

Memorandum



Date: August 17, 2011

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Status of Collective Bargaining

On July 15, 2011, I submitted to the Board of County Commissioners (Board) a balanced budget which was predicated, in part, upon significant economic concessions currently under negotiation with our unions. These included an increase in the employees' contribution to the County's cost of health care from 5% to 10% of base wages, a suspension of flex pay, premium pay, merit increases and longevity bonuses, and a reversal of the three percent cost of living adjustment that was contractually obligated in July 2011. Subsequently, I have received requests from some members of the Board to provide a status of negotiations and to develop additional proposals reflective of the recommendations of the Compensation and Benefits Review Committee.

Sustainable Savings

The task of addressing the property tax supported budgetary shortfall of \$409 million is not an easy one. A significant portion of this shortfall, \$135 million, must be achieved through curtailing compensation and benefit costs.

In the course of our evaluation of savings options, we considered increasing the employees' pretax healthcare contribution. Our initial discussions in June 2011 with our benefits consultant, Deloitte Consulting LLP, indicated that there was no limitation upon increasing the employees' pre-tax contribution to the County's group health plan. Consequently, we developed our proposal to increase the employees' healthcare contribution from 5% to 10%. During subsequent discussions with our benefits consultant, they reassessed their earlier advice. They stated that we should not proceed with implementing a 10% mandatory contribution to the healthcare plan without securing a formal legal opinion pertaining to its compliance with Internal Revenue Code Section 125.

Another item that we needed to consider is that effective January 1, 2014, prospective healthcare reform will permit employees to opt out of the County's health plan. Subsequent to that date, mandated employee participation in the County's health plan will no longer be permissible, thus eliminating the opportunity for continued qualified pre-tax contributions. We are continuing to assess all of the evolving requirements of compliance with federal healthcare reform and want to proceed cautiously. However, based upon all of the foregoing information, we have decided not to continue with the employee pre-tax contribution to healthcare costs.

As a result, I am prepared to propose an alternative cost saving measure. After careful study, we have found that it will be possible to eliminate both the existing and proposed healthcare contributions (5% current plus 5% proposed) and replace them with an 8% reduction to all Miami-Dade County pay plan rates. The application of this reduction to the pay plan will yield

savings from salary based fringe benefits, including FICA, MICA and retirement contributions, which will fund 2% of the required economic savings from employee compensation. This methodology will lessen the impact of the required pay reduction for our employees (i.e. going from a 10% pretax contribution to an 8% pay plan reduction) and apply the reduction both to pay plan base rates and pay supplements calculated upon pay steps. This change will also significantly simplify pay administration for all concerned.

Status of Collective Bargaining

Since becoming Mayor, my staff and I have been meeting regularly with our unions for the purpose of developing successor agreements which will become effective October 1, 2011. A schedule of our negotiation sessions is attached for your information (Attachment #1). I have encouraged our collective bargaining representatives to not only consider our economic proposals but to proffer counter proposals which would yield comparable verifiable and continuing savings. As a departure from our historical position of pattern collective bargaining, I am offering each bargaining unit complete flexibility in crafting a solution to our economic shortfall. Additionally, in response to the Compensation and Benefits Committee's suggestions, we have proposed additional workplace rule changes which provide other economic cost saving options. These are detailed by bargaining unit in Attachment #2.

I cannot overstate the importance of vigorously continuing union negotiations. However, time is of the essence as we work with our unions to develop new, sustainable agreements. It is imperative that negotiations proceed expeditiously and depending upon the outcome, consider all options for final contract resolution. If we do not make serious progress within the upcoming weeks, then a declaration of impasse may be an undesirable necessity. If impasse is declared, and the union(s) elects a hearing before a special magistrate, the process could easily extend between sixty and ninety days before a new contract is ratified or the Board imposes a decision. The consequences of such a delay may result in an additional economic burden upon employees as larger, prospective cost savings measures become necessary to achieve the required cost-savings in the current fiscal year.

I am committed to providing essential services to our community in the most economically feasible manner possible. This endeavor will require mutual sacrifices, however, my ultimate goal is to remain true to the County's mission of service delivery excellence.

If you have any further questions, please feel free to contact me.

Attachments

c: Alina T. Hudak, County Manager/Deputy Mayor
Office of the Mayor Senior Staff
Robert A. Cuevas, Jr., County Attorney
Carlos A. Migoya, President and CEO, Jackson Health System
Jennifer Moon, Director, Office of Management and Budget
Christopher Mazzella, Inspector General
Mary Lou Rizzo, Director, Human Resources
Charles Anderson, Commission Auditor
Department Directors
Union Presidents

**COLLECTIVE BARGAINING ACTIVITIES
2011-14 SUCCESSOR AGREEMENTS
August 16, 2011**

Union	Number of Employees Covered	Negotiations Conducted	Upcoming Negotiations
AFSCME Local 199 General Employees	9,601	5/23/2011 6/15/2011 6/29/2011 7/13/2011 8/11/2011	To Be Scheduled: Union's availability is contingent upon the receipt of all public records requests.
AFSCME Local 1542 Aviation Employees	852	4/27/2011 6/15/2011 7/12/2011	8/30/2011
AFSCME Local 3292 Solid Waste Employees	654	5/06/2011	8/18/2011
AFSCME Local 121 Water & Sewer Employees	1,624	Scheduled for 6/22/2011 (date canceled by union due to emergency) 8/12/2011	8/19/2011
GSAF/OPEIU Local 100 (2 units) Professional Employees & Supervisory Employees	4,758	5/04/2011 6/02/2011 6/16/2011 7/06/2011	8/18/2011
PBA (2 units) Rank & File and Law Enforcement Supervisory	5,522	6/21/2011 7/21/2011	8/26/2011
IAFF Local 1403 Firefighters	2,032	5/23/2011 7/26/2011 8/11/2011	8/24/2011
TWU Local 291 Transit Employees	2,651	8/09/2011	Subsequent Weekly Sessions: Mondays or Tuesdays (To Be Determined)

**Collective Bargaining Negotiations
Preliminary Summary of Workplace Rules Proposals**

- **Overtime Compensation:** Eliminate daily calculation of overtime, limiting overtime compensation to any hours worked beyond forty (40) hours within the work week.
- **Call Back, Court Time, and Special Emergencies:** Eliminate minimum guarantee of four (4) hours; compensate only for time worked.
- **Entrance Pay Rates:** Eliminate six month merit increase; time the merit increase to coincide with annual performance and status evaluation.
- **Out of Class/Acting Ranks:** The maximum out of class compensation shall be limited to **thirteen (13) pay periods** unless specifically approved by the Department Director and the Human Resources Department.
- **Sick Leave:** Eliminate sick leave payout for bargaining unit employees who have not vested in the sick leave payout benefit at the time of ratification. Employees with less than ten (10) years of continuous County service at the time of ratification will be permitted to accrue a maximum of 500 hours of sick leave.
- **Differentials:** Reduce night shift differential from two (2) pay steps to one (1) pay step. (*Applies to PBA, GSAF, IAFF and AFSCME 3292*).
- **Tuition Refund:** Modify program to impose a cap equal to fifty (50) percent of its Florida Board of Regents' published tuition rates for colleges and universities.

AFSCME 1542

- **Aircraft Operating Area Proficiency Allowance:** Eliminate the allowance, which equals two (2) pay steps, and is paid to specified classifications as listed in the contract as "proficiency pay." (*Applies to AFSCME 1542.*)

IAFF 1403

- Revise minimum staffing requirements.
- Revise or eliminate restrictions on employee transfers and moves.
- The County will no longer remit five percent of base wages to the Union's Group Health Insurance Plan.
- Eliminate the Post Employee Health Plan (PEHP) or develop a proposal for a new plan that complies with IRS regulations.
- Overpayment Memorandum of Understanding: Eliminate or Revise
- Standardize pay calculations formula.

TWU 291

- **Sick Leave Payment:** Bus and Rail Operators shall only be entitled to 8 hours pay (full-time) or 4 hours pay (part-time) for daily sick leave occurrences, and will not be entitled to run pay.

**Collective Bargaining Negotiations
Preliminary Summary of Workplace Rules Proposals**

- **Vacations:** Bus and Rail Operators shall only be entitled to 8 hours pay (full-time) or 4 hours pay (part-time) for vacation days and will not be entitled to run pay.
- **Lunch Period:** Employees are currently assigned an eight hour shift, which includes a one-half hour lunch break. Increase assigned shift to eight and one-half hours, and eliminate half hour lunch break.
- **Work Week Transit Operating Employees:** The work week of all Transit operating employees shall be Monday through Sunday.
- Overpayment Memorandum of Understanding: Eliminate or Revise

PBA

- Rescind the two, one (1) pay step selective pay adjustments, which were effective September 6, 2010 and September 5, 2011, and the three percent (3%) wage adjustment, which was effective June 27, 2011.
- Establish in Corrections an annual bid process for choice of facility and shift.