



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, December 6, 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 – October 18, 2012 | Ad Hoc Committee Members |
| III. | Review of Follow-up item from last meeting | Internal Services – Human Resources Division |
| IV. | Committee Recommendations/Discussion | Committee Members |
| V. | Adjournment | |

**CLERKS SUMMARY AND OFFICIAL MINUTES
COMPENSATION AND BENEFITS REVIEW AD HOC COMMITTEE
October 18, 2012**

I. Call to Order & Opening Statement

The Compensation and Benefits Review Ad Hoc Committee (CBRAHC) convened a meeting on the 18th Floor Conference Rooms 3 & 4 of the Stephen P. Clark Government Center (SPCGC) at 9:27 a.m. County Commissioner Barbara J. Jordan, Chairwoman; and Commissioners Esteban L. Bovo, Jr., Jose "Pepe" Diaz and Jean Monestime were present. Also present were Assistant County Attorney Eric Rodriguez; Internal Services Department Assistant Director Mary Lou Rizzo, Division Director Arleene Cuellar, Compensation Manager Eneldo Hernandez; Commission Auditor Charles Anderson; and Deputy Clerk Alan Eisenberg.

Chairwoman Jordan opened the meeting, noting that the Committee had reviewed a significant amount of data over the past several months. She acknowledged everyone involved in this process for their dedication and cooperation. Chairwoman Jordan said this information either clarified or clouded ones mind in regard to perceived perceptions about the County's personnel structure and costs. She noted the Committee's purpose was to evaluate the Compensation and Benefits Review Committee's Annual Report; to review additional data; to formulate recommendations for presentation to the County Commission; and to use this information to direct Administration to negotiate with the County's union partners.

Commissioner Jordan said she believed the pay plan could not sustain an annual eight-percent increase, particularly when revenue did not keep pace with increased costs. She noted; however, that the County needed to provide competitive salaries and benefits in order to attract and retain the best and brightest workforce.

Commissioner Jordan explained that the Committee would review the status of collective bargaining agreements; follow-up on items from the previous meeting; and obtain recommendations from County Administration. She said members of this committee would then develop recommendations to be presented to the County Commission.

II. Approval of Summary Minutes

It was moved by Commissioner Monestime that the June 28, 2012 and the July 12, 2012 Compensation and Benefits Review Ad Hoc Committee meetings minutes be approved. This motion was seconded by Commissioner Bovo, and upon being put to a vote, passed by a vote of 3-0, (Commissioner Diaz was absent), (Exhibit No. 2 & 3).

III. Update of Collective Bargaining

Ms. Mary Lou Rizzo, Assistant Director, Internal Services Department, noted a report depicting the Status of Collective Bargaining: 4% Wages and Health Plan Redesign was

included in today's handouts (Exhibit No. 5). She noted the second 4% contribution toward health care costs and health plan redesign remained outstanding issues with nine out of 10 collective bargaining unions.

Ms. Rizzo said Administration was directed to negotiate the return of the second 4% contribution toward health care costs with collective bargaining unions upon adoption of the Fiscal Year 2012-13 budget. She announced that agreements were ratified with the American Federation of State, County and Municipal Employees (AFSCME) Local 199, AFSCME Local 3292, Government Supervisors Association of Florida / Office & Professional Employees International Union (GSAF/OPEIU) Local 100, Police Benevolent Association (PBA), Transport Workers Union (TWU) Local 291, and AFSCME Local 121; that AFSCME Local 1542 would receive the 4% return due to the "Me Too" provision included in their agreement; and that the International Association of Fire Fighters (IAFF) Local 1403 agreed to other contractual concessions to make up for the health care contribution. She said the health care contributions were returned to employees effective October 1, 2012.

Ms. Rizzo noted the importance of ensuring that healthcare benefits remained affordable for all County employees. She explained that health premiums did not increase in 2012, pursuant to union contracts; however, a provision in those agreements stipulated that the County and the unions would negotiate changes to the health plan prior to establishing 2013 premiums. Ms. Rizzo said various options were presented to keep premiums the same while reducing employee's 9% health care contributions. She noted health premiums remained at the same rates as 2012 through increased employee co-payments for physician services and prescription benefits, resulting in approximately \$14 million savings.

Ms. Rizzo commented that County employees benefited from a provision in the Affordable Care Act which required that preventative care services be provided at no cost and proceeded to distribute a list of free services to Committee members (Exhibit No. 6). She said employees voted overwhelmingly in favor of approving these changes, noting they preferred to self-manage access to health care rather than to assume an automatic increase in premiums. Ms. Rizzo noted an employee would need to visit a specialist 49 times annually before they would reach the amount of the proposed increase in premium.

Ms. Rizzo said that Water & Sewer employees would be voting on Monday, October 22, 2012 and negotiations with the PBA were ongoing.

IV Review of follow-up items from last meeting

Ms. Rizzo proceeded to discuss the items requested by Committee members at the July 12, 2012 Committee meeting.

- **Non-Mayoral Department Executive Benefits**

Ms. Rizzo noted the Non-Mayoral Executives by Department pie chart was revised to reflect the number of employees working in Non-mayoral departments and the number of employees in those departments receiving executive benefits (Exhibit No. 7).

Ms. Rizzo explained that an Executive Benefits by Department report depicting Mayoral and Non-Mayoral employees receiving executive benefits according to executive benefits group, the number of employees receiving executive benefits, and the percent of that department receiving executive benefits was provided (Exhibit No. 8).

Chairwoman Jordan and Commissioner Bovo noted disparities existed in the number of employees receiving executive benefits in comparison to several departments' total workforce. Chairwoman Jordan commented that the criteria used to determine the number of employees selected to receive executive benefits needed to be addressed, although justification to support these benefits could exist that was unknown to Committee members.

Ms. Rizzo commented that this data represented executive benefits prior to Mayor Gimenez eliminating the Executive Benefits program for all executives under his purview in May 2012 and this information was provided for informational purposes. She clarified that executive employees did not receive salary increases or bonus rewards to offset the elimination of the Executive Benefits program.

Chairwoman Jordan noted that she understood the rationale for eliminating executive benefits; however, noted the restoration of an executive benefit program needed to be considered in order to remain competitive in the workforce. Chairwoman Jordan suggested that a consistent method be established to apply future benefits should an executive benefits program be reinstated.

Commissioner Monestime noted the County needed to remain competitive in order to deliver excellence and to prevent employees dissatisfied with their compensation from being recruited by other governmental agencies or the private sector. He said employees performed at their best if happy and efforts were needed to improve compensation packages if affordable.

Commissioner Bovo said he understood the need to remain competitive; however, the County needed to be mindful of its residents. He noted that Mayor Gimenez made the appropriate decision to terminate executive benefits in order to continue rendering County services. Commissioner Bovo concurred that he believed the Executive Benefits program should be addressed in the future in order to keep good talent from seeking employment elsewhere.

Commissioner Jordan reflected on the Y2K experience where information technology employees' salaries almost doubled in response their being recruited and offered jobs

elsewhere. She suggested that a method needed to be developed that would to keep and attract employees with specialize skills.

- **Salary and Other Remuneration for County Commissioners**

Ms. Rizzo noted an extensive study was conducted in May 2010 comparing county commissioners' base salaries, fringe benefits and whether outside employment was allowed, throughout the State of Florida (Exhibit No. 9).

Commissioner Bovo commented that the voters made their opinion clear on this issue and it did not warrant any further discussion.

- **Employee Sick and Annual Leave Policy Comparison**

Ms. Rizzo explained that a survey was compiled comparing benefits of various municipalities, organizations and the federal government (Exhibit No. 10). She noted private sector and some public sector employers were transitioning to a paid time off policy rather than accumulating a bank of annual and sick leave. Ms. Rizzo pointed out nearly all agencies reviewed currently had the same sick leave accrual policy as did Miami-Dade County.

Commissioner Bovo questioned the amount of money an employee could receive at separation for unused sick leave.

Ms. Rizzo responded that an employee was eligible for a 25 percent payout of their sick leave bank after competing ten years of service and that a sliding scale existed based upon longevity. She noted that an employee was eligible for 100 percent of their sick leave bank after 30 years of service.

Commissioner Bovo noted he did not support taking away benefits from current employees; however, alternative options to save money could be considered for newly hired employees. He asked for a report depicting the projected costs that would be incurred in the event that every County employee terminated service.

Ms. Rizzo said she would provide the sick leave payout information for employees terminating during Fiscal Year (FY) 2011-12. She noted she did not believe the average payout was significant when considering the entire workforce; however, outliers existed which continued to draw media attention.

Commissioner Bovo questioned whether information could be obtained from various private employers in the local community.

Ms. Rizzo responded that she would compile the information requested by Commissioner Bovo.

Chairwoman Jordan asked that additional information be provided from other comparable sized governments nationally.

Ms. Rizzo noted that the information requested by Chairwoman Jordan was presented on page 2 of the Benefit Comparison handout (Exhibit No. 10). She said that the federal government accrued sick leave without limit; however, they did not pay out this benefit.

Chairwoman Jordan commented that employees would stop work several months before their actual retirement date if a "use it or lose it" policy was implemented.

Ms. Rizzo said that sick leave was used in the annuity calculations of federal government employees' pensions, noting that rolling sick leave into average final compensation calculations was an incentive not to use up accumulated sick leave before retirement.

Chairwoman Jordan clarified that Commissioner Bovo was suggesting that a more cost effective method for sick leave payout for newly hired employees be considered. She compared this process to a previous County decision to hire new employees at Step 1 rather than at Step 5 to save money.

Ms. Rizzo noted new employees hired at Step 1 needed to work for ten years before reaching Step 10 and were then frozen for five years before their second longevity award under the change noted by Chairwoman Jordan; however, the existing workforce reached Step 10 in five years.

Commissioner Bovo reiterated that he did not support changing the rules retroactively for employees that were hired prior to any potential future changes. He noted concern whether a report showing that the County paid \$161 million dollars in annual and sick leave in 2010; \$163 million in 2011; and \$160 million in 2012 was accurate.

Ms. Rizzo responded that she would review this information presented by Commissioner Bovo.

Commissioner Bovo noted the importance of determining whether the payout figures presented were accurate and if so, he questioned the sustainability of these payments over an extended timeframe. He proceeded to express appreciation to the Office of Commission Auditor for their assistance in preparing the requested financial data.

Chairwoman Jordan questioned the size of the County workforce in 2010 and today.

Ms. Arleene Cuellar, Division Director, Internal Services responded that the County had approximately 28,500 full-time employees in FY 2009-10 and a little less than 26,000 full-time employees today.

Chairwoman Jordan noted that \$49 million dollars was spent on sick leave for 28,500 employees, commenting that the accrual of leave time based upon length of service needed to be addressed.

Ms. Rizzo explained that employees received 96 hours of sick leave every 26 pay periods. She noted that an employee completing 20 years of service would accrue 160 hours annual leave every 26 pay periods. Ms. Rizzo said that employees were eligible to roll over the first 48 hours of sick leave or a portion thereof into annual leave based upon a good attendance record.

Chairwoman Jordan noted a practice existed within some departments such as Transit, Police, Fire and Corrections which encouraged good attendance in order to minimize overtime costs. She said the accrual policies and payout figures needed to be examined.

Commissioner Bovo said the methods by which County employees' accrued time was not positively perceived in the community, noting that blue collar workers in his District did not have the luxury of accruing sick days as did County employees. He commented that additional funding was needed to support community projects.

Chairwoman Jordan said any accrual policy changes would need to be negotiated with and agreed upon by County collective bargaining unions. She noted she believed that employees did not take the maximum number of days owed despite the \$49 million payout.

- **Employee Sick and Annual Leave Policy Comparison**

Ms. Rizzo noted a chart depicting the Average Annual Adjusted Salaries for Full-Time Employees was compiled (Exhibit No. 11).

Ms. Rizzo said that 38.5% of employees were earning less than \$50,000 annually; however, that figure increased to 47.2% after applying the healthcare and Financial Retirement System (FRS) contributions.

In response to Chairwoman Jordan's question, Ms. Rizzo noted that 61.5 % of employees earned greater than \$50,000.

Chairwoman Jordan noted that the employees' years of service were not factored into these calculations.

Commissioner Monestime questioned whether the cost of living was considered when making comparisons to other municipalities across the State and nation.

Ms. Rizzo responded that a regional pay adjustment was applied to account for cost of living changes.

- **Distribution of Healthcare Contribution for Non-Full Time Employees**

Ms. Rizzo presented a chart depicting the Distribution of Healthcare Contributions for Non-Full Time Employees (Exhibit No. 12). She explained that 88 % of part-time

employees contributed 5-percent toward the healthcare plan rather than receive a reduction to base pay, even though they were not eligible for insurance coverage. Ms. Rizzo noted this method was selected because it did not impact employees' sick or annual leave payouts, FRS reported salary, or base pay calculations.

Commissioner Monestime questioned whether a part-time employee had the option to obtain healthcare coverage and whether they were eligible for any other benefits.

Ms. Rizzo responded that a part-time employees working 60 hours bi-weekly were eligible to participate in the health plan. She noted employees working fewer hours were not eligible to participate in the healthcare plan; however they remained subject to the 5-percent reduction. Ms. Rizzo said part-time employees' accrued sick and annual leave at a pro-rata rate based upon the number of hours worked.

Commissioner Monestime noted many part-time employees were longtime County employees and inquired why they were not being converted into full-time positions.

Ms. Rizzo explained that the rationale for part-time employees largely depended upon the requirements of each department. She noted that specific services needed to be provided only during certain periods of time and part-time employees could plug scheduling gaps and demand needs. Ms. Rizzo said part-time employees were also used to supplement schedules thus reducing overtime costs.

Commissioner Monestime commented that it was his understanding that a part-time workforce resulted in reduced benefits and overtime costs. He said he would like to obtain a greater understanding why part-time employees working for the County for a number of years were not converted to full-time positions. Commissioner Monestime noted that many part-time employees were minorities and this should not be keeping them from achieving full-time employment status. He said the rationale for a part-time workforce should be associated with cost reductions or some other values provided by part-time employees. Commissioner Monestime questioned whether hiring part-time employees resulted in savings, and if so, what were the benefits for maintaining a part-time workforce. He said it was not his intention to increase costs; however, his concern was to be fair to all employees.

Ms. Rizzo further explained that a part-time workforce was sometimes contractually required, noting that bus operators in the Transport Workers Union were part-time employees. She noted she would provide Commissioner Monestime with the requested information.

Chairwoman Jordan noted that perhaps it would be more revealing to provide a list of all part-time employees, length of employment, and benefits received. She also noted that long-time temporary agency employees were hired either part-time or full-time and that a policy existed requiring that temporary employees must become part of the workforce after a certain time period.

- **Miami-Dade County Staffing**

Ms. Rizzo noted a report comparing the number of temporary agency employees in relation to the County workforce was provided (Exhibit No. 13). She said that there were 427 temporary agency employees in FY 2009-10; 541 temporary agency employees in FY 2010-11; and 462 temporary agency employees in FY 2011-12; noting an average of 58 full time employees to every one temporary employee over a three year average.

Ms. Rizzo clarified that pursuant to an Administrative Order, any department utilizing the services of a temporary employee for six months must request a re-approval for that position and after one year must request full time funding. She said the new Human Resources software being used would provide the capability to compile additional information and monitoring of temporary agency employees in order to better ensure compliance.

Chairwoman Jordan noted a similar policy should apply to part-time employees and that policy should take priority over temporary employees, since part-time employees were considered County employees with many years of service.

Ms. Cuellar clarified for Commissioner Monestime that part-time employees were eligible for overtime pay, depending on the number of hours worked, according to the bargaining unit contract or Fair Labor Standards Act (FLSA) rules.

Ms. Rizzo explained that part-time employees were given preference in filling departmental vacancies when negotiating changes to the new ASCME 199 union agreement. She noted this option could be pursued with the other unions if this was the County Commissions desire.

- **Impact of Healthcare and Florida Retirement Service (FRS) Contribution to the Average Annual Adjusted Salaries**

Ms. Rizzo noted the Impact of Healthcare and FRS Contributions on the Distribution of Average Annual Adjusted Salaries for Full-Time employees was provided (Exhibit No. 14, Page 1). She said this analysis detailed the number of employees per department, the average annual adjusted salary, the average annual adjusted salary less the healthcare contribution, the average annual adjusted salary less healthcare and FRS contributions, and the overall percentage reductions including the healthcare contribution well as the healthcare and FRS contributions. Ms. Rizzo noted this analysis showed the significant sacrifices made by County employees as a result of the economic condition, noting an example that an Animal Services employee's average salary was reduced from \$45,262 to \$39,745.

Chairwoman Jordan noted the County's Transparency Webpage invited more problems since the viewer was only provided current salary information and not the amount given up by County employees. She said that this information should rather be accessed by means of a public records request.

Ms. Rizzo continued to note that a comparable analysis was also provided for Non-Full Time Employees (Exhibit No. 14, Page 2).

Commissioner Monestime commented that it was encouraging that County employees were willing to sacrifice during hard economic times, noting that a 12 % pay cut was a significant amount for many of its workers.

- **Actual Employee Salary and Fringe Benefit Expenditure by Department**

Ms. Rizzo noted total expenditures for FY 2010-11 Employee Salaries, Executive Benefits, and Fringe Benefits was provided (Exhibit No. 15). She noted this report was broken down according to County department and that it also provided the actual percentages of the department's budget associated with each category.

V Department Recommendations

Mr. Rizzo proceeded to present a PowerPoint presentation on the County's Pay Plan (Exhibit No. 16). She noted a Pay Plan Redesign must consider the following:

- What are we trying to achieve?
- What are the benefits expected to be realized from changes?
- Will the pay plan model changes require change in other Human Resources processes?
- Will it require additional training?
- What would the cost be for restructuring pay steps or salary ranges?

Ms. Rizzo provided an overview of pay plans and salary increases at Broward County, Orange County and the City of Ft. Lauderdale.

Ms. Rizzo explained that Pay Plan Options were to:

- Restructure the pay plan with open pay ranges
- Restructure the pay plan with a smaller differential between pay steps
- Changes to bargaining unit classifications
- Consider a new sliding scale merit system based on overall ratings
- Consider linking across the board adjustments to Consumer Price Index (CPI) and other financial indicators, the County's fiscal capacity, and labor negotiations
- Cost of Living Adjustments (COLA) could be applied to pay ranges and employee pay or may be applied in the form of a one-time, non-recurring bonus.

VI Committee Recommendations / Discussion

Chairwoman Jordan noted additional reports were requested today for presentation at the next Committee meeting. She said the Committee needed to begin developing serious

recommendations on the County's pay plan for presentation to the entire County Commission.

VII Next Steps

Chairwoman Jordan clarified that executive benefits, annual / sick leave accruals, and part-time / temporary employment issues were possible discussion items identified at today's meeting that could turn into policy recommendations.

VIII Adjournment

There being no further business, the Compensation & Benefits Review Ad Hoc Committee adjourned at 11:00 a.m.

Barbara J. Jordan, Chair