



Compensation & Benefits Review Ad Hoc Committee

Members:

Commissioner Barbara J. Jordan, Chairperson
Commissioner Jean Monestime
Commissioner Jose "Pepe" Diaz
Commissioner Esteban L. Bovo, Jr.

Thursday, October 11, 2012 at 9:00 a.m.
Government Center / Stephen P. Clark Center
111 NW First Street
18th Floor Conference Rooms 3 & 4

AGENDA

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| I. | Call to Order & Opening Statement | The Hon. Barbara J. Jordan, Chair |
| II. | Approval of Summary Minutes – July 12, 2012 | Ad Hoc Committee Members |
| III. | Update of Collective Bargaining | Internal Services – Human Resources Division |
| IV. | Review of Follow-up items from last meeting | Internal Services – Human Resources Division |
| V. | Department Recommendations | Internal Services – Human Resources Division |
| VI. | Committee Recommendations/Discussion | Committee Members |
| VII. | Next Steps | |
| VIII. | Adjournment | |

**CLERKS SUMMARY AND OFFICIAL MINUTES
COMPENSATION AND BENEFITS REVIEW AD HOC COMMITTEE
July 12, 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 9:14 a.m. County Commissioners Jose “Pepe” Diaz and Jean Monestime were present. Also present were Deputy Mayor Ed Marquez; Assistant County Attorney Bill Candela; Internal Services Department Assistant Director Mary Lou Rizzo, and Benefits Manager Hazel Grace-Dansoh; Commission Auditor Charles Anderson; and Deputy Clerk Alan Eisenberg.

Commissioner Diaz opened the meeting, noting that Chairwoman Jordan and Commissioner Bovo would not be attending today’s (7/12) meeting.

II. Senior Executive Benefits

Internal Services Department Assistant Director Mary Lou Rizzo indicated that the County’s Executive Benefits program would be the topic of today’s presentation.

- **Executive Benefits Background**

Ms. Rizzo explained that the Executive Benefits program began in 1987 instead of the Cost of Living Adjustment (COLA) for non-bargaining unit employees; subsequently, in 1993, Executive employees began receiving COLA benefits as well as Executive Benefits. She indicated that Executive employees received a spending allowance that was required to be allocated to various designated benefits. Ms. Rizzo also noted Executive employees received an executive allowance, a car allowance, and a parking or Metrorail pass which were not considered creditable salary toward average final retirement compensation calculations.

Ms. Rizzo noted the following changes to the Executive Benefits program: Parking and Metrorail pass benefits were eliminated in October 2009; Car allowances for Executive employees under the Mayor’s purview were reduced by 25 percent in October 2010 and then eliminated in October 2011; and Executive allowances were eliminated for 272 executives under the Mayor’s purview on May 27, 2012. She noted approximately \$2 million annual savings were realized by eliminating Executive allowances.

Ms. Rizzo mentioned that approximately 134 non-mayoral employees currently received Executive Benefits and referred to a pie chart on Page 4 of the handout depicting the number of Executive employees according to department.

Commissioner Diaz noted the largest slice of the pie chart represented 46 percent and asked Ms. Rizzo how many employees corresponded to this percentage.

Ms. Rizzo clarified that each slice of the pie chart depicted the number of Executive employees according to department.

Commissioner Diaz asked Ms. Rizzo to revise the pie chart to indicate this clearly.

- **Executive Benefit Values**

Ms. Rizzo noted five groups of non-mayoral executives were included in the Executive Benefits program as depicted on Page 5 of the handout, with each group receiving a different level of benefits as highlighted on Page 6. Ms. Rizzo explained that Group 1 Executives received a \$10,000 annual spending allowance, a car allowance in the amount of \$6,500, a \$1,500 contribution towards a supplemental retirement account; they participated in the Florida Retirement System (FRS) Senior Management Service class; they were eligible for an executive physical examination; and they were eligible for executive retiree health insurance. She explained that the value of benefits decreased according to the group level, and indicated that Page 7 provided an analysis showing the number of executives per department based upon benefit level.

Commissioner Diaz asked whether this data included all departments with employees receiving Executive benefits, including the Police and Fire Rescue Departments.

Ms. Rizzo clarified that Executive Benefits for employees in all departments under the Mayor's purview were eliminated effective May 28, 2012, resulting in an annual savings of approximately \$2 million.

Commissioner Diaz asked Ms. Rizzo to provide a similar distribution of Executive Benefits prior to their elimination for comparison purposes in the event of a future reinstatement.

Ms. Rizzo explained that the County Commissioners, Clerk of Courts and County Attorney received additional benefits as detailed on Page 9 of the handout. She noted County Commissioners received an \$11,500 contribution to their Supplemental Retirement Account; County Commissioners received an annual expense allowance of \$24,000; elected officials participated in the FRS Elected Officers class and received a car allowance with a \$9,600 annual cap; the Clerk of Courts received an annual expense allowance of \$36,000 and a car allowance with a \$9,600 annual cap; and the County Attorney received a car allowance with a \$9,600 annual cap, and an annual expense allowance of \$36,000, a portion of which he could allocate to the First Assistant County Attorney, at his discretion.

- **Executive Retiree Health Insurance**

Ms. Rizzo noted Executive employees were eligible for Single Coverage Retiree Health Insurance for 10 years or until age 65, whichever was earlier, and proceeded to explain the eligibility requirements which appeared on Page 10 of the handout. She said that approximately 106 former Executive employees currently received this benefit. Ms.

Rizzo noted the projected annual cost for Executive Retiree Health Insurance for 2012 was \$1,174,104 as depicted on Page 11.

In response to Commissioner Diaz' inquiry about medical benefits, Ms. Rizzo explained that benefits were provided for 10 years or until age 65, whichever was earlier, to former employees from departments that were now under the Mayor's purview but were previously under the County Manager's purview, who separated from County service and participated in the Retiree Health Insurance program.

Commissioner Diaz questioned the effect of the Mayor's decision to eliminate Executive Benefits upon current employees who already earned or received them; and the number of years required for an employee to become vested.

Deputy Mayor Ed Marquez explained that employees who already met the minimum criteria and earned benefits would maintain their eligibility; however, new directors would not be eligible. He noted the current vesting period was six years.

Ms. Rizzo clarified that an Executive employee having served a minimum of six years in a position eligible for Executive Benefits, and who was subsequently assigned to a position not eligible for Executive Benefits, would receive the Retiree Health Insurance benefit upon retirement if he/she was at least 60 years of age with 10 years of service, or 65 years of age with 25 years of service

Commissioner Diaz observed that the benefit had not been taken away from employees under the Mayor's purview for those employees who were already vested.

- **Commissioners' Retiree Health Insurance**

Ms. Rizzo explained that elected officials with five or more years of service were entitled to receive group health insurance coverage for a maximum of 15 years or to age 65, whichever was earlier, and elected officials with 16 or more years of service were entitled to receive supplemental Medicare insurance coverage. She noted the County paid health insurance and supplemental Medicare coverage costs.

Commissioner Monestime pointed out that supplemental Medicare coverage would no longer be applicable in light of the proposed eight-year term of office limit for County Commissioners.

Ms. Rizzo noted County Commissioners having served one complete four-year term of office were eligible to purchase \$100,000 Basic Life Insurance coverage at the current group rate after retiring from County service.

- **Executive Early Retirement Incentive Program**

Ms. Rizzo explained that the Executive Early Retirement Incentive (EERI) program provided the continuation of County contributions for medical and dental insurance for

10 years or until age 65, whichever was earlier, and 100 percent payout of sick leave balance up to 1,500 hours. She noted the EERI program eligibility required that the employee's age plus the years of continuous service equal 70 and this incentive was a one time offer. Ms. Rizzo said that only four former employees were enrolled in the EERI program as of July 2012 with a projected cost of \$43,982.

III. General questions

Commissioner Monestime inquired whether a comparison of the County's Executive Benefits with other large municipalities and counties existed, and if so, were there any similarities.

Ms. Rizzo explained that data collected in previous surveys reflected different Executive Benefit components among the various entities reviewed. She noted similarities to other public sector employers; however, the benefit packages were continually evolving and benefit reductions were also being considered by other entities. Ms. Rizzo clarified that she did not find a benefit package exactly the same as that offered by the County; however, she noted, some organizations offered none and others offered a variety of benefits based upon the executive's level within the organization.

Commissioner Monestime expressed concern that the County Commission was scrutinized over benefits. He said he believed that sick leave and overtime expense were among the major factors contributing to increased costs. Commissioner Monestime asked Ms. Rizzo to provide an analysis of non-salary benefit expenses and the cost percentages attributed to the County Commissioners and their staff relative to other County Executives.

Commissioner Diaz pointed out that the County Commission's staffers were at-will employees whose rights were not protected. He noted he concurred with Commissioner Monestime that the goal was to enhance benefits within budget constraints and it was no one's intention to take away benefits from hard-working employees nearing retirement. Commissioner Diaz reiterated the need to review benefits received by County Commissioners considering their shorter terms of office and asked Ms. Rizzo to obtain information on benefits offered to other government officials whose terms of office were limited to eight years.

Commissioner Monestime asked Ms. Rizzo to revise the pie chart on Page 4 of the handout to include the total number of employees within each of the departments listed on the chart.

Internal Services Department Division Director Arleene Cuellar clarified that different levels of Executive Benefits existed and not all Executive employees within a department received the same benefits. She offered to include a specific breakdown of benefit packages within each department in the analysis requested by Commissioner Monestime.

Commissioner Diaz inquired whether any other vested benefits would remain even though they were removed from the Administration's purview.

Ms. Rizzo noted in addition to the Executive Retiree Health Insurance benefit program previously discussed, Executive employees were also eligible to receive 100 percent sick leave payout after 25 years of service; however, all other employees were eligible after 30 years.

Commissioner Diaz said he believed a change was made by Mayor Gimenez requiring that sick days be either used or otherwise lost.

Ms. Rizzo clarified that changes to the leave policy were discussed in recent collective bargaining negotiations; however, no changes were made to either sick or annual leave benefits.

Commissioner Diaz noted he understood that the Federal and State governments were moving toward a use it or lose it policy for sick and annual leave and asked Ms. Rizzo to provide a comparison of these benefit policies.

IV. Follow-up Items from the previous meeting

Ms. Rizzo indicated that she had compiled information, which was included in the handouts as requested by Committee members at the previous meeting as follows:

- **Miami-Dade County Workforce Summary**

Ms. Rizzo noted her office had prepared a summary of the Miami-Dade County workforce similar to the information previously provided for other government entities. She clarified that the 29,716 total employee count represented both full-time and part-time employees, noting approximately 26,000 were full-time employees. Ms. Rizzo said the analysis provided an overview of the number of classifications, the ratio of employees to job classes, the percentage of employees represented by bargaining units, and other pertinent details on employee benefits.

- **Summary of Benefits for Miami-Dade County Employees**

Ms. Rizzo noted a summary of benefits for County employees was included in today's package, noting this information was also used for employment recruitment purposes.

- **Memorandum of Understanding between Miami-Dade Fire Rescue and IAFF Local 1403 regarding Group Health Insurance**

Ms. Rizzo explained that the Memorandum of Understanding (MOU) was provided to clarify the provision in the Fire Union employees' previous contract requiring employees to contribute five percent of their base pay into the Union's group insurance plan.

Commissioner Diaz inquired whether the MOU explained why the Fire Department used internal savings to fund group health insurance rather than having it paid by employees. He also questioned whether this practice was currently being used by the Department.

Ms. Rizzo noted the five percent contribution was not included in the FY 2011-14 contracts; however, it was a provision of the previous contract. She said that the County was not contributing the five percent in the current contract and the Fire Union was making up for the portion of money that would have funded the Health Plan through other concessions.

Commissioner Diaz observed that the Administration asked departments to review and identify savings within their departments. He noted following this review, one department did not eliminate certain employee benefits due to other savings identified within their operational structure. He asked Ms. Rizzo to provide an accounting of concessions and savings used by the Fire Union to make up for the five percent contribution in comparison to other departments to ensure that no employees enjoyed an unfair advantage simply because they worked in a particular department.

- **Average Annual Adjusted Salaries and Fringe Benefits by Bargaining Unit**

Ms. Rizzo noted Commissioner Diaz previously requested a salary distribution and fringe benefit analysis. She said that this handout provided the average annual base and adjusted salary in addition to fringe benefits for each bargaining unit and non-bargaining unit employee.

Commissioner Diaz questioned the 16.6 to 25.8 percent disparity in the fringe benefit rate among the various union and non bargaining unit employees.

Ms. Rizzo explained that the Florida Retirement System (FRS) contribution was based on the adjusted rate of pay, which accounted for the variance. She noted the County paid the FRS a contribution based upon total salary, including supplements and overtime, etc. Ms. Rizzo said that the base pay plus adjusted pay only represented the base pay plus pay supplements. She noted a variance existed based upon the adjusted pay rates due to the FRS contribution calculations.

- **Distribution of Average Adjusted Salary and Longevity for Full-Time Employees with an Adjusted Salary greater than \$50,000**

Ms. Rizzo noted discussion in the previous meeting about the effect of longevity on the County's workforce's average adjusted salary. She said that this cumulative analysis presented the percentage of full-time employees with average adjusted salaries greater than \$50,000 according to employment longevity. Ms. Rizzo noted 21 percent of the workforce earning \$50,000-\$75,000 had less than ten years of County employment; that 14.9 percent of the workforce earning \$75,000-\$100,000 had 10-20 years of employment;

and that 11.1 percent of the workforce earning \$50,000-\$75,000 and 10.4 percent earning \$75,000-\$100,000 had 20–30 years of employment.

- **Impact of Healthcare and Florida Retirement System Contributions on Average Annual Adjusted Salary Distribution for Full-Time Employees by Bargaining Unit**

Ms. Rizzo explained that this analysis was expanded to include the impact of employee paid healthcare and retirement contributions on the average annual adjusted salaries presented at the previous Committee meeting. She said that a variance in the Florida Retirement System (FRS) contribution caused the percentages to differ, noting the healthcare contribution was applied only to base pay; whereas, the FRS contribution was applied to adjusted pay.

Commissioners Diaz and Monestime noted GSAF-Professionals and the GSAF-Supervisors' union employees were distributed across numerous departments throughout the County. They both asked Ms. Rizzo to provide a salary analysis broken down by department in order to assess the full impact of salaries and to be able to compare this information with other entities.

Deputy Manager Ed Marquez noted departmental budget reports were readily available; however, he cautioned that different structures existed within each governmental entity, even with the same departmental name, thus making the comparison difficult.

Commissioner Diaz noted this type of information helped make informed decisions, even though adjustments would be needed to accommodate individual circumstances.

- **Cumulative Distribution of Average Annual Adjusted Salaries for Full-Time Employees**

Ms. Rizzo noted this chart provided the percentage of the workforce according to adjusted salary range. She explained that 47.2 percent of the total workforce earned less than \$50,000 annually; that 78.2 percent earned less than \$75,000; and that 95.1 percent earned less than \$100,000 after including the employee healthcare and Florida Retirement Service contributions.

Commissioner Monestime said this information confirmed that not all County employees earned more than \$100,000.

Commissioner Diaz asked Ms. Rizzo to add to this report the number of full-time employees within each salary category, in addition to providing a similar analysis containing information on part-time and seasonal employees. He also asked for a report depicting the total consulting costs per County department and whether consulting services could be provided internally in order to save money.

In response to Deputy Mayor Ed Marquez' request for clarification, Commissioner Diaz noted he considered anyone not paid as a County employee as a consultant.

Deputy Mayor Marquez suggested that members of the Administration engaged in further discussion about the definition of a consultant and who was included before this information was compiled.

Commissioner Diaz concurred with Commissioner Jordan's previous comments that the County could not continue to balance the budget on the backs of its employees. He noted that a complete understanding of costs associated with all employees, including part-time employees and consultants providing services to the County was needed.

Commissioner Monestime asked Ms. Rizzo to provide a pie chart showing the cumulative distribution of average annual adjusted salaries according to the number of employees with salaries under \$100,000 and for employees earning \$100,000-\$150,000. He also asked for data to be compiled on part-time employees and consultants.

Commissioner Diaz noted these ratios would not apply to part-time employees because of benefits. He inquired whether part-time employees contributed toward health insurance.

Ms. Rizzo clarified that part-time employees working 30 hours per week were eligible to participate in the health plan. She noted employees continued to contribute into the health plan even though they did not participate in it. Ms. Rizzo explained that the required contribution replaced a reduction to the base pay plan rate. She said that the five percent contribution was applied uniformly to all employees in order to garner the savings necessary to fund the Health Insurance Trust Fund. Ms. Rizzo indicated that employees participating in the plan received health insurance benefits as a pre-tax deduction, while employees not participating in the plan continued to pay the five percent; however, they were not taxed on that amount, said Ms. Rizzo.

Commissioner Diaz questioned why part-time employees should pay for a benefit which they did not receive. He asked Ms. Rizzo to provide a report which analyses the number of part-time employees contributing to the health plan compared to those who did not contribute.

Commissioner Monestime noted he and several of his colleagues attempted to limit the effect of budget reductions on employees earning less than \$50,000 annually during last year's budget discussions. He noted he was more comfortable knowing that Miami-Dade County was not the only governmental organization confronted with benefit reductions; however, he expressed concern about losing quality employees as the level of benefits continued to decline.

- **Merit Increases and Longevity Bonus Award Eligibility with Suspension Periods**

Ms. Rizzo noted this report provided an analysis of merit increases and longevity bonus award eligibility with suspension periods for bargaining unit, non-bargaining unit general workforce, non-bargaining unit executives and non-mayoral employees between FY 2006 and FY 2014.

Ms. Rizzo explained that all employees received a merit increase and a longevity bonus award in FY 2006-07. She noted benefits were suspended in FY 2007-08 for non-bargaining unit executives and for all union employees in FY 2009-10 with the exception of the Water and Sewer Union whose benefits were suspended in FY 2010-11 in accordance with the terms of their contract. Ms. Rizzo said that merit increases and longevity bonuses were restored for all union employees in FY 2011-12 for the term of the contract due to other union concessions and these benefits continue to be suspended for non-bargaining unit employees and unit executives and were at the discretion for non-mayoral employees. She noted all union members remained eligible for benefits for FY 2012-13; however, benefits were suspended for all non-bargaining unit employees and executives and were at the discretion for non-mayoral employees.

In conclusion, all bargaining unit employees remained eligible for merit increases and longevity bonus awards for the duration of their current contract term and the status of non-bargaining unit and non-mayoral employees was unknown at this time, said Ms. Rizzo.

V. Next Steps

Ms. Rizzo encouraged Committee members to request clarification on any of the data that was presented today, if necessary.

Commissioner Diaz noted Chairwoman Jordan would notify members of this Committee and County Administration about the schedule for the next Committee meeting.

Commissioner Diaz clarified that information on part-time employees was to be provided in whatever categories were appropriate for their employment. He acknowledged that this information was hard to understand because it was constantly changing, but he stressed that it was important that it move forward.

Commissioner Monestime reiterated that the costs for part-time and seasonal employees as well as consultants should be included.

Commissioner Diaz clarified that any employment other than full-time was considered part-time. He said that his primary concern was the total costs; however, this information could be divided into sub-categories.

Pursuant to Deputy Mayor Marquez' question, Commissioner Diaz confirmed that the Administration would provide the County Commission with a separate report on consultant issues as identified earlier in today's meeting as requested by him and Commissioner Monestime.

VI. Adjournment

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

Barbara J Jordan, Chair