



**MIAMI-DADE COUNTY
FINAL OFFICIAL MINUTES
Compensation and Benefits Review Ad Hoc
Committee (CBRAHC)**

Board of County Commissioners

Stephen P. Clark Government Center
18th Floor Conference Rooms 3 & 4
111 N.W. First Street
Miami, Florida 33128

June 14, 2012
As Advertised

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**CLERKS SUMMARY AND OFFICIAL MINUTES
COMPENSATION AND BENEFITS REVIEW AD HOC COMMITTEE
June 14, 2012**

I. Call to Order & Opening Statement:

The Compensation and Benefits Review Ad Hoc Committee (CBRAHC) convened in a Meeting on the 18th Floor Conference Rooms 3 & 4 of the Stephen P. Clark Government Center (SPCGC) at 9:13 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 Eric Rodriguez; Internal Services Department Assistant Director Mary Lou Rizzo, and Division Director Arleene Cuellar; Commission Auditor Charles Anderson; and Deputy Clerk Alan Eisenberg.

Chairwoman Jordan noted the CBRAH decided at the last meeting to invite union representatives to today's meeting to gather information; ensure that the process was fair; and get a better understanding of the compensation process. She clarified that it was not the intent of Committee members to interfere with—or be involved in the Collective Bargaining negotiations process; however, they believed that input from union representatives was equally as important as input from the County Administration. Chairwoman Jordan noted she understood that union representatives were currently involved in the negotiation process, and should they decide not to participate in this process, she would respect that decision.

Commissioner Monestime noted additional information from union representatives about the compensation process would be beneficial to this Committee.

Commissioner Bovo noted the intent as stated at the previous meeting (5/31) was to for union representatives to provide a historical perspective on the negotiation process.

Chairwoman Jordan asked staff to proceed with their presentation.

II. Compensation – Supplements by Bargaining Unit

Internal Services Department Assistant Director Mary Lou Rizzo noted that information was compiled in response to questions raised by Committee members at the previous meeting (5/31). She explained that those questions were addressed in a handout entitled “Pay Components Follow-up”, which also corresponded to the tabbed sections in the binder, which provided a more detailed analysis.

Ms. Rizzo clarified that the total pay supplement cost for FY 2010-11 increased from \$137.5 million as stated at the previous meeting (5/31) to \$140.9 million, which resulted from the inclusion of employees terminated from County employment during the fiscal year as well as those employees who were active when the data was compiled.

Ms. Rizzo noted, in response to Commissioner Bovo's request, the Florida Retirement System provided their consultants' (Milliman) analysis on the impact and rationale for extending the average final compensation calculation for retirement benefits from five to eight years.

Ms. Rizzo explained that she would begin addressing questions raised at the previous meeting (5/31) as listed in the "Pay Components Follow-up" handout.

1. The number of employees by department and bargaining unit with pay supplements

Ms. Rizzo noted approximately 10,366 or 37.4% of the employees under the Mayor's purview received pay supplements; and 680 or 28.7% of the employees not under the Mayor's purview also received pay supplements.

Internal Services Division Director Arleene Cuellar explained that the Mayor could not unilaterally suspend benefits for employees not under his purview, although he did suspend benefits for his staff.

Ms. Rizzo referred to Attachment 1A depicting the number of employees receiving pay supplements by department; the percentage of employees within that department; and the annual cost of the pay supplement for both Mayoral and non-Mayoral departments.

Ms. Rizzo explained that Attachment 1B provided a distribution of pay supplements received by department and by bargaining unit.

Deputy Mayor Ed Marquez asked for clarification as to the difference between the \$115,988,933 pay supplements (\$114,261,858 Mayoral and \$1,726,975 non-Mayoral) as presented on Attachment 1B in relation to the \$140.9 million pay supplement projection for FY 2010-11 presented earlier by Ms. Rizzo.

Ms. Rizzo responded that the difference in this projection was due to collective bargaining concessions.

Ms. Cuellar further responded that \$115,988,933 was a projection for 26 pay periods and was not necessarily the total for the end of the fiscal year because some pay reductions were implemented in FY 2011-12 Quarter 2.

In response to Commissioner Bovo's question, Ms. Rizzo confirmed that these figures were based on negotiated agreements and would not change.

Pursuant to Chairwoman Jordan's query, Ms. Rizzo clarified that the 4 percent health care contribution was a separate contribution and was not included in these calculations. Ms. Rizzo indicated that this contribution was applied to base pay, not adjusted pay.

Ms. Cuellar clarified that the figures represented an aggregate of all County employees.

Deputy Mayor Marquez clarified that the \$115,988,933 figure was not for an entire year since it did not include the first quarter of FY 2011-12.

2. The number of employees receiving multiple pay supplements

Ms. Rizzo explained that Table 1, Page 1 of the “Pay Components Follow-Up” presented the number of employees receiving one or more pay supplements, the percentage of employees receiving pay supplements, and the percentage of the entire Workforce who have pay supplements on the County workforce.

In response to Commissioner Bovo’s question about the 679 employees receiving six pay supplements and the reason why these supplements were not paid as part of base pay, Ms. Rizzo noted the supplements were for Fire and Police Benevolent Association (PBA) collective bargaining unit employees. She explained that all PBA members received three permanent pay supplements (Hazardous Duty Pay, First Responder, and Florida Department of Law Enforcement certification), which were not a part of the base pay because it was negotiated as part of the collective bargaining agreements and applied across the board. Ms. Rizzo explained that the County previously engaged in “patterned bargaining” where everyone received the same wage increase in order to obtain consensus. She explained further that the Pay Supplements were not compounded by cost of living increases when excluded from base pay and applied separately.

Pursuant to Commissioner Bovo’s question as to whether the amount of a pay supplement increased over time, Ms. Rizzo responded that First Responder and Florida Department of Law Enforcement (FDLE) Pay Supplements were a percentage of pay; however, the Hazardous Duty Pay was a flat rate and would remain constant until this amount was renegotiated.

Chairwoman Jordan commented that pay supplements were automatic for PBA members and inquired whether any police officers did not have these three certifications.

Ms. Rizzo responded that a police officer must be certified by the Florida Department of Law Enforcement (FDLE).

Chairwoman Jordan questioned the rationale for not including the amounts in the base pay rather than having pay supplements when FDLE certification was a requirement for the position.

Ms. Rizzo noted the award was made through previous collective bargaining.

Deputy Mayor Marquez clarified that he believed the pay supplement was the result of “patterned bargaining” where a previous administration negotiated a pay raise for all unions, but also gave an additional pay raise to individual unions through a pay supplement.

Chairwoman Jordan noted that police officers should be hired at a base pay that takes into account existing certification since they could not be hired as a Police Officer without that certification.

Ms. Rizzo explained that Figure 1, Page 2 of the “Pay Components Follow-Up” presented the distribution of employees with Pay Supplements.

Ms. Rizzo noted Attachment 2A provided details on employees receiving seven or more pay supplements; which were broken down into the number of pay supplements, base salary, adjusted annual salary, and the value of the pay supplement, according to job classification and employee, including the supplement received by that employee.

Ms. Rizzo explained that Attachment 2B provided the distribution of the number of pay supplements per employee according to collective bargaining unit.

3. Pay Supplements considered in the calculation of promotions

Ms. Rizzo explained that a list of pay exceptions considered in calculating the promotions was provided in Attachment 3. She said some exceptions were reflective of specific certifications and others were due to collective bargaining agreements. Ms. Rizzo noted this report included details on whether or not pay exceptions were equivalent to a pay step, percentage pay or flat pay.

In response to Commissioner Bovo’s question about the approximate value of a pay step, Ms. Rizzo said a step was approximately 4.7 percent and that amount would vary based on the job classification.

Commissioner Bovo inquired whether incentives or supplemental pay existed that were essential for an individual to perform his/her job versus those that were not necessary.

Ms. Rizzo responded that pay exceptions were competency-based incentives paid for obtaining a certification or specific credential; and were not included in minimum job qualifications. Supplemental Pay was also given for specific work within a job class that could not be performed without the supplement, said Ms. Rizzo.

Commissioner Monestime clarified that it appeared pay supplements were provided for performance-based jobs and individual competency.

Ms. Rizzo responded that Pay Supplements were awarded for specific assignments as well as provided an incentive for an employee to advance his/her education or receive certifications which would then allow that employee to contribute to the County at a higher level.

4. Five year trend of Pay Supplements with projection for FY 2011-12

Ms. Rizzo explained that a five-year historical perspective on the cost of pay supplements was included in Attachment 4; including a projection for FY 2011-12, according to the Collective Bargaining Units. She noted that the downward trend was the result of collective bargaining unit concessions and that many pay supplement changes would Sunset and would need to be renegotiated when the existing Collective Bargaining Agreements expired.

Commissioner Bovo noted rather large pay supplement increases between FY 2006-07 and FY 2010-11; however, the FY 2011-12 decreases were not to the previous level.

Ms. Rizzo explained that whether or not employees received the Cost of Living Adjustment (COLA) would affect the value of a pay step. She also noted the cost of restoring the \$1,300 annual premium pay for all Collective Bargaining Units except the Fire and Police at the end of the FY 2008-11 Contracts was significant. Ms. Rizzo noted this analysis was very complex due to the timing of contracts, and various start/stop dates.

Commissioner Monestime noted the decrease in total Pay Supplements was encouraging. He said although it may not be the County's policy, it was acceptable to offer pay supplements to employees for acquiring additional competencies, and questioned the primary factor(s) that attributed to increases in pay supplement.

Commissioner Bovo said that a Pay Supplement was a method to award specific employees rather than across-the-board. He noted Pay Supplements were negotiated by the Administration and commissioners were removed from this process. Using police officers as an example, the commissioner noted police officers received supplemental pay for obtaining a certification; however, that certification was required for that job.

Chairwoman Jordan referred to the previous explanation that a police officer received a Pay Supplement for FDLE certification rather than in the base pay. She said she would prefer that the cost of the certification to be included in base pay since it was necessary to become a police officer. Chairwoman Jordan inquired whether similar situations existed elsewhere.

Chairwoman Jordan asked Assistant County Attorney Rodriguez whether the County Commission could include an allocation in the budget that was less than the \$140.9 million needed to fund pay supplements without entering into negotiations with the unions.

Assistant County Attorney Rodriguez noted budget decisions would always be separate from contract negotiations; that Committee members could not negotiate that position in the budget because the budget process was completely separate from the negotiations process; and the availability of funding for this purpose was critical. He also noted he would be concerned with members of this Committee dictating a position that must be

negotiated through the budget process. However, it would be proper for the Committee to say \$100 million is available for supplemental pay and the Administration will figure how to negotiate, said Assistant County Attorney Rodriguez.

Commissioner Bovo noted the Administration should have an indication of the amount of money available to operate County government when the County Commission sets the millage rate.

Assistant County Attorney Rodriguez clarified that setting the millage rate established the amount of money for the General Fund; however, it did not provide specific direction on how those funds should be used.

Commissioner Monestime noted the Charter Review Task Force was considering placing a referendum on the ballot in August that would prohibit the Mayor from vetoing any proposed legislation approved by the County Commission involving County employees' compensation. He stated that if this referendum was approved by the voters, this issue would be resolved. However, he pointed out that even in that case, the County may end up at an impasse if the unions insisted on a compensation package that the County could not afford.

Deputy Mayor Marquez noted collective bargaining was an extremely difficult process with many different parameters to be negotiated within each union contract. He said the County Commission could set a total dollar amount for salaries which members of the County Administration would use to negotiate with unions. Deputy Mayor Marquez noted negotiations would result in an impasse if the Administration was unable to reach an agreement with union representatives on that figure, and the County Commission would then need to provide the Administration with further direction. He said the Commission had the ultimate authority to direct members of the Administration; however, the negotiations process would be more difficult if a certain dollar amount was specified. Deputy Mayor Marquez noted the Administration would ultimately reach the budgeted figure by managing expenses, reducing services, or eliminating employees in the event negotiations were unsuccessful.

Ms. Rizzo explained that members of the Administration continued to negotiate with the union representatives after the County Commission adopted its current budget, with an understanding that salaries needed to be reduced. She noted that AFSCME 199 reduced their pay plan rate one-percent across-the-board and that PBA accepted a one-step differential for the night shift rather than a two step.

Chairwoman Jordan noted she supported the reciprocal negotiation approach between the unions and the Administration. She questioned whether the County Commission could limit the amount the Mayor could spend on a specific line item in the budget and if so, whether that would be considered interference with the Collective Bargaining negotiations.

Assistant County Attorney Rodriguez noted this would establish difficult parameters and could lead to concern, although it was not illegal. He noted the County Attorney's Office would always defend the County Commission's decision if legally defensible; noting limiting the amount the Mayor could spend on a line item in the budget may be legal, but not advisable, Assistant County Attorney Rodriguez also noted the County Commission needed to establish its bottom line for compensation, noting the method by which the Administration achieved that goal was unimportant. He advised that pay supplements were a flexible method to negotiate benefits and could increase the overall cost to the County if included in base pay. Assistant County Attorney Rodriguez said that giving the Administration the flexibility to negotiate would allow them to obtain union concessions that would help meet the bottom line.

Commissioner Monestime pointed out that the County Commission was ultimately responsible for ensuring that the liability to the taxpayers did not increase beyond what they could afford, even though members of the Administration were given the flexibility to negotiate.

Assistant County Attorney Rodriguez responded that the County Commission was responsible for setting both the millage rate and adopting a budget. He noted it was then up to members of the Administration to negotiate with collective bargaining units based upon those criteria.

Ms. Cuellar noted the number of full-time employees was a factor contributing to the reduction in overall costs as shown on Page 3, Figure 2 of the "Pay Components Follow-up" handout. She said there were approximately 29,500 full-time employees in FY 2008-09 and the number was now about 26,000 employees.

5. Non-bargaining unit employees with pay supplements

Ms. Rizzo explained that Attachment 5A provided an analysis of the number of Non-bargaining unit employees with pay supplements according to department. She noted approximately 127 out of 2,000 non-bargaining unit employees under the Mayor's purview received pay supplements at a total cost of \$508,999.

Ms. Rizzo explained that Attachment 5B provided a more detailed analysis by department and job classification.

Deputy Mayor Marquez clarified that 196 non-Mayoral employees also received \$294,297 in pay supplements, as noted on Attachment 5A, Page 3.

Commissioner Monestime inquired whether Administration had compared the County's pay supplements to other large governmental organizations.

Ms. Rizzo noted the Compensation and Benefits Review Committee conducted a comparative analysis of other employers, which found that the supplemental pay among unionized public sector employers was common.

Assistant County Attorney Rodriquez commented that some counties had more supplements than Miami-Dade County and some had less.

Commissioner Bovo inquired whether a comparative analysis was conducted on private sector employers.

Ms. Rizzo explained that the public sector was the focus of the analysis; however, staff could obtain that information on private sector employment contracts for unionized workers.

Deputy Mayor Marquez asked Ms. Rizzo if she had any knowledge of the costs associated with obtaining a private/public sector analysis.

Ms. Rizzo said she believed a survey was for sale that would show private sector compensation, and suggested it would be less expensive than hiring a consultant to conduct a survey.

Commissioner Bovo said he would like to receive additional information on private sector benefits. He noted he asked his staff to contact local utilities, cruise lines, and hospitals in order to understand how they addressed these issues. Commissioner Bovo said while the focus of the private sector was profits and reporting to their shareholders; the County also was interested in savings and was responsible to its residents. He suggested inviting personnel directors from other entities to address this Committee and provide additional insights on benefits from a private sector's perspective.

Chairwoman Jordan noted she concurred that additional information would be helpful; however, private sector employers would have to be willing to share information with the County. She asked Ms. Rizzo to consult with representatives from the private sector to determine whether they would be willing to participate.

Commissioner Monestime noted it was his understanding that private sector incentives were performance based (competency, education, seniority, etc.). He said that while it was essential to have a competent workforce, performance criteria must be included in incentive awards.

Ms. Rizzo provided additional information on the CBRC's comparative analysis discussed earlier, noting that out of 22 public sector employers surveyed, 18 granted Pay Supplements to their workforce. She indicated that she would endeavor to obtain private sector information.

Chairwoman Jordan noted private sector incentives were often based upon sales and it would not be practical to base incentives on the number of clients served by County employees.

Commissioner Bovo said that the taxpayers were our shareholders and as a result the County Commission needed to report savings, rather than profits. He noted he did not

believe in taking from employees; however, County residents were closely watching County government and questioning why government was not run like a business.

Chairwoman Jordan noted the community needed to be educated about the services provided with their tax dollars.

Deputy Mayor Marquez said it was hard to compare the County to the private sector. He noted the Administration strove in its strategic planning to provide County Commission members with benchmarks that would assist them in making informed comparisons.

6. Pay Supplements by bargaining units

Ms. Rizzo explained that Attachment 6 provided an analysis of Pay Supplements for each Collective Bargaining Unit, depicting the number of employees receiving a supplement, and the associated costs of those supplements.

Ms. Rizzo noted the total figure under the Count of Employees Earning the Pay Supplement on Attachment 6A, Page 7 should be disregarded as it was a cumulative figure which included multiple supplements per employee.

7. Court time costs and hours for FY 2010-11 and projections for FY 2011-12

Ms. Rizzo noted a reduction in court time costs due to a reduction in mandatory overtime for court appearances from 4 hours to 2 hours in the PBA union contract. She said video conferencing of depositions had also reduced court time costs.

Commissioner Bovo said he was informed that police officers were scheduled for court appearances in an efficient manner.

Mr. Gustavo Knoepffler, Chief Financial Officer, Miami-Dade Police Department (MDPD), explained that police officers' court attendance was coordinated through the State Attorney's Office and the Court Services Bureau so that officers spent minimal time attending pre-trial conferences, depositions and court appearances. He noted the video conferencing pilot program allowed police officers to participate in depositions and pre-trial conferences without traveling and was now being introduced Countywide at District Stations and Investigative Bureaus. Mr. Knoepffler noted the department instituted recent efficiencies to schedule court time during on-duty hours, to avoid officers being paid overtime. He said the reduction to two hours overtime pay had resulted in savings of millions of dollars. Mr. Knoepffler noted additional overtime cost efficiencies realized as the result of late afternoon Traffic and Misdemeanor Domestic Violence case scheduling. He said the Administrative Judge for Domestic Violence allowed officers to be placed on standby when not essential to the case, resulting in additional efficiencies. Mr. Knoepffler explained that he believed the \$5 million FY 2011-12 projected costs would be further reduced to \$4 million in FY 2012-12 due to the reduction from 4 hours to 2 hours for

court overtime not included in Quarter 1 and efficiencies from scheduling afternoon court cases at the North Dade and South Dade Courthouses beginning later in the year.

Chairwoman Jordan commented that video conferencing was an excellent idea.

III. Next Steps

Chairwoman Jordan noted Compensation issues were still being considered and inquired what areas remained to be discussed.

Ms. Rizzo responded that Administration was currently discussing Health Plan redesign with employee unions. She noted the original plan was for the CBRC members to address this issue and then present their recommendations to this Committee.

Commissioner Monestime reminded Chairwoman Jordan that she previously expressed concern about the County's Pay Plan.

Chairwoman Jordan noted she wanted to make sure all compensation items were discussed before moving to another topic. She said she was concerned about employee health plan contributions; however, she did not want to interfere with the union negotiation process. Chairwoman Jordan noted in the meantime, the Administration could provide the Committee with information regarding its negotiations with the current health care provider to reduce staff costs.

Ms. Rizzo confirmed that she would provide a presentation on the Pay Plan structure at the next meeting.

Commissioner Bovo noted he would be out of town on County business next week; he would be available to meet on June 28th; and would be out of the Country July 5th and 12th.

Chairwoman Jordan noted the CBRAHC's decisions would not impact the FY 2012-13 budget cycle. She said she intended to take a summer break and encouraged members of this Committee to meet once or twice before the recess.

Chairwoman Jordan asked Ms. Rizzo to secure a room for a June 28th Committee meeting. She also asked Ms. Rizzo to meet with Committee members to determine mutually acceptable meeting dates that could be scheduled prior to the Commission recess and preferably on Thursdays.

IV. Adjournment

There being no further business, the Compensation & Benefits Review Ad Hoc Committee was adjourned at 10:46 a.m.