

Memorandum



Date: May 8, 2013

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor 

Subject: Recap of Budget Presentation made to Union Leadership

It is my goal to provide the Board, the unions, and our employees with as much information as possible in anticipation of the upcoming release of the preliminary FY 2013-14 Budget. The purposes of this memorandum is to recap what was presented to union leadership at today's meeting to discuss the status of the FY 2013-14 Budget and to provide you information regarding the upcoming labor negotiations. Attached is a copy of the presentation to the union leadership.

As discussed at the budget presentation to the unions, our projections as of today's date reflect a \$50.7 million general fund shortfall. Projected budget gaps also exist in the Fire Rescue district and Library district. As noted in the presentation, we are assuming property tax roll growth of 3.5 percent. These budget shortfalls do not include absorbing the 5 percent insurance contribution nor does it contemplate restoring any of the concessions which are subject to reopeners in the third year of the labor contracts. This would increase the shortfall by \$33.5 million to a total of \$84.2 million.

Please be advised that as a result of the significant concessions bargained for with all of our unions for the current contract term (FY2011 through FY2014), a series of "reopeners" were incorporated within many of our labor contracts. These reopeners were intended to provide the union the possibility of restoring benefits in the third year of the contract based on the economic condition of the County. All of the bargaining units, except IAFF Local 1403, have reopener language relating to the five percent insurance contribution. Each contract specifies that the insurance contribution will be returned effective January 1, 2014 unless we negotiate otherwise.

It is my intention to reopen the Articles in the respective collective bargaining agreements which allow for negotiations to occur between June 4, 2013 and July 8, 2013 (between April 1, 2013 and June 30, 2013 for AFSCME 1542, Aviation) as well as the Wages Article which addresses the 5 percent insurance contribution. I have directed staff to begin scheduling negotiation sessions with all of unions in order to come to a consensus on the terms of the agreements as soon as possible since, as per the existing contract language, there is a tight window of time allotted for negotiations.

All negotiations related to the reopeners must be completed by July 8, 2013. In the event we are not able to reach an agreement, the dispute shall be submitted to the County Commission for final resolution of the impasse in accordance with the requirements of State Law.

For your review, below is a list of all applicable reopeners which will be negotiated:

- AFSCME 3292 (Solid Waste) - 623 Employees:
 - Five percent insurance contribution, Leadworker supplement, Safety Incentive/Bonus Plan, Uniform Allowance, Night Differential, Safe Driving Awards, resume daily overtime calculation instead of weekly overtime

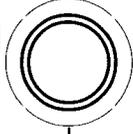
- TWU (Transit) - 2,677 Employees:
 - Five percent insurance contribution
- GSAF (Supervisor and Professional) - 4,292 Employees:
 - Five percent insurance contribution, Night Differential
- AFSCME 199 (General) - 9,038 Employees:
 - Five percent insurance contribution, Restoration of 1% wage adjustment, Call Back, On Call
- AFSCME 1542 Aviation - 826 Employees:
 - Five percent insurance contribution, Call back
- AFSCME 121 Water and Sewer - 1,681 Employees:
 - Five percent insurance contribution
- PBA (Rank and File and Supervisory units) - 5,151 Employees:
 - Five percent insurance contribution, Call Back, Court Time, Night Differential
- IAFF (Fire) - 1,924 Employees:
 - Not applicable

Should you have any questions, please do not hesitate to contact Deputy Mayor Edward Marquez at 305-375-1451.

Attachment

c: Robert A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Department Directors
Charles Anderson, Commission Auditor
Emilio Azoy, President, AFSCME Local 121
Greg Blackman, President, GSAF Local 100
Benjamin Borges, Administrator, AFSCME Local 199
Antonio Eiora, President, AFSCME Local 1542
Joel Hernandez, President, AFSCME Local 3292
Jeanette Lebrecht, Field Services Director, AFSCME Local 199
John Rivera, President DCPBA
Rowan Taylor, President, IAFF
Clarence Washington, President, TWU Local 291

FY 2013-14 Budget Development



AS OF MAY 8, 2013

**FINANCIAL ESTIMATES IN THIS
PRESENTATION WILL CHANGE AS NEW
INFORMATION IS RECEIVED AND BUDGET
POLICIES ARE SET**

FY 2013-14 Base Budget

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At the same level of service (base budget):

- A significant General Fund (countywide and UMSA) budget shortfall exists: \$50.7 million
- Budget shortfalls also exist for other property tax supported functions:
 - ✦ Fire: \$15 million
 - ✦ Library: \$15 million
- Proprietary Funds will require fee increases:
 - ✦ WASD – 8% on average bill
 - ✦ Fire Inspection Fees – to be paid by business owners
 - ✦ Landing Fees – to be paid by airlines
 - ✦ Disposal Fees - to be paid by customers
 - ✦ Transit Fares – 25 cents

FY 2013-14 Budget – Mandated Changes

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- Elections requirements – operating expense and capital investments
- Animal Services straw ballot question – adds 0.1071 mills on countywide roll
- Voter-approved Debt Service millage must increase 0.2050 mills

General Fund Revenue Changes

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- Property Tax Revenue: gained \$33.3 million (3.5% roll growth)
- Sales Tax Revenue: gained \$4.7 million
- State Revenue Sharing: gained \$1.8 million
- Carryover: gained \$5.5 million
- Communications Tax: gained \$1.8 million
- Administrative Reimbursement: lost \$6.1 million
- Gas Taxes: lost \$1.8 million
- Utility Taxes: lost \$4.6 million
- UAP and other revenues: lost \$3.7 million

NET INCREASE IN REVENUES: \$30.9 MILLION

General Fund Expense Changes

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- **Group Health Insurance: \$15 million**
 - Maintains required reserves
 - Assumes a 10% increase in healthcare costs
 - ✦ Dependent premiums increase 10%
 - ✦ Employer contribution increases 25%

- **Legal requirements: \$32.7 million**
 - FRS: increased by \$21.2 million
 - MDT and PHT Maintenance of Effort: increased by \$4.2 million
 - WASD loan repayment: \$5 million
 - CRA payments: increased \$2.3 million

General Fund Expense Changes (cont.)

- **Changes in other subsidy support: \$20.2 million**
 - CDT support of parks and cultural activities: loss of \$27 million
 - Federal Grants: loss of \$200,000
 - Secondary Gas Tax: increase of \$7 million

- **Other expenditure changes: \$13.7 million**
 - Negotiated merit increases: \$17.5 million
 - Debt service increases: \$2.5 million
 - Operational savings: \$6.3 million

General Fund Expense Changes (cont.)

***NET INCREASE IN EXPENSES:
\$81.6 MILLION***

Budget Shortfall to be Closed

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INCREASE IN REVENUES: \$30.9 MILLION

INCREASE IN EXPENSES: (\$81.6 MILLION)

BUDGET SHORTFALL = (\$50.7 MILLION)

- Does not include absorbing 5% group health contribution from employees nor costs of other reopeners
- Does not include any other property tax revenue adjustments
- Does not include any service adjustments