Memorandum

MIAMI-DADE COUNTY

Date: December 15, 2011

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

From: Carlos A. Gimenez
Mayor

Subject: Impact of delayed implementation of Collective Bargaining Agreements

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On December 19, 2011, the Board of County Commissioners will be considering labor contracts and respective impasse items for the American Federation of State, County, and Municipal Employees (AFSCME) General Employees Local 199 and Government Supervisor Association of Florida (GSAF) Local 100 Supervisory and Professional and only the impasse items for Police Benefit Association (PBA) Rank and File and Supervisory units. If these items are approved by the Board, only three remaining contract agreements will be pending: AFSCME 3292 (Solid Waste Employees Unit), AFSCME 121 (Water and Sewer Employees Unit), and the Transit Workers Union (TWU). Although we are very close to a final agreement with AFSCME 3292, the same cannot be said of the on-going negotiations with AFSCME 121 and TWU. The final implementation of these approved labor agreements will allow the County to start benefiting from the savings associated with the labor concessions contemplated as part of the FY 2011-12 Adopted Budget. Once approved, it is expected that the impact of labor concessions will be reflected starting in January. However, the underlying assumptions incorporated as part of the FY2011-12 Adopted Budget was full implementation of these labor concessions as of October 1, 2011. Due to the delayed implementation of these labor agreements, it is estimated that approximately 25 percent of the planned budgetary savings will not be realized. As such, the County's General Fund as well as all proprietary departments will need to put into practice aggressive saving initiatives to mitigate the impact of these unrealized savings.

The table below summarizes the estimated fiscal impact the General Fund and proprietary departments will have to mitigate to make up for the savings that will not be realized in the first quarter of FY 2010-11. These estimates are net of the savings expected from the non-bargaining unit employees for whom concessions were imposed in July 2011.

Departments	Total Expected Savings	Non-Bargaining Unit Savings	Expected Losses (1st Quarter)
General Fund	$ 124,477,561	$ (16,644,536)	$ 26,958,256
Proprietary	$ 146,880,810	$ (21,827,848)	$ 35,424,375
Total	**$ 271,358,371**	**$ (38,472,384)**	**$ 62,382,631**

The $271 million is the total of value of <u>all</u> employee concessions. The Adopted Budget included $238 million in net savings when adjusted for the transfers to the Health Insurance Trust Fund.

In the General Fund, part of the losses will be covered through higher than budgeted carryover (approximately $15 million following the closing of the FY 2010-11 books) and by freezing the majority of currently vacant positions (approximately $10 to $12 million). When structuring the Budget for FY 2011-12, these vacant positions were funded to provide for anticipated service levels, and necessary back office support. The savings from the freezing the vacant positions for the entire year will only cover saving needs for the first quarter of the first year of the

agreements. In regards to the proprietary departments, the fiscal strategy to follow will be very similar to the General Fund supported departments: vacancies will be kept unfunded where operationally feasible, but careful consideration will be given to other potential opportunities including savings that can be realized from departmental contractual obligations.

Should any of the remaining labor contract agreements not be approved by the Board prior to January 2012, either higher prospective adjustments within the affected bargaining unit or employee layoffs will be necessary to compensate for losses incurred beyond the first quarter of the fiscal year. The table below shows the deductions to base salary above the concessions already proposed (an additional 5 percent contribution to group health insurance, reversal of the 3 percent COLA, and freezing of merit increases, longevity bonuses, premium pay and flex benefits) that will be needed to cover losses accumulated beyond January 2012 for AFSCME 121, AFSCME 3292, and TWU. Variations occur by bargaining unit because concessions such as longevity, merit, flex, etc., restored during the previous bargaining agreement period had different timing clauses. As an example, if TWU does not reach an agreement until March, in addition to all of the proposed concessions being imposed, an additional 4.45 percent salary reduction would be necessary to achieve the budgeted savings.

Additional Impact to the Employee by Unit

Bargaining Unit	January	February	March	April	May	June
AFSCME 121 (WASD)	4.90%	7.04%	9.75%	13.30%	18.14%	25.13%
AFSCME 3292 (Solid Waste)	2.24%	6.31%	8.97%	12.44%	17.17%	24.01%
TWU	2.24%	3.21%	4.45%	7.05%	10.60%	15.73%

If you have any questions, please contact Edward Marquez, Deputy Mayor, at 305-375-1451.

c: Robert A. Cuevas, Jr., County Attorney
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