

**CLERKS SUMMARY AND OFFICIAL MINUTES  
COMPENSATION AND BENEFITS REVIEW AD HOC COMMITTEE  
MAY 24, 2012**

**I. Call to Order & Opening Statement:**

The Compensation and Benefits Review Ad Hoc Committee (CBRAHC) convened in a Meeting on the 18<sup>th</sup> Floor Conference Rooms 3 & 4 of the Stephen P. Clark Government Center (SPCGC) at 9:23 a.m. County Commissioner Barbara J. Jordan, Chairwoman; and Commissioners Esteban Bovo, Jr., and Jean Monestime were present. Also present were Deputy Mayor Ed Marquez; Assistant County Attorney Bill Candela; Internal Services Department Director Lester Sola, Assistant Director Mary Lou Rizzo, and Division Director Arleene Cuellar; Commission Auditor Charles Anderson; and Deputy Clerk Alan Eisenberg.

The following Compensation and Benefits Review Committee (CBRC) members were in attendance: Ms. Marjorie H. Adler, Vice-Chairwoman; Mr. Scott Clark; Mr. Kenneth Lipner; Mr. Raul Moncarz; and Dr. Sandra Thompson.

Chairwoman Jordan explained that she co-sponsored an ordinance establishing the Compensation and Benefits Review Committee (CBRC), initiated by former Commissioner Natacha Seijas, in order to ensure a full review of the County's compensation process and to obtain recommendations from human resources professionals and other experts regarding existing compensation practices. She noted the CBRC provided the County Commission with their first Annual Report which considered Health Plan Design, Compensation, Pay Plan Structure, Senior/Executive Benefits, and "Terminal" Leave Provision. Chairwoman Jordan said the CBRC completed its assignment even though there was much more that could be done.

Chairwoman Jordan noted the FY 2011-12 budget processes were difficult as employees were asked to contribute additional money to balance the budget. She expressed concern that the County would always be in the same situation until the compensation process was addressed. All employees received an approximate five-percent annual pay increase based upon the current pay-plan in addition to a three-percent cost-of-living increase and another one-percent increase negotiated by employee unions resulting in a total eight to nine percent annual salary increase, noted Chairwoman Jordan. She said the County could not sustain these salary increases across the board while balancing the budget without increasing revenue. Chairwoman Jordan noted solid recommendations needed to be presented to the County Commission since they were not supportive of increasing taxes or ad-valorem revenue.

Chairwoman Jordan said the CBRAHC was appointed by County Commission Chairman Joe Martinez and she volunteered to serve as Chairwoman of this committee. She noted she welcomed her County Commission colleagues to fully participate in this review process in addition to Commissioners Bovo, Diaz, and Monestime.

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**II. Opening Remarks:**

Commissioner Monestime noted the CBRC's May 2011 Annual Report was a good starting point and that sufficient expertise existed within this County to assist in making the best decision for County employees and the entire community.

Commissioner Bovo acknowledged the CBRC for their initial work, noting it was now up to the CBRAHC to determine how to implement those recommendations. He noted that employees should be justly compensated for their work with established parameters that provided long term peace of mind.

Chairwoman Jordan proceeded to ask meeting participants to introduce themselves.

Chairwoman Jordan commented that she was delighted to see union representation at today's (5/24) meeting since these discussions involved the unions. She noted that everyone was entering discussions with an open mind to develop solutions to meet payroll expenses and honor union contract agreements.

**III. Presentations:**

**a. Definition of Civil Service**

Commissioner Jordan asked the County Attorney's Office to provide an overview of civil service.

Assistant County Attorney Bill Candela noted civil service was employment with a federal, city, or county government where such positions were filled by merit as a result of competitive examination with certain statutory rights to job security and advancement. He said the premise behind the Civil Service Act was that political patronage had no role in the democratic and professional workforce thus protecting jobs from change with a change in administration. Assistant County Attorney Candela noted the County Commission implemented civil service pursuant to Section 2-41 of the Miami-Dade County Code which provides certain civil service protections for all job classifications except those specifically listed as outside civil service (exempt). He said the County had approximately 26,000 full-time employees of which 90 percent were civil service employees and the remaining 10 percent were exempt.

Assistant County Attorney Candela noted that civil service rules provided a professional, standardized workforce with competitive examinations as part of the initial hiring process and for promotional opportunities. He further noted that civil service applied to discipline related issues and employees had the right to have an independent hearing examiner listen to the evidence and determine whether the employee should be suspended, terminated, or demoted. Assistant County Attorney Candela said that Section 2-41 of the Code and Administrative Order (AO) 7-3 were not contractual and that eight unions (10 bargaining units) represented the County's civil service employees. He noted contracts

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between the County and these public unions specified the terms and conditions of employment. Assistant County Attorney Candela said civil service contracts further protected employees by providing a final and binding decision by an arbitrator in demotion and termination cases.

Assistant County Attorney Candela explained that top management positions were outside the civil service and considered exempt employees. He noted that Section 2-41 of the Code listed the classifications of employees not covered by civil service and proceeded to provide an example of those job titles. Assistant County Attorney Candela further explained that a small number of employees in mid-management positions were outside the civil service; however, continued to be included in the collective bargaining agreements. He noted that exempt employees did not have the same level of protection as civil service employees; therefore, they could be terminated at-will and could be hired by the hiring entity.

Chairwoman Jordan noted she believed that the Community Action Agency (CAA) and federal grant positions were exempt from civil service and questioned whether this was the current practice.

Assistant County Attorney Candela responded that CAA employees were exempt regardless of their classification pursuant to County Ordinance.

Ms. Mary Lou Rizzo, Assistant Director, Internal Services Department, explained that there was an exempt service merger of grant funded positions into classified service in the late 1970s pursuant to the County Commission's decision that the funding source of a position should not deny an individual from accruing civil service rights. She noted that other exempt departments, such as all employees of Audit and Management Services, would be within the classified service and subject to the parameters described by Assistant County Attorney Candela.

In response to Chairwoman Jordan's question, Ms. Rizzo noted that CAA was not included in the merger.

Chairwoman Jordan asked that the CBRAHC discuss CAA's inclusion in civil service and if so, grandfathering it in based upon the number of years.

Commissioner Bovo inquired about the process required to obtain civil service status and whether an exempt employee's years of service was taken into consideration when he/she transitioned into a civil service position.

Assistant County Attorney Candela responded that most positions included a one year probationary period. He noted that an employee could be terminated within the probationary period and was protected thereafter under the provisions of AO 7-3.

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Ms. Rizzo responded that the County Code prohibited the crediting of previous exempt time to the classified service; therefore, civil service rights would begin to accrue at the time that employee began classified service.

Chairwoman Jordan noted and Ms. Rizzo clarified that a civil service employee could take a leave of absence from civil service and move to an exempt position. Ms. Rizzo further

clarified that once an employee established civil service rights, the time he/she worked in a higher salaried exempt service position was credited back to civil service time in the event the employee returned to civil service, even though the employee took a leave of absence, for retention score purposes. She commented that the retention score calculation was currently being discussed with collective bargaining units; including the transition from a combination retention score to seniority based layoffs and the crediting of exempt time.

Chairwoman Jordan asked that the CBRAHC discuss the crediting of hired time when an exempt employee was transitioned because of the layoff process into a lower level position.

Commissioner Monestime questioned whether an employee could be denied civil service status after the one year probationary period and whether that one year period could be extended.

Assistant County Attorney Candela responded that an employee was protected under civil service after the one year probationary period and could only be terminated for good cause thereafter and that the one year period could not be extended.

**b. Overview/Annual Report**

Chairwoman Jordan introduced members of the CBRC and asked Ms. Marjorie Adler, Vice-Chair, CBRC to present a summary and overview of their recommendations, followed by comments from individual task force members.

Ms. Adler explained that the CBRC members were committed to this assignment and brought extensive experience in human resources, economic issues, and knowledge of the County to these discussions. She noted the support of Ms. Mary Lou Rizzo, Ms. Arleene Cuellar, Ms. Jennifer Moon, and the County Attorney's Office along with their staffs who worked hand in hand with this committee to help produce and analyze an enormous amount of data.

Ms. Adler noted that adapting policies to be more responsive to the current fiscal and economic environment needed to be considered when examining these proposed recommendations. She said the County could not continue to operate as it had been when current economic situations did not warrant it. Ms. Adler also noted it was important to

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recognize that the process needed to be fair and respectful to employees and to the unions. She acknowledged union representation at today's (5/24) meeting and

encouraged their active involvement; noting that they did not participate in previous meetings.

Ms. Adler noted the CBRC recommended the following areas be further examined:

- Health Plan Design: This represents a significant expense to the County and extremely important to its employees.
- Compensation: The CBRC extensively reviewed the pay plan and compensation system, noting the County's Overtime Policy needed to transition from overtime being calculated on a weekly rather than a daily basis, representing a \$5 million annual savings. They also recommended a review of the County's Supplemental Pay providing supplements for job assignments, certifications and educational degrees to determine their relevance and necessity. The automatic nature and frequency of Longevity Bonuses needs to be reviewed for appropriateness. Finally, Off-Duty Payment income is now included in an employee's total income, thus adding to the calculation of their pension income, rather than being separated and reported as IRS 1099 Independent Contractor income.

Commissioner Monestime questioned whether the County would incur any additional liability in the event of lawsuits or insurance issues.

Assistant County Attorney Candela responded that promoters were required to obtain additional insurance coverage for off-duty events; notwithstanding police officers and the police department could also be sued.

- Pay Plan Structure: The CBRC recommended the elimination of automatic step increases in order to enable the County to become more responsive to fiscal and economic issues.

Chairwoman Jordan noted concern over equity and bias without a step system. She questioned whether information was available pertaining to other institutions addressing this issue and whether other alternatives besides the step and the range were evaluated.

Ms. Adler responded that fairness was a management responsibility to determine whether good job performance criteria were achieved and increases were provided in an appropriate manner. She commented that other methods were available for management to reward excellent performance with bonus income. Ms. Adler said that alternatives to the existing step plan needed to be addressed; however, these options were not evaluated because it would need to break down the management process of merit systems in terms of job definitions.

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- Senior/Executive Benefits and Compensation: Mayor Gimenez has already eliminated these benefits.
- “Terminal” Leave Provisions: Comparative information is readily available from other jurisdictions that will help determine whether the County’s policies are more generous than they need to be.

Commissioner Bovo inquired whether the CBRC reviewed vacation and sick time and accrual methods. He also questioned whether the CBRC examined methods by which pensions were determined based upon the numbers of years used for those calculations.

Ms. Adler responded that the CBRC did not address items under the purview of the Florida Retirement System (FRS) such as the number of years used to calculate pension income. She noted that the method of off-duty income was an internal item and could reduce the County’s financial burden.

Ms. Rizzo clarified that the County participated in the FRS and the retirement benefit was calculated on income received over the highest five years of service.

Commissioner Bovo commented that the State legislature would need to address any changes to the number of service years used to calculate retirement benefits. He noted the calculation of the highest five years significantly impacted the County budget because overtime was included in those calculations and retirement benefits were being paid out over longer life spans.

Ms Rizzo responded to Commissioner Bovo’s question that she did not believe an analysis of employees’ overtime earnings as they related to retirement benefits had ever been conducted. She noted that overtime utilization and approvals were management issues and carefully monitored within the purview of respective department directors. Ms. Rizzo further noted a concerted management initiative to reduce overtime expenses over the past five years.

Commissioner Bovo noted the consideration should be over what was ultimately fair to the taxpayer and what they should be responsible for. He said taxpayers were concerned when the majority of taxes were paid for salaries and benefits.

Ms. Rizzo clarified that the FRS now uses the highest eight years to calculate retirement income since July 2011.

Commissioner Bovo asked that the calculation for retirement income be discussed in a future meeting, along with the impact of the change from five to eight years.

Ms. Rizzo said she would inquire whether the State had any analysis information available which they used when making the change.

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Commissioner Bovo noted discussions with employees who wanted to obtain their own insurance and over situations where married couples both worked for the County and were both required to carry the same burden. He said that the County needed to be just to its employees and mindful over the impact of its actions and changes which it imposed upon their daily lives.

Chairwoman Jordan noted overtime was often used due to insufficient coverage or additional employees needed to get the job done. She said a cost analysis needed to be considered between overtime cost and hiring additional staff. Chairwoman Jordan questioned whether the CBRC examined temporary employment services, noting that temporary employees were used for extended periods of time.

Ms. Adler responded to Chairwoman Jordan's request about the use of temporary employees and payout practices. She noted that leave policies were large payout items and the competitiveness with other institutions needed to be reviewed. She also noted a comparative study on payout practices was evaluated by the CBRC.

Ms. Rizzo offered to present a survey on leave practices and other benefits at a future meeting. She commented that daily versus weekly overtime issues were addressed with collective bargaining partners pursuant to the CBRC discussions. Ms. Rizzo noted a change to weekly overtime calculations with the Police Benevolent Association, General Services Administration, Solid Waste Management and Water and Sewer unions.

Assistant County Attorney Candela noted that the County Commission previously enacted legislation which set forth a maximum amount of time for the use of a temporary employee.

Ms. Rizzo clarified that the Administrative Order set forth provisions that temporary agency employees be used for no more than six months with an extension for up to one year. She noted that any additional extension required an analysis performed by the Office of Management and Budget and Human Resources to determine the rationale for that request. Ms. Rizzo said that certain extenuating circumstances existed for justifying the extension such as for a particular project or for a technical position.

Chairwoman Jordan noted this process gave the community the wrong impression about the County budget. She said the message was delivered that services were being reduced; however, temporary employees were being hired as a replacement.

**IV. Discussion Item:**

Chairwoman Jordan asked for comments from CBRC members.

Mr. Kenneth Lipner acknowledged CBRC members along with Ms. Rizzo and her staff for their support. He noted a broad mandate which included both exempt and non-exempt County employees. Mr. Lipner said he compared all internal public employees,

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including trusts and councils to other local entities to determine whether equity existed. He noted concern over fairness, equity and an effort to preserve jobs and incomes of hardworking County employees. Mr. Lipner stressed the importance of preserving jobs by having more people working fewer hours. He noted job security and income was important to the employees and to the local economy.

Mr. Scott Clark noted that a recent Miami Herald article depicted Miami as having the highest health care costs in the United States, with it being 120 percent of the norm. He said that continuing to push costs onto employees was not necessarily the final answer. Mr. Clark commented that Miami-Dade County and Miami-Dade County School Board were the two largest employers suffering these economic challenges. He said that local health care providers were charging more than necessary and suggested working with health care provider relations representatives and challenging them to reduce costs. Mr. Clark commented that employee based wellness activities were also needed to address rising health insurance costs.

Commissioner Monestime noted that government decisions have been a reaction to economic situations and the lack of a concerted effort to keep government sustainable. He questioned that impact of these lessons upon future decisions.

Mr. Lipner responded that bringing people back to work, reducing hours and job sharing were contingencies being initiated across the country. He noted he believed economic conditions would improve but was not certain when this would happen. Mr. Lipner said it was possible to build long term human resource policies.

**V. Next Steps:**

Chairwoman Jordan noted the CBRC provided thorough recommendations. She suggested that the CBRAHC consider each issue, with the next meeting devoted to a discussion of compensation related issues. Chairwoman Jordan said that compensation issues would be considered; however, it might need two meetings due to its complexity.

Commissioner Bovo concurred that each meeting should be devoted to a single item.

Chairwoman Jordan inquired whether supplemental pay included all departments with certifications.

Ms. Rizzo responded that all departments were included. She noted many pay supplements existed that were included in the terms and conditions of existing contracts. Ms. Rizzo also noted many pay supplements which applied uniformly to the workforce, exclusive of bargaining unit agreements.

Chairwoman Jordan asked Ms. Rizzo to provide a breakdown of these pay supplements at the next meeting.



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Chairwoman Jordan inquired about the current labor union agreements and their terms.

Ms. Rizzo responded that the County was in the first year of a three-year agreement with current contracts terminating September 30, 2014. She noted concessions pertaining to specific pay supplements and sunset date expiration dates varied by contract and were subject to reopener provisions for the third year of those agreements.

Chairwoman Jordan explained that the CBRAHC's role should not be confused with the role of negotiations with the unions. She noted the CBRAHC should develop recommendations which it believed was in the best fiscal interest of the County that would be presented in future union negotiations.

Commissioner Bovo noted he served on the South Florida Regional Planning Council along with Commissioner Monestime on June 4, 2012 which presented a potential conflict with an upcoming meeting.

Discussion ensued as to the next meeting date.

Chairwoman Jordan suggested the CBRC review any unfinished business.

Commissioner Bovo said he would reach out to CBRC members to acquire a better understanding of their report.

Chairwoman Jordan inquired whether the CBRC had a Sunset period.

Ms. Rizzo responded that the CBRC would Sunset at the end of 2012.

Chairwoman Jordan noted the CBRC raised some unfinished business issues that could be addressed and become part of this process.

Deputy Mayor Ed Marquez asked for clarification on the issues for the CBRC to consider.

Chairwoman Jordan responded the issues were 1) job security/income as it pertained to reduced hours and job sharing; 2) health care costs and wellness issues. She suggested the possibility that the County and the School Board utilize the same insurance provider in order to reduce costs with a larger user base.

Ms. Rizzo noted that current union contracts include a provision that the County would negotiate with the unions prior to setting 2013 health insurance premium rates. She also noted the County was evaluating health plan redesign in order to mitigate the current 4-percent health care contribution. Ms. Rizzo said Gallagher, the County's benefit consultant, had developed various scenarios that were being presented to union representatives to discuss various health plan options and this information could be shared with this committee.

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Chairwoman Jordan asked that the health plan options be provided to the CBRAHC when this item was discussed. She noted that other committee members not present today might have other issues to be added to this discussion.

Ms. Rizzo reiterated that a presentation would be provided on overtime and supplemental pay components of the Compensation segment at the next meeting.

It was confirmed that the next CBRAHC meeting would be held on Thursday, May 31, 2012 at 9:00 a.m., in Rooms 3 and 4 on the 18<sup>th</sup> Floor of the Stephen P. Clark Government Center.

**VI. Adjournment:**

There being no further business, the Compensation & Benefits Review Ad Hoc Committee was adjourned at 10:51 a.m.