



BOARD OF COUNTY COMMISSIONERS
OFFICE OF THE COMMISSION AUDITOR

M E M O R A N D U M

TO: Honorable Dennis C. Moss, and
Members, Board of County Commissioners

FROM: Charles Anderson
Commission Auditor

DATE: October 5, 2009

SUBJECT: Recommendations Regarding Alternatives to Pay Cut Strategies

As requested by Commissioner Sorenson in her memorandum dated September 25, 2009, the implications of waiting to enact a 5% wage reduction are shown in *Attachment 1*. We estimate that a 5% wage reduction over 12 months (26 pay periods) will become a 6.84% wage reduction if delayed until January, 2010 (pay period ending 1/10/10) and charged during the remaining fiscal year (19 pay periods). Regarding alternatives to the pay cut strategies, the Office of the Commission Auditor offers the following suggestions for reconsideration.

1. Furloughs (from \$51 million to \$100 million) – (*Attachment 2*).
2. Overtime (\$13.663M) (Total overtime est. @ \$136.63M, 10% reduction) – (*Attachment 3*).
3. Executive Benefits (\$4.996M-subtract \$756K for eliminated parking/rail pass benefit from total of \$5.752M).
4. Tuition Reimbursement (\$1.21M - vetted amount (\$1.982M) adjusted for semester ending Dec. 2009 based on last semester of FY 07-08).
5. Slot Machine Revenue (\$1.034M) (*Attachment 4*).
6. Take Home Car User Fee (\$800K (non-public safety vehicles-\$100 per pay period/50% participation)) (*Attachment 5*).
7. Layoffs- should there be no union concessions and discounting other alternatives, the estimated budget shortfall is approximately \$210M (includes non-bargaining unit employees). This represents a layoff of approximately 2,800 employees (\$75,000 average salary & fringes x 2,800).

Breakdown as follows (\$ in 000's):

\$106,427	5% Pay Cut
\$ 34,595	Flex Benefits
\$ 31,663	Pay Supplement
\$ 19,900	Longevity
<u>\$ 17,400</u>	Merit Increases

\$209,985 / 75,000 = 2,800 layoffs

Furloughs, we believe, are a viable alternative to a wage reduction, and in Attachment 2 there are three scenarios offered to show potential savings, assuming everyone is furlough-able. Based on the Office of Strategic Business Management (OSBM) employee count (28,570), 82.6% of our employees earn \$75K or less. To achieve significant savings, this employee group is recommended to be included.

October 5, 2009

Recommendations Regarding Alternatives to Pay Cut Strategies

On the issue of furloughs, we understand the Administration's position against their use to close the budget gap; furloughs create a one-year savings instead of a permanent reduction to the base payroll. However, furloughs, like current annual leave benefits, require advanced scheduling to provide services at the regular time rate for hourly employees, and we believe the additional administrative burden can be handled within the departments. We recognize that some employees may need to be exempted from furloughs, particularly public safety employees.

For salaried, exempt employees the Employment Standards Administration Wage and Hour Division of the U.S. Department of Labor states in its July, 2009 publication that salaried, exempt employees working in the public sector have a specific rule stating that those mandated to take a furlough be treated as an hourly employee for the workweek in which the furlough occurs and for which the employee's salary is reduced.

While it is true that one federal court judge in Maryland struck down furloughs for Prince George's County employees (currently under appeal), the facts of the case show that the County Executive implemented a furlough plan without union agreement. We believe that, had the unions agreed to a furlough in lieu of layoffs or some other compensation reduction, there probably would not have been a lawsuit. In another recent case involving furloughs, the Washington State Public Employment Relations Commission "ruled last week (Sept 30th) that the County (Kings County) cannot force employees with contracts to take furloughs", and that means "the cash-strapped county may have to find the money - perhaps as much as \$1.5 million -- from this year's budget, because two bargaining units did not agree to furloughs." (Source: ICMA News Briefing 10/1/09).

The Board of County Commissioners for Broward County, Florida passed the FY 2009-10 budget to include a mandatory five-day furlough for all Broward employees (does not include Broward Sheriff's Office). In Hernando County, Florida, the Board of County Commissioners approved a policy for FY 2009-10 to implement unpaid furlough days for all full-time and part-time employees who are not represented by the union. Eight-hour employees will receive 10 unpaid furlough days, and ten-hour employees will receive 8 unpaid furlough days. Hernando County is negotiating with union workers to accept similar furlough days in lieu of layoffs to balance the budget.

Twenty-two states have called for or plan to use furloughs as a measure to close their budget deficits: Alabama, Arizona, California, Colorado, Delaware, Georgia, Hawaii, Idaho, Illinois, Maine, Maryland, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, New York, Ohio, Rhode Island, South Carolina, Utah and Wisconsin. (Source: <http://www.stateline.org>).

Regarding the question about "other projected savings in the budget that rely on union concession not yet agreed upon," the FY 2009-10 Adopted Budget (Budget) includes across-the-board elimination of Flexible Benefits (\$34.595M), and Premium Pay Supplements (\$31.663M) which require union agreement. The elimination of Longevity Bonuses (\$19.9M) and Merit Raises (\$17.4M) were also included in the Budget, and will require union concessions. However, the Mayor has already put into effect the elimination of Longevity Bonuses and Merit Raises for non-union employees effective October 1, 2009. Should the Board of County Commissioners not agree to eliminate Longevity Bonuses and Merit Increases for union employees, then this anticipated savings will need to be replaced by some other means as previously recommended.

Please note that the attachments include information we obtained from various systems, including the Payroll System and Resourcing for Results Online (RFRO), and have not been vetted by the OSBM. This information is intended to be an estimate based on our analysis of the records obtained.

Attachments:

1. Impact of Delay to 5% Wage Reduction
2. Furlough Alternatives
3. Review of Departments Overtime Salary and Overtime Fringes
4. Slot Machine Revenue
5. Number, Cost, Revenue Potential, and Guidance on Use of Take Home Vehicles

c: Honorable Carlos Alvarez, Mayor
George M. Burgess, County Manager
R.A. Cuevas, Jr. County Attorney
Jennifer Glazer-Moon, Special Assistant/OSBM Director
Diane Collins, Acting Division Chief, Clerk of the Board Division

IMPACT OF DELAY TO 5% WAGE REDUCTION

Pay Period End	Pay Period	COST PER PAY PERIOD					Total Impact Per Pay Period	Total Annual Reduction
		CW	UMSA	Fire	Library	Other		
		32,080,000	14,527,000	10,665,000	1,593,000	47,562,000		106,427,000 [1]
10/4/2009	1	\$1,233,846	\$558,731	\$410,192	\$61,269	\$1,829,308	\$4,093,346	5.00%
10/18/2009	2	\$1,283,200	\$581,080	\$426,600	\$63,720	\$1,902,480	\$4,257,080	5.20%
11/1/2009	3	\$1,336,667	\$605,292	\$444,375	\$66,375	\$1,981,750	\$4,434,458	5.42%
11/15/2009	4	\$1,394,783	\$631,609	\$463,696	\$69,261	\$2,067,913	\$4,627,261	5.65%
11/29/2009	5	\$1,458,182	\$660,318	\$484,773	\$72,409	\$2,161,909	\$4,837,591	5.91%
12/13/2009	6	\$1,527,619	\$691,762	\$507,857	\$75,857	\$2,264,857	\$5,067,952	6.19%
12/27/2009	7	\$1,604,000	\$726,350	\$533,250	\$79,650	\$2,378,100	\$5,321,350	6.50%
1/10/2010	8	\$1,688,421	\$764,579	\$561,316	\$83,842	\$2,503,263	\$5,601,421	6.84%
1/24/2010	9	\$1,782,222	\$807,056	\$592,500	\$88,500	\$2,642,333	\$5,912,611	7.22%
2/7/2010	10	\$1,887,059	\$854,529	\$627,353	\$93,706	\$2,797,765	\$6,260,412	7.65%
2/21/2010	11	\$2,005,000	\$907,938	\$666,563	\$99,563	\$2,972,625	\$6,651,688	8.13%
3/7/2010	12	\$2,138,667	\$968,467	\$711,000	\$106,200	\$3,170,800	\$7,095,133	8.67%
3/21/2010	13	\$2,291,429	\$1,037,643	\$761,786	\$113,786	\$3,397,286	\$7,601,929	9.29%
4/4/2010	14	\$2,467,692	\$1,117,462	\$820,385	\$122,538	\$3,658,615	\$8,186,692	10.00%
4/18/2010	15	\$2,673,333	\$1,210,583	\$888,750	\$132,750	\$3,963,500	\$8,868,917	10.83%
5/2/2010	16	\$2,916,364	\$1,320,636	\$969,545	\$144,818	\$4,323,818	\$9,675,182	11.82%
5/16/2010	17	\$3,208,000	\$1,452,700	\$1,066,500	\$159,300	\$4,756,200	\$10,642,700	13.00%
5/30/2010	18	\$3,564,444	\$1,614,111	\$1,185,000	\$177,000	\$5,284,667	\$11,825,222	14.44%
6/13/2010	19	\$4,010,000	\$1,815,875	\$1,333,125	\$199,125	\$5,945,250	\$13,303,375	16.25%
6/27/2010	20	\$4,582,857	\$2,075,286	\$1,523,571	\$227,571	\$6,794,571	\$15,203,857	18.57%
7/11/2010	21	\$5,346,667	\$2,421,167	\$1,777,500	\$265,500	\$7,927,000	\$17,737,833	21.67%
7/25/2010	22	\$6,416,000	\$2,905,400	\$2,133,000	\$318,600	\$9,512,400	\$21,285,400	26.00%
8/8/2010	23	\$8,020,000	\$3,631,750	\$2,666,250	\$398,250	\$11,890,500	\$26,606,750	32.50%
8/22/2010	24	\$10,693,333	\$4,842,333	\$3,555,000	\$531,000	\$15,854,000	\$35,475,667	43.33%
9/5/2010	25	\$16,040,000	\$7,263,500	\$5,332,500	\$796,500	\$23,781,000	\$53,213,500	65.00%
9/19/2010	26	\$32,080,000	\$14,527,000	\$10,665,000	\$1,593,000	\$47,562,000	\$106,427,000	130.00% [2]

[1] Annual Payroll : If 5% = \$106.427 million, then total payroll = \$2,128,540,000

[2] Based on the total payroll cost in [1], the maximum payroll per pay period is \$81.9 (\$2.129 billion / 26 pay periods). If the total 5% wage reduction is charged in the 26th pay period, there would be no pay checks issued, and an additional levy would need to be made in the 1st pay period of the following fiscal year to make up the difference. This explains why the percentage in pay period 26 is at 130%

FURLOUGH ALTERNATIVE 1

Salary Range	Salary Value	Salary & Fringes	Daily Savings	Days of Furlough	Savings	Employee Count
Less than \$49,999	\$509,815,749	\$621,975,214	\$2,591,563	5	\$12,957,817	12,999
\$50,000 to \$74,999	\$663,704,303	\$836,090,770	\$3,483,712	6	\$20,902,269	11,333
\$75,000 to \$99,999	\$237,520,231	\$289,774,682	\$1,207,395	7	\$8,451,762	2,819
\$100,000 to \$124,999	\$102,180,252	\$124,659,907	\$519,416	10	\$5,194,163	936
\$125,000 to \$149,999	\$37,667,862	\$45,954,792	\$191,478	10	\$1,914,783	278
\$150,000 to \$174,999	\$14,980,099	\$18,275,721	\$76,149	10	\$761,488	92
\$175,000 to \$199,999	\$6,604,825	\$8,057,886	\$33,575	10	\$335,745	35
\$200,000 to \$224,999	\$5,954,152	\$7,264,066	\$30,267	10	\$302,669	28
\$225,000 to \$249,999	\$4,968,721	\$6,061,840	\$25,258	10	\$252,577	21
\$250,000 to \$274,999	\$4,182,324	\$5,102,435	\$21,260	10	\$212,601	16
\$275,000 to \$299,999	\$3,091,367	\$3,771,468	\$15,714	10	\$157,145	11
Greater than \$300,000	\$660,516	\$805,829	\$3,358	10	\$33,576	2
	1,591,330,401	1,967,794,609	8,199,144	Total Savings	\$51,476,595	28,570

FURLOUGH ALTERNATIVE 2

Salary Range	Salary Value	Salary & Fringes	Daily Savings	Days of Furlough	Savings	Employee Count
Less than \$49,999	\$509,815,749	\$621,975,214	\$2,591,563	10	\$25,915,634	12,999
\$50,000 to \$74,999	\$663,704,303	\$836,090,770	\$3,483,712	10	\$34,837,115	11,333
\$75,000 to \$99,999	\$237,520,231	\$289,774,682	\$1,207,395	10	\$12,073,945	2,819
\$100,000 to \$124,999	\$102,180,252	\$124,659,907	\$519,416	10	\$5,194,163	936
\$125,000 to \$149,999	\$37,667,862	\$45,954,792	\$191,478	10	\$1,914,783	278
\$150,000 to \$174,999	\$14,980,099	\$18,275,721	\$76,149	10	\$761,488	92
\$175,000 to \$199,999	\$6,604,825	\$8,057,886	\$33,575	10	\$335,745	35
\$200,000 to \$224,999	\$5,954,152	\$7,264,066	\$30,267	10	\$302,669	28
\$225,000 to \$249,999	\$4,968,721	\$6,061,840	\$25,258	10	\$252,577	21
\$250,000 to \$274,999	\$4,182,324	\$5,102,435	\$21,260	10	\$212,601	16
\$275,000 to \$299,999	\$3,091,367	\$3,771,468	\$15,714	10	\$157,145	11
Greater than \$300,000	\$660,516	\$805,829	\$3,358	10	\$33,576	2
	1,591,330,401	1,967,794,609	8,199,144	Total Savings	\$81,991,442	28,570

FURLOUGH ALTERNATIVE 3

Salary Range	Salary Value	Salary & Fringes	Daily Savings	Days of Furlough	Savings	Employee Count
Less than \$49,999	\$509,815,749	\$621,975,214	\$2,591,563	11	\$28,507,197	12,999
\$50,000 to \$74,999	\$663,704,303	\$836,090,770	\$3,483,712	12	\$41,804,539	11,333
\$75,000 to \$99,999	\$237,520,231	\$289,774,682	\$1,207,395	14	\$16,903,523	2,819
\$100,000 to \$124,999	\$102,180,252	\$124,659,907	\$519,416	14	\$7,271,828	936
\$125,000 to \$149,999	\$37,667,862	\$45,954,792	\$191,478	14	\$2,680,696	278
\$150,000 to \$174,999	\$14,980,099	\$18,275,721	\$76,149	14	\$1,066,084	92
\$175,000 to \$199,999	\$6,604,825	\$8,057,886	\$33,575	14	\$470,043	35
\$200,000 to \$224,999	\$5,954,152	\$7,264,066	\$30,267	14	\$423,737	28
\$225,000 to \$249,999	\$4,968,721	\$6,061,840	\$25,258	14	\$353,607	21
\$250,000 to \$274,999	\$4,182,324	\$5,102,435	\$21,260	14	\$297,642	16
\$275,000 to \$299,999	\$3,091,367	\$3,771,468	\$15,714	14	\$220,002	11
Greater than \$300,000	\$660,516	\$805,829	\$3,358	14	\$47,007	2
	1,591,330,401	1,967,794,609	8,199,144	Total Savings	\$100,045,906	28,570

* Source: 06-28-09 Payroll. Employee Count (28,184) increased by 386 to match FY 09-10 budgeted positions count of 28,570. 386 positions were added to the \$50,000 to \$74,999 salary range since the average county employee salary & fringes was determined to be \$68,320. The value for the 386 positions is \$26,371,520 (386*\$68,320), which was added to the salary & fringes of the \$50,000 to \$74,999 group of employees.

OFFICE OF THE COMMISSION AUDITOR
Review of Departments Overtime Salary and Overtime Fringes
From FY 04-05 Actual Through to FY 09-10 Proposed

Source: RFRO (\$000s)	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	1-Year	1-Year %	5-Year	5-Year %
DEPARTMENTS	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	PROPOSED	Change	Change	Change	Change
Agenda Coordination										
Overtime Salary	36	22	18	13	25	0	\$ (25)	-100.0%	\$ (36)	-100.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Animal Services										
Overtime Salary	0	0	0	76	100	100	\$ -	0.0%	\$ 100	100.0%
Overtime Fringes	0	0	0	9	17	18	\$ 1	5.9%	\$ 18	100.0%
Audit and Management Services										
Overtime Salary	1	0	0	2	2	2	\$ -	0.0%	\$ 1	100.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Aviation										
Overtime Salary	8,546	8,149	5,861	9,780	4,585	6,087	\$ 1,502	32.8%	\$ (2,459)	-28.8%
Overtime Fringes	1,269	2,406	1,981	2,852	1,717	2,089	\$ 372	21.7%	\$ 820	64.6%
Board of County Commissioners										
Overtime Salary	125	150	171	187	200	0	\$ (200)	-100.0%	\$ (125)	-100.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Building/Neighborhood Compliance										
Overtime Salary	699	1,304	803	238	150	240	\$ 90	60.0%	\$ (459)	-65.7%
Overtime Fringes	174	0	0	0	27	44	\$ 17	63.0%	\$ (130)	-74.7%
Building Code Compliance										
Overtime Salary	6	35	53	32	33	25	\$ (8)	-24.2%	\$ 19	316.7%
Overtime Fringes	0	5	8	4	5	3	\$ (2)	-40.0%	\$ 3	100.0%
Community Action Agency										
Overtime Salary	160	91	228	134	53	0	\$ (53)	-100.0%	\$ (160)	-100.0%
Overtime Fringes	24	14	18	18	7	0	\$ (7)	-100.0%	\$ (24)	-100.0%
Consumer Services										
Overtime Salary	75	66	68	71	81	19	\$ (62)	-76.5%	\$ (56)	-74.7%
Overtime Fringes	25	19	11	11	14	3	\$ (11)	-78.6%	\$ (22)	-88.0%
Corrections and Rehabilitation										
Overtime Salary	11,429	20,668	28,284	29,164	21,965	17,273	\$ (4,692)	-21.4%	\$ 5,844	51.1%
Overtime Fringes	2,992	5,411	7,404	7,661	6,252	4,857	\$ (1,395)	-22.3%	\$ 1,865	62.3%
Elections										
Overtime Salary	1,746	973	1,173	2,365	1,005	764	\$ (241)	-24.0%	\$ (982)	-56.2%
Overtime Fringes	248	0	0	575	182	142	\$ (40)	-22.0%	\$ (106)	-42.7%

OFFICE OF THE COMMISSION AUDITOR
Review of Departments Overtime Salary and Overtime Fringes
From FY 04-05 Actual Through to FY 09-10 Proposed

Source: RFRO (\$000s)	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	1-Year	1-Year %	5-Year	5-Year %
DEPARTMENTS	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	PROPOSED	Change	Change	Change	Change
Emergency Management										
Overtime Salary	12	(50)	2	1	4	4	\$ -	0.0%	\$ (8)	-66.7%
Overtime Fringes	0	(2)	0	0	1	0	\$ (1)	-100.0%	\$ -	0.0%
Enterprise Technology Services										
Overtime Salary	1,821	523	1,700	1,491	1,619	1,629	\$ 10	0.6%	\$ (192)	-10.5%
Overtime Fringes	145	76	227	312	298	300	\$ 2	0.7%	\$ 155	106.9%
Environmental Resources Mgmt.										
Overtime Salary	212	209	219	260	189	177	\$ (12)	-6.3%	\$ (35)	-16.5%
Overtime Fringes	32	32	33	39	35	33	\$ (2)	-5.7%	\$ 1	3.1%
Finance										
Overtime Salary	210	204	140	134	240	177	\$ (63)	-26.3%	\$ (33)	-15.7%
Overtime Fringes	30	30	26	24	45	33	\$ (12)	-26.7%	\$ 3	10.0%
Fire Rescue										
Overtime Salary	16,553	18,084	19,617	17,386	20,318	18,581	\$ (1,737)	-8.5%	\$ 2,028	12.3%
Overtime Fringes	3,808	4,159	4,511	4,046	4,673	4,279	\$ (394)	-8.4%	\$ 471	12.4%
General Services Administration										
Overtime Salary	3,020	3,008	2,682	2,230	2,086	2,150	\$ 64	3.1%	\$ (870)	-28.8%
Overtime Fringes	472	491	825	476	661	744	\$ 83	12.6%	\$ 272	57.6%
Government Information Center										
Overtime Salary	54	132	52	182	75	78	\$ 3	4.0%	\$ 24	44.4%
Overtime Fringes	0	0	0	33	13	13	\$ -	0.0%	\$ 13	100.0%
Human Resources										
Overtime Salary	306	367	276	184	193	0	\$ (193)	-100.0%	\$ (306)	-100.0%
Overtime Fringes	46	56	49	30	36	0	\$ (36)	-100.0%	\$ (46)	-100.0%
Human Services										
Overtime Salary	64	162	55	175	32	0	\$ (32)	-100.0%	\$ (64)	-100.0%
Overtime Fringes	5	0	3	0	6	0	\$ (6)	-100.0%	\$ (5)	-100.0%
Judicial Administration										
Overtime Salary	34	28	37	33	0	0	\$ -	0.0%	\$ (34)	-100.0%
Overtime Fringes	6	5	7	6	0	0	\$ -	0.0%	\$ (6)	-100.0%
Juvenile Services										
Overtime Salary	0	0	0	18	70	70	\$ -	0.0%	\$ 70	100.0%
Overtime Fringes	0	0	0	1	13	13	\$ -	0.0%	\$ 13	100.0%

OFFICE OF THE COMMISSION AUDITOR
Review of Departments Overtime Salary and Overtime Fringes
From FY 04-05 Actual Through to FY 09-10 Proposed

Source: RFRO (\$000s)	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	1-Year	1-Year %	5-Year	5-Year %
DEPARTMENTS	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	PROPOSED	Change	Change	Change	Change
Library										
Overtime Salary	157	164	179	220	248	255	\$ 7	2.8%	\$ 98	62.4%
Overtime Fringes	24	25	35	40	0	48	\$ 48	0.0%	\$ 24	100.0%
Medical Examiner										
Overtime Salary	52	67	62	109	102	131	\$ 29	28.4%	\$ 79	151.9%
Overtime Fringes	0	17	4	33	26	39	\$ 13	50.0%	\$ 39	100.0%
Metro-Miami Action Plan										
Overtime Salary	8	3	0	10	0	0	\$ -	0.0%	\$ (8)	-100.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Office of Neighborhood Compliance										
Overtime Salary	0	0	0	0	40	0	\$ (40)	-100.0%	\$ -	0.0%
Overtime Fringes	0	0	0	0	10	0	\$ (10)	-100.0%	\$ -	0.0%
Office of the CITT										
Overtime Salary	1	1	1	1	1	5	\$ 4	400.0%	\$ 4	400.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Office of the Clerk										
Overtime Salary	138	415	518	114	582	65	\$ (517)	-88.8%	\$ (73)	-52.9%
Overtime Fringes	45	144	108	39	220	22	\$ (198)	-90.0%	\$ (23)	-51.1%
Park and Recreation										
Overtime Salary	800	1,092	798	515	585	587	\$ 2	0.3%	\$ (213)	-26.6%
Overtime Fringes	120	164	155	103	116	115	\$ (1)	-0.9%	\$ (5)	-4.2%
Planning and Zoning										
Overtime Salary	106	83	63	22	8	15	\$ 7	87.5%	\$ (91)	-85.8%
Overtime Fringes	16	12	9	3	2	3	\$ 1	50.0%	\$ (13)	-81.3%
Police										
Overtime Salary	35,509	49,168	52,233	57,747	38,466	29,312	\$ (9,154)	-23.8%	\$ (6,197)	-17.5%
Overtime Fringes	9,167	9,387	17,591	16,447	11,024	7,574	\$ (3,450)	-31.3%	\$ (1,593)	-17.4%
Procurement Management										
Overtime Salary	18	10	5	20	16	17	\$ 1	6.3%	\$ (1)	-5.6%
Overtime Fringes	2	1	1	3	3	3	\$ -	0.0%	\$ 1	50.0%
Public Housing Agency										
Overtime Salary	869	979	986	568	752	261	\$ (491)	-65.3%	\$ (608)	-70.0%
Overtime Fringes	188	0	0	0	165	57	\$ (108)	-65.5%	\$ (131)	-69.7%

OFFICE OF THE COMMISSION AUDITOR
Review of Departments Overtime Salary and Overtime Fringes
From FY 04-05 Actual Through to FY 09-10 Proposed

Source: RFRO (\$000s)	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10	1-Year	1-Year %	5-Year	5-Year %
DEPARTMENTS	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	PROPOSED	Change	Change	Change	Change
Public Works										
Overtime Salary	2,004	2,247	2,066	2,383	1,882	967	\$ (915)	-48.6%	\$ (1,037)	-51.7%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Seaport										
Overtime Salary	1,474	1,659	1,964	1,858	987	1,355	\$ 368	37.3%	\$ (119)	-8.1%
Overtime Fringes	0	0	0	229	0	0	\$ -	0.0%	\$ -	0.0%
Small Business Development										
Overtime Salary	0	0	0	9	0	6	\$ 6	100.0%	\$ 6	100.0%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Solid Waste Management										
Overtime Salary	7,175	8,326	3,606	3,962	4,610	4,441	\$ (169)	-3.7%	\$ (2,734)	-38.1%
Overtime Fringes	1,090	1,282	630	702	864	815	\$ (49)	-4.5%	\$ (275)	-25.2%
Team Metro										
Overtime Salary	319	350	76	0	0	0	\$ -	0.0%	\$ (319)	-100.0%
Overtime Fringes	24	70	16	0	0	0	\$ -	0.0%	\$ (24)	-100.0%
Transit										
Overtime Salary	29,223	29,079	26,294	23,046	23,895	21,381	\$ (2,514)	-10.5%	\$ (7,842)	-26.8%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
Vizcaya Museum and Gardens										
Overtime Salary	95	61	90	78	90	80	\$ (10)	-11.1%	\$ (15)	-15.8%
Overtime Fringes	0	0	0	0	17	0	\$ (17)	-100.0%	\$ -	0.0%
Water and Sewer										
Overtime Salary	8,627	9,851	7,313	9,488	7,252	9,126	\$ 1,874	25.8%	\$ 499	5.8%
Overtime Fringes	0	0	0	0	0	0	\$ -	0.0%	\$ -	0.0%
TOTALS										
Overtime Salary	131,684	157,680	157,693	164,306	132,541	115,380	\$ (17,161)	-12.9%	\$ (16,304)	-12.4%
Overtime Fringes	19,952	23,804	33,652	33,696	26,449	21,247	\$ (5,202)	-19.7%	\$ 1,295	6.5%
GRAND TOTAL	151,636	181,484	191,345	198,002	158,990	136,627	\$ (22,363)	-14.1%	\$ (15,009)	-9.9%

10% CUT (13,663)

Opportunities for Savings &/or Revenue Enhancements

Opportunity	Savings	Revenue																																	
<ul style="list-style-type: none"> • Slot Machine Revenue for Miami-Dade County 		\$1.034 million																																	
<p>Slot machine operations are expected to begin at certain pari-mutuel facilities in Miami-Dade County during FY 2009-10.</p> <ul style="list-style-type: none"> • Anticipated FY 2009-10 slot machine operations: <table border="1"> <thead> <tr> <th rowspan="2">Venue</th> <th colspan="2">Number of Slot Machines</th> <th rowspan="2">Date for Initial Operations</th> </tr> <tr> <th>Initial Operations</th> <th>Total Planned</th> </tr> </thead> <tbody> <tr> <td>Flagler Greyhound Track</td> <td>700</td> <td>2,500</td> <td>Oct 2009</td> </tr> <tr> <td>Calder Race Course</td> <td>1,225</td> <td>2,500</td> <td>By Feb 2010</td> </tr> <tr> <td>Miami Jai Alai</td> <td>TBD</td> <td>1,500</td> <td>TBD</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • It is reasonable to consider a conservative estimate of revenues due to the County in the FY 2009-10 budget based on the number of slot machines available in the initial level of operations. • <u>Anticipated FY 2009-10 County revenue from slot machines:</u> (Assuming that first year, prorated County revenues will be at least 75% of the \$946 average revenue per year that Broward County realized per slot machine during FY 2007-08.) <table border="1"> <thead> <tr> <th>Venue</th> <th>Est. FY 2009-10 Months of Revenue</th> <th>Est. FY 2009-10 Revenue</th> </tr> </thead> <tbody> <tr> <td>Flagler Greyhound Track</td> <td>11</td> <td>\$455,000</td> </tr> <tr> <td>Calder Race Course</td> <td>8</td> <td>\$579,000</td> </tr> <tr> <td>Miami Jai Alai</td> <td>TBD</td> <td>TBD</td> </tr> <tr> <td>Total</td> <td></td> <td>\$1,034,000</td> </tr> </tbody> </table> <p>Slot machine revenues due to the County are to be paid directly to the County on a monthly basis and do not go through the State.</p> <p>Per the State of Florida Department of Business and Professional Regulation Division of Pari-Mutuel Wagering, Miami Jai Alai had not yet completed licensing requirements for slot machines at the time we compiled information for this report.</p>	Venue	Number of Slot Machines		Date for Initial Operations	Initial Operations	Total Planned	Flagler Greyhound Track	700	2,500	Oct 2009	Calder Race Course	1,225	2,500	By Feb 2010	Miami Jai Alai	TBD	1,500	TBD	Venue	Est. FY 2009-10 Months of Revenue	Est. FY 2009-10 Revenue	Flagler Greyhound Track	11	\$455,000	Calder Race Course	8	\$579,000	Miami Jai Alai	TBD	TBD	Total		\$1,034,000		
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Number, Cost, Revenue Potential, and Guidance on Use of Take Home Vehicles

1. Number of Take Home Vehicles (THVs) – (a.k.a. “24-hour vehicle assignments”)

MDPD (per OSBM Fleet Analysis of 3/09):	2,698
MDFR (per Mayor Alvarez’ memo of 8/10/09):	28
<u>Other Departments (per GSA Fleet Management Database as of 8/7/09):</u>	<u>584</u>
Total:	3,310

Background: These numbers are in-line with the *Review of County Owned Light Vehicle Fleet – 2007* report as contained in the County Manager’s report to the BCC on November 16, 2007. That report stated that, at that time:

“A total of 3,232 vehicles (40% of the vehicles assigned to departments) are classified as 24-hour vehicle (take home) assignments. Aside from the 1,731 PPV and LOU assignments, the Police Department has an additional 530 vehicles designated as take home. Other departments with a significantly large number of take home vehicles include Water and Sewer (138), Fire Rescue (126), Building (112), Public Works (135), Enterprise Technology Services (60) and Corrections and Rehabilitation (67). Aside from police officers, some employees who reside outside Miami- Dade County are also take County vehicles home. However, no written policy was found that explicitly authorizes or prohibits this practice.”

2. Cost of Take Home Vehicles

Using Total Life Cycle Costs reported in the County Manager’s *Review of County Owned Light Vehicle Fleet – 2007* report, the life cycle costs of THVs are as follows. (See Note 1 below.)

MDPD (2,698 THVs at \$39,000 ea.):	\$105,222,000
MDFR (28 THVs at \$39,000 ea.):	\$1,092,000
<u>Other Departments (584 THVs at \$30,000 ea.):</u>	<u>\$17,520,000</u>
Total (See Note 1 below.)	\$123,834,000

Note 1: Because THVs would often be retained in the fleet for other work-related uses, elimination of THV usage will not reduce life cycle costs. However, if annual mileage reductions result from cessation of THV usage, elimination of THV usage might: (a) lengthen vehicles’ useful service life in the fleet, and (b) result in reduced annual fuel and maintenance costs.

The County Manager’s report *Review of County Owned Light Vehicle Fleet – 2007* provided the following explanation of life cycle costs.

“Life cycle costs were computed based on historic maintenance costs, a lifecycle of 100,000 miles and the minimum Environmental Protection Agency (EPA) fuel consumption rating. The total cost of owning a midsize sedan is in excess of \$31,000 over the 100,000 miles lifecycle excluding insurance, major parts replacements, collision repairs, and accrued capital replacement charges while the cost of pick-up trucks generally exceeds \$40,000. The comparative cost of a full size sedan similar to those assigned to the police department exceeds \$39,000, and excludes the cost of specialized police equipment (radios, light bars, stroboscopic lights and sirens). Gasoline-electric

Number, Cost, Revenue Potential, and Guidance on Use of Take Home Vehicles

(hybrid) vehicles such as the Toyota Prius and Honda Civic cost approximately \$29,500 and \$31,000 respectively.”

3. Potential Savings From Elimination of Take Home Vehicles

Assumptions:

- a. Gasoline averaging \$2.00-\$2.75 per gallon
- b. Savings of one (1) to two (2) gallons per work day for home-to-work roundtrip;
- c. Five (5) workdays per week;
- d. 48 workweeks per year; and
- e. Vehicles would generally not be totally removed from service but would not be taken home.

<u>Department</u>	<u>Approx. Fuel Savings</u>
MDPD (2,698 THVs):	\$1.3 million-\$3.6 million
MDFR (28 THVs):	\$13,000-\$37,000
<u>Other Departments (584 THVs):</u>	<u>\$280,000-\$771,000</u>
Total (3,310):	\$1.6 million-\$4.4 million

- The County Manager’s *Review of County Owned Light Vehicle Fleet – 2007* report had estimated “*The savings that may be realized by ceasing some take home assignments is approximately \$1,409 and 487 gallons of fuel per year per vehicle. This is based on an average round trip of 29 miles (home-work-home) as reported for this region by the U.S. Department of Transportation, Bureau of Transportation Statistics. The savings also assumes a price of \$2.73/gal for gasoline, 235 working days per year and an average of 14 miles per gallon fuel consumption. Additionally, the reduction in miles driven would result in fewer preventive maintenance cycles each year.*”
- Additionally:
 - Approximate \$1,300 per vehicle (\$810 in maintenance expenses and \$500 in insurance expenses) could be saved for each vehicle that could be completely eliminated from the County’s fleet; and
 - Other savings may be feasible if fleet size were reduced with all vehicles being drawn from pools instead of being individually assigned.
- If a \$75 per pay period car allowance (equivalent to the Executive Benefit Group 3 car allowance rate) were provided to each existing THV driver in lieu of the THV, the cost would be \$6.5 million, which would exceed the fuel savings from elimination of THVs.
- **Police Personalized Patrol Vehicle (PPV)** policies were adopted by Resolution R-941-91 and R-1392-06. R-1392-06 specifically approved PPC use in Broward, Collier and Monroe counties and stated the following.

“Assignment of personalize patrol vehicles shall be entirely at the discretion of the Department Director and shall not be a fringe benefit or entitlement; neither the granting nor the limiting nor the discontinuation of use of a personalized patrol vehicle shall be grievable or otherwise appealable beyond the Department Director....The Board of County Commissioners reserves the right to cancel this program if, at any time, it

Number, Cost, Revenue Potential, and Guidance on Use of Take Home Vehicles

determines that rulings and interpretations under the Fair Labor Standards Act create an unreasonable burden to the general fund.”

When the proposed PPV legislation that became R-941-91 was considered by the BCC, County Manager Avino recommended against it based on:

- (1) Lack of evidence showing a relationship between take-home vehicle programs and reduced level of crime;
- (2) est. 20% of the eligible police officers residing outside the County; and
- (3) PPV not being the most effective method of expending \$90 million in an attempt to reduce the level of crime. (The \$90 million estimate was supported by testimony from the Office of Audit and Management that estimated PPV **costs over a ten (10) year period** to be \$90 million.)

In consideration of PPV alternatives in 1991, the BCC amended the proposal to remove a provision that would have charged \$150 per month for personal use of a patrol vehicle.

An abstract¹ of a study of two police fleet management programs in San Diego County by Sheldon Zhang and Theodore Benson, “Cost-effectiveness and officer morale of a personally assigned patrol vehicle program: A comparative analysis,” published in 1997 in the journal *Policing: An International Journal of Police Strategies & Management*, vol. 20, issue 4, pp. 749-765, noted that the study:

“Concludes that personally-assigned vehicles are most cost-effective to maintain. Moreover, officers report a higher level of satisfaction using a personally-assigned vehicle than a shared patrol car. Finds that those officers with individually-assigned vehicles have less job stress and higher levels of morale.”

4. Revenue Potential for User Fees for Use of Take Home Vehicles

- **Charging a flat user fee.** If the County charged a flat fee for use of take home vehicles, it would discourage use of the vehicles by employees whose costs of commuting are low but an unintended consequence is that it might not discourage use by users whose commuting costs are higher. It also would encourage eligible executives to request vehicle allowances in lieu of County vehicles. It might marginally increase use of public transit. The following table provides revenue estimates for three scenarios with different assumptions on the percent of existing take home vehicle users who would continue to use a take home vehicle.

	Scenario #1	Scenario #2	Scenario #3
Fee Per Pay Period (PPD)	\$100 PPD	\$150 PPD	\$200 PPD
Continuing Participation	50.0%	25.0%	5.0%
MDPD	\$3,507,400/year	\$2,630,550/year	\$701,480/year
MDFR	\$36,400/year	\$27,300/year	\$7,280/year
Other	\$759,200/year	\$569,400/year	\$151,840/year
Total Est. Revenue	\$4,303,000/year	\$3,227,250/year	\$860,600/year

¹ Online abstract available at <http://www.emeraldinsight.com/Insight/html/Output/Published/EmeraldFullTextArticle/Pdf/1810200411.pdf> as of August 21, 2009

Number, Cost, Revenue Potential, and Guidance on Use of Take Home Vehicles

- **Charging a mileage based user fee.** Charging a mileage based user fee would charge proportionally more for those take home vehicle users who cost the County the most in vehicle expenses, those who live farthest away. This could be done by using the federal mileage rate that the County uses to reimburse employees for official use of a privately owned vehicle per resolution R-1345-03 (presently 55 cents per mile), and applying it to the portal-to-portal mileage for the take home vehicle use.
 - If all existing non-public safety take home vehicle users reimbursed the County 55 cents per mile for portal-to-portal mileage, it would yield approximately \$2 million per year.
 - Many existing take home vehicle users would voluntarily cease use of a County vehicle for take home use so actual user fee revenue would be substantially reduced.

- **Potential unintended consequence of take-home vehicle reductions.** If employees who previously had take home vehicles are paid vehicle allowances in lieu of the County vehicle, it could eliminate any savings and might increase overall costs to the County.

5. Guidance on Use of Take Home Vehicles

Administrative Order No. 6-2, effective March 15, 1994, and County Procedures Manual Procedure No. 802, effective January 2009, pertain to take home (24 hour vehicle) assignments.

The documents:

- a. Limit use to County business only;
- b. Require operation by only County employees;
- c. Prohibit transport of other County employees unless both the operator and passenger are on County business;
- d. Prohibit transport of non-County employees unless involved in County related business;
- e. Prohibit transport of other County employees to and from work;
- f. Require the employee assigned the THV be responsible for proper use of the vehicle and for assuring that the vehicle is safe from vandalism or other damage; and
- g. Prohibit leaving the vehicle at the employee's residence during a scheduled absence from work (e.g. vacation).

Additionally, resolutions R-941-91 and R-1392-06, which authorize the Personalized Patrol Vehicle (PPV), direct the County Manager to promulgate detailed rules and restrictions for PPV program participation.