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OFFICE OF THE MAYOR
MIAMI-DADE COUNTY, FLORIDA

VETO AND VETO MESSAGE

To: Honorable Chairman Joe A. Martinez and
Members of the Board of County Commissioners
Miami-Dade County, Florida

From:
Carlos A. Gimenez, Mayor
Miami-Dade County, Florida

Pursuant to the authority vested in me under the provisions of Section 2.02.E of the Miami-Dade County Home Rule Charter, I hereby veto Resolution No. R-01-12 adopted at the January 5, 2012 Board of County Commissioners Meeting:

RESOLUTION RESOLVING COLLECTIVE BARGAINING IMPASSE BETWEEN MIAMI-DADE COUNTY AND THE DADE COUNTY POLICE BENEVOLENT ASSOCIATION – LAW ENFORCEMENT SUPERVISORY UNIT (Internal Services)

VETO MESSAGE

On Thursday, January 5, 2012, the Board of County Commissioners (Board) approved Resolution No. R-01-12, which does not require members of the Dade County Police Benevolent Association – Law Enforcement Supervisory Unit (PBA-Supervisors) to contribute an additional percentage of their base wages to the County's cost of healthcare. The Administration had recommended a contribution of an additional five (5) percent of their base wages.

This issue is not one that began with this budget year or even this contract period, but can be traced back to the 2008-2011 collective bargaining agreement with PBA-Supervisors (R-287-10) that was approved by the Board on March 2, 2010, and that I vehemently opposed as a Commissioner. That contract provided for wage increases totaling thirteen (13) percent. While it included a five (5) percent contribution of base pay to the County's cost of healthcare, it also included a "Step" raise in September 2010, a three (3) percent Cost of Living Adjustment (COLA) in July 2011, and a second "Step" raise in September 2011. The net effect of these

was that members of the PBA-Supervisors received an approximate eight (8) percent increase in their compensation. I expressed my concern at the time that in order to pay the increases recommended by then-Mayor Carlos Alvarez, the County would have to raise taxes or lay off County employees. I do not need to remind everyone of the reaction of our community and the ultimate results of the property tax increase later that year and subsequently.

When I was elected Mayor six months ago, I was very straightforward with my intent to roll back last year's tax increase. It was a promise I made to this community and I have every intention of keeping my promise. Only by keeping our word will we be able to restore public confidence in County government.

My proposed budget, which reduced taxes to FY 2009-2010 levels, required filling an approximate $400 million gap from the previous year. Throughout the process the message was clear and consistent, whether in public meetings or in individual meetings with Commissioners, that the proposed tax rates and budget would require shared sacrifice and significant concessions by all of our labor unions. On June 30, 2011, as Mayor-elect, I sent a letter to County union leaders that made clear my intention to reverse the raises they had received in their previous contracts.

At the July 19, 2011 meeting this Board approved, my recommendation to roll back the preliminary millage rate to FY 2009/2010 levels by a vote of 9 to 1. I was very concise on what that would require: whatever the individual bargaining unit received in their contract would need to be returned and an additional five (5) percent contribution to healthcare or a four (4) percent reduction in their base pay would need to be implemented. I stated, "This budget is largely predicated on employee concessions."

I was also forthcoming at the time that in all likelihood the issue of concessions would be ultimately decided by the Board and that without concessions the layoffs required to balance the budget could have an effect on essential services, including public safety. Throughout the budget hearings this point was continuously repeated and, in fact, Commissioners' comments reflect that. One Commissioner stated, "The reality is that when we voted on the preliminary budget and we set the millage rate, we knew that sacrifices had to be made." I have also been consistent in pressing this point in all of my written communications to this Board. In a memo dated December 15, 2011, I advised that, "Should any of the remaining labor contract agreements not be approved by the Board prior to January 2012, either higher prospective adjustments with the affected bargaining unit or employee layoffs will be necessary to compensate for losses incurred beyond the first quarter of the fiscal year."

I am very proud of the progress we were able to make working cooperatively with our PBA partners. In four months, both sides bargained in good faith and came to agreement on the majority of issues totaling $3.3 million for this unit. I held to my commitment that the Administration would consider alternative cost-saving measures as long as they met the following criteria: the proposed savings had to be verifiable; the proposed savings had to be

recurring; the proposed savings could not have already been a part of the budget; and the proposed savings could not require a reduction in essential services.

The only outstanding issue that remained was the additional five percent contribution to employee healthcare worth $1.3 million. The Administration offered alternatives, but those were rejected by the union. I want to make clear that both management and the union declared impasse and agreed to submit to the Board the issue of the five percent additional contribution. Management did not unilaterally submit a proposal to impose the five percent additional contribution to the Board. Any assertion by the PBA that the five percent additional contribution is illegal is disingenuous at best and at worst an acknowledgement on their part of an unfair labor practice.

In fact, the language in the collective bargaining agreement that refers to the contribution to healthcare states, "upon ratification of this agreement, all bargaining unit members shall be required to contribute ten percent (10%) of base wages towards the County's cost of healthcare." The language does not specify whether the contribution is in pre-tax or post-tax dollars. The Administration will not engage in any action that would put the County or its employees in conflict with the Internal Revenue Service tax code or incur any tax liability. Additionally, the Board, via Resolution No. R-752-11, authorized the County to hire Foley & Lardner LLP to provide legal opinions addressing the tax implications of mandatory pre-tax employee salary contribution towards the County's group health plan. Their opinion received confirmed that the contribution to healthcare could be pre-tax. Our County Attorney has affirmed that the opinion is legally sufficient.

CLOSING

This veto is not just about the $1.3 million in unrealized savings incorporated in the Board-approved budget that this resolution represents. This veto is about a $65 million budget gap.

The two PBA bargaining units combined create an almost $18 million budget gap, which translates into layoffs of approximately 300 police and corrections officers. The Board must understand that cuts cannot be made in other areas to offset this shortfall. Without these labor concessions, the layoffs required to balance the budget will have an effect on essential services, including public safety. I have instructed Police Director Loftus to structure the necessary cuts to have the least impact on direct services to our residents and to move as many people as possible from administrative and supervisory functions to patrolling our community.

On January 5, 2011, the Board also approved two Government Supervisors Association of Florida (GSAF) impasse items, which do not require an additional five (5) percent contribution to healthcare. That generates an additional $17 million gap, for a total of $35 million for these four units alone.

There are still four unions with issues pending: AFSCME 121 – Water and Sewer and AFSCME 3292 – Solid Waste have ratified their contracts, but have impasse items regarding the additional five (5) percent contribution coming to the Board, which total $5.5 million. AFSCME 199 – General Employees has scheduled a ratification vote for their contract, with an impasse item to come to the Board for the five (5) percent additional contribution which is valued at $18.3 million. TWU 291 has not yet negotiated a contract to take to their membership, but the five (5) percent healthcare contribution is $ 6.3 million. These all total almost $30 million. Given the precedent set by the Board on January 5th, the Administration must be prepared to address those possible unrealized savings, which brings the overall total to $65 million.

Families throughout Miami-Dade County have been hard hit by this economic downturn and have had to make difficult decisions about their own budgets. With that said, I understand these concessions are not easy for our employees and their families and they are not easy for me to recommend. It should be noted that non-bargaining employees under my purview have been making their shared sacrifice since July 11, 2011 when I mandated that they pay an additional five (5) percent towards healthcare costs. Additionally, AFSCME 1542 – Aviation and IAFF 1403 have ratified collective bargaining agreements that meet their targeted goals, respectively. There is no doubt that these cuts are difficult, but they are necessary to avoid layoffs and service reductions.

As it has from the outset, my Administration stands ready to work with the unions and the Board as we strive to make decisions that are in the very best interest of those whom we serve, the residents of Miami-Dade County.