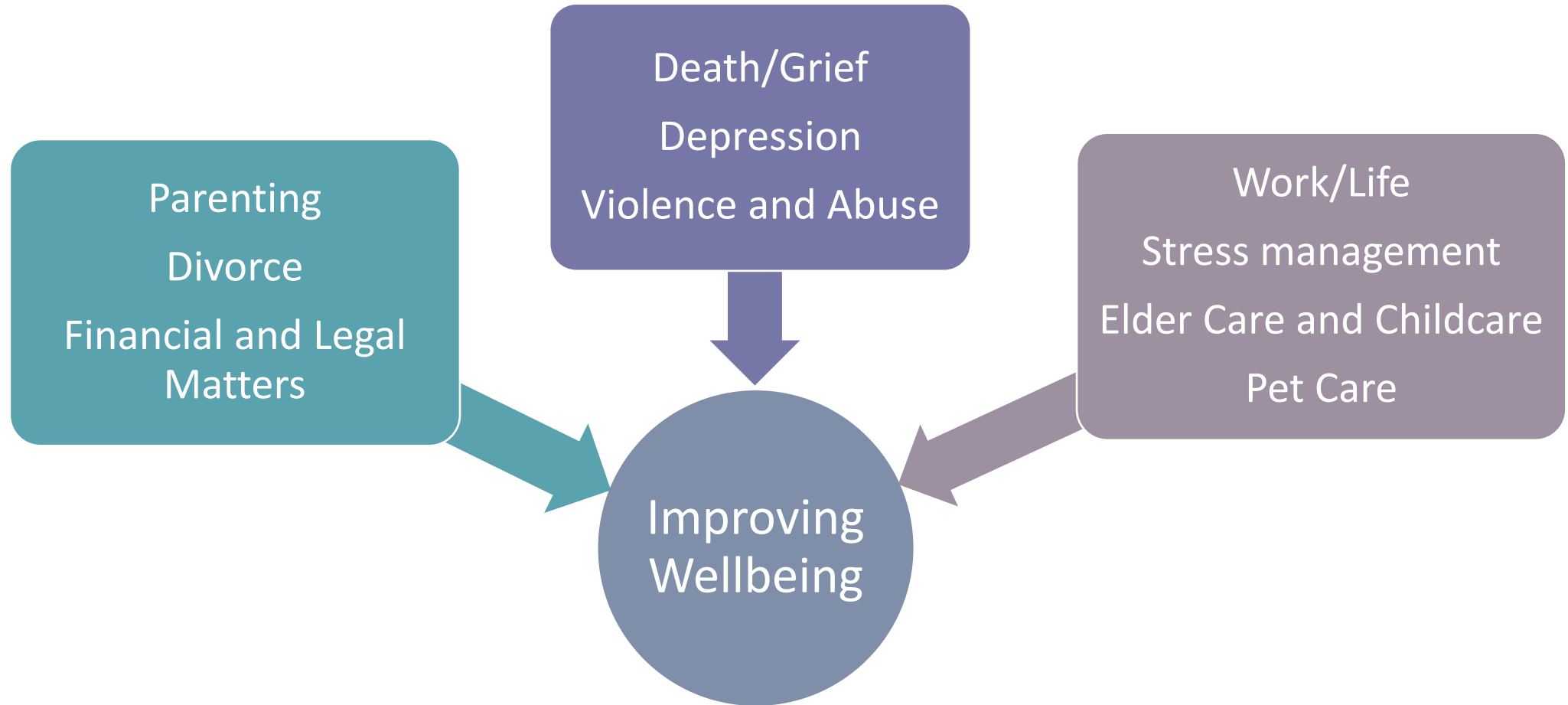
Urgent Care  
virtually and  
in-person

Diabetes  
Prevention  
and  
management  
Programs



# HELP IS AVAILABLE THROUGH THE EMPLOYEE ASSISTANCE PROGRAM

Through the Cigna partnership, all employees and members of their households have access to six individualized sessions, and unlimited telephonic consultations, for issues relating to:



Cigna EAP also provides group onsite emotional wellbeing seminars and critical incident response workshops



# 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



Employer  
identified need  
based-class  
offerings

Partnership with  
Reynolds  
Community College



Recognizing  
the importance  
of multilingual  
services

Language Incentive



Healthcare  
Premium  
Discount  
Program

Healthcare Savings



# VOLUNTARY BENEFIT OPTIONS

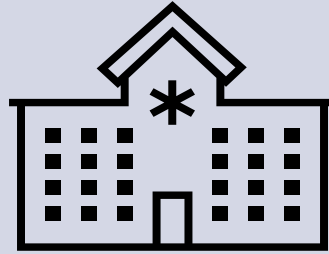
The city also offers voluntary benefits and employees may elect:



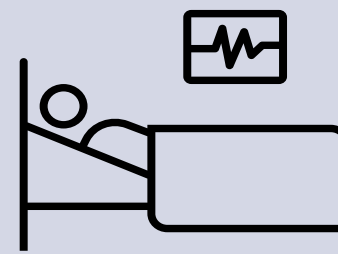
Personal  
Cancer  
Indemnity



Accident  
Indemnity  
Advantage




Hospital  
Choice



Critical Care  
and Recovery



Pre-Paid Legal  
Services

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# **BUILDING STRONGER CUSTOMER SERVICE STARTS WITH US!**

**DISCUSSION**