



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMITTEE MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: City Manager Jorge M. Gonzalez 

DATE: September 9, 2009

SUBJECT: **REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE MEETING OF JULY 8, 2009.**

OLD BUSINESS

NEW BUSINESS

1. Budget Briefing (including Status Update on Condrey and Associates Classification and Compensation Study)

ACTION

Present employee and union suggestions for budget cuts at the Finance and Citywide Projects Committee meeting on July 21, 2009.

Staff is to:

- **Analyze employee salaries that are under the proposed minimum to determine how many are grossly under compensated.**
- **Analyze employees' salaries compared to Plan A salary grades**
- **Analyze how many employees are over 115% the maximum for their pay range**
- **Do analysis at 2.5% increments**
- **Bring the Committee the number of employees who are fully compensated over \$150,000, including benefits**
- **Bring the Committee examples of employees who are over the proposed maximum for their pay range**
- **Check the legality of having various levels of pension contributions**
- **Analyze fire transport fees and determine what portion of the uncollected fees are from Miami Beach residents and non-residents**

The Committee recommended:

- **Freezing merits/steps**
- **Not charging for crossing guards at private schools**
- **Increasing the fee for lien statements, the charge for uncertified statements would now be \$75, certified statements would be \$100 for single family homes, and \$150 for condominiums**

Agenda Item CGD
Date 9-9-09

- **Implementing a \$15 application fee for a Business Tax Receipt for first-time applicants**
- **Increasing the lottery application fee from \$35 to \$50**
- **Not raising the fee for Special Master appeals**
- **Increasing the lobbyist fee to Miami-Dade County levels, from \$125 to \$490 annually, and increasing the fee per issue to \$100 per issue**

City Manager Jorge Gonzalez presented and reviewed the status of the FY 2009/10 Operating Budget as of July 8, 2009.

City Manager Jorge Gonzalez stated that the revised “working gap” with the July 1st Certified Tax Roll as of July 8, 2009 is \$6.6 million.

Chairman Saul Gross asked if employees had been asked to give suggestions for budget cuts. City Manager Jorge Gonzalez stated that on the employee intranet there is an area where employees can make suggestions, and that a physical box will be placed at strategic places for employees who don't have access to email or the intranet. City Manager Jorge Gonzalez also stated that of the suggestions already received, most were related to increased pension contributions and eliminating a floating holiday. Unfortunately, eliminating a floating holiday would not result in savings for FY 2009/10. Commissioner Deede Weithorn stated that if a savings would be achieved in a future year that the suggestion still be considered. Commissioner Jerry Libbin asked if unions have been asked to suggest a list of budget cut alternatives. City Manager Jorge Gonzalez stated that he had asked unions to offer any suggestions they may have. Chairman Gross asked that employee and union suggestions be brought to the Finance and Citywide Projects Committee meeting on July 21, 2009.

Discussion Regarding the Classification and Compensation Study

City Manager Jorge Gonzalez explained that the Condrey Study had three (3) pay scales, A, B, and C available for consideration. Plan A is 115% of the market, the 75th percentile, which means 75% of the time your pay range would be higher than your competitors. Plan B is at 107.5% of the market and is at the 66th percentile where your pay range would be higher than the market 66% of the time. Plan C is at 100% of market. City Manager Jorge Gonzalez stated that the City was encouraged to use Plan A but through discussions at the Commission Retreat it was decided that Plan B would keep the City an employer of choice, and above the basic market but still not overpay.

The study looked at the current classifications, placed employees in new classifications, and determined, according to Plan B, which employees are fully compensated, meaning their salary exceeded the range of the proposed salary grade for the new classification. City Manager Jorge Gonzalez stated that all of the scenarios handed out were based on Plan B. Commissioner Jonah Wolfson feels that using a consultant study to determine who would get pay raises or pay cuts would destroy morale and is bad policy. Mayor Mattie Herrera Bower feels that this issue needs to be looked at and is concerned about possible salary cuts. Discussion ensued. Chairman Gross asked how the “bracket creep” could be avoided. City Manager Jorge Gonzalez stated that part of the recommendation suggest that the pay ranges are the minimums and maximums, and merits/steps should not be awarded automatically but the level of merit or step should be determined annually as part of the budget. Furthermore, if an employee's salary is at the maximum for their range and the Commission awards a merit/step, that employee would not get the merit/step but could possibly get a one time bonus which is not pensionable or added to their base salary. In addition, it is recommended that periodically the City review the Consumer Price Index (CPI) in the Miami – Ft. Lauderdale area to determine if a wage adjustment, Cost of Living Adjustment (COLA),

is necessary. Chairman Gross asked what the difference was between what the City is currently doing and what the Condrey study recommends. City Manager Jorge Gonzalez stated that the difference was that the City has been allowing the pay range to increase via COLAs and the Condrey study suggests tying salary ranges to changes in the CPI.

Commissioner Ed Tobin asked if an analysis had been done to look at how underpaid the employees below the proposed minimum are and if not, could it be done. Commissioner Libbin asked that the analysis be done to compare salaries to Plan B be done for Plan A to identify those employees who are fully compensated when compared to Plan A. Discussion ensued. Chairman Gross asked at what percentage above the maximum the Committee was willing to consider reducing salaries. The Committee agreed to look at salaries who were 7.5% and 10% over the maximum for Plan B and A.

Mayor Bower asked how long it would take to get employees who are below the minimum up to the minimum of the salary range. City Manager Jorge Gonzalez stated that it would depend on how much below the minimum the employee's salary is and how merits/steps and COLA adjustments are granted.

Commissioner Tobin asked the Committee to consider placing additional scrutiny on employees who are hired who will be compensated over \$150,000. Chairman Gross asked that a list of employees who are fully compensated over \$150,000, including benefits, be brought back to the Committee.

Chairman Gross asked if there are currently different levels of pension contributions. City Manager Jorge Gonzalez stated that currently Fire and Police employees contribute 10%, members of the general employees pension system who were hired before 1992 contribute 10%, and members of the general employees pension system who were hired after 1992 contribute 8%. Commissioner Libbin asked if employees who might receive salary cut be able to give a higher pension contribution in lieu of the salary cut. City Manager Jorge Gonzalez stated that it could be done but there would be several different levels of contribution. The Committee asked that the legality of having several different levels of pension contributions be checked. Chairman Gross stated that the goal was to achieve savings from the Condrey Study, reduce the amount of the pension contribution by the City, and restore equity to the pay system.

Commissioner Weithorn asked what happens if the union contracts are not finalized by October 1, 2009. Mayor Bower asked that union leaders be present at the July 9, 2009 budget meeting to give their thoughts on the Condrey Study, merit/steps/COLA freezes, and increased pension contribution. Discussion ensued.

Discussion Regarding Potential Revenue Enhancements (handout attached)

Commissioner Wolfson asked how much was collected in fire rescue transport fees. Fire Chief Eric Yuhr stated that on Medicaid and Medicare, the City is prohibited from going to collections for amounts that exceed the federal and state maximum charge. Commissioner Wolfson asked to see the uncollected amounts segregated by Miami Beach residents and non-residents. Chairman Gross asked what percentage of the fee is not being collected. Fire Chief Yuhr stated that approximately 60% is collected. The Committee asked that this be brought to the July 21, 2009 Finance & Citywide Projects Committee meeting.

The discussion moved to revenue enhancement alternatives. City Manager Jorge Gonzalez stated one suggestion was to charge private schools for funding of three (3) crossing guards currently assigned to them, which the City has been providing for free. Mayor Bower asked how this was being funded. Saul Francis, Parking Director, stated

that there is a \$4 surcharge on parking citations that is used to fund this. Mayor Bower asked how much money each school receives for crossing guards. The Committee did not recommend charging private schools for crossing guards.

Chairman Gross asked when last time the sidewalk café fee was raised and how much did it go up. City Manager Jorge Gonzalez stated that it went up \$5 over two (2) years approximately 4 years ago. Chairman Gross asked what the average size of a sidewalk café was. City Manager Jorge Gonzalez stated that it was approximately 1200 square feet. Discussion ensued. The Committee recommended revisiting raising the fee for sidewalk cafés on July 9, 2009.

The Committee recommended a \$15 application fee for a Business Tax Receipt for first-time applicants.

Budget & Performance Improvement Director Kathie Brooks noted a correction to the fee for an uncertified lien statement. The fee is currently \$50 not \$25. Commissioner Weithorn asked how much it costs the City to prepare lien statements. Chief Financial Officer Patricia Walker stated that the current fee does not cover the cost to prepare the statements. In addition, Ms. Walker stated that it was more difficult to prepare a lien statement for condominiums because it involves not only looking at the unit but also the common area. The Committee recommended increasing the fee for lien statements. The fee for certified lien statements for single family homes would increase to \$100, \$150 for condominiums, and \$75 for uncertified lien statements.

The Committee recommended increasing the lottery application fee from \$35 to \$50.

The Committee did not recommend increasing the fee for Special Master Appeals.

City Clerk Robert Parcher stated that the lobbyist fee has not been raised since 1992 and recommended increasing the rates to the rates charged by the county. The Committee recommended increasing the lobbyist fee to Miami-Dade County levels, from \$125 to \$490 annually, and increasing the fee per issue to \$100 per issue.

**CITY OF MIAMI BEACH
FY2009/10 OPERATING BUDGET**

Status as of July 1, 2009		
Preliminary Gap Presented at May 2009 Commission Retreat		
Revenues		\$232,094,002
Expenditures		\$245,856,788
	Net CSL Gap	\$ 13,762,786
July 1 Certified Property Tax Roll Reductions		\$ 10,205,605
Revised Gap with July 1 Certified Tax Roll		\$ 23,968,391

Status as of 7/7/09	
Revised CSL Expenditure Estimate of \$242 million	\$ 3,800,000
Potential Revised CSL Revenue Estimate of \$223 million	1,000,000
July 7 "Working Gap" with July 1 Certified Tax Roll	\$ 19,168,391
Cost Cutting/Efficiencies, Reorganizations, Reallocations, etc.	\$ 1,382,701
Reductions in Structural Budget Components - Minimal Impact	7,590,267
Service Reductions	2,830,982
Additional in Structural Budget Components - Reduction	100,000
Impacts of Internal Service Potential Reductions - estimated at 60%	609,529
Subtotal	\$ 12,513,479
Revised July 8 "Working Gap" with July 1 Certified Tax Roll	\$ 6,654,912
Employee "Give Backs"	
Eliminate FY 2009/10 Merits and Steps	\$ 1,537,741
Increased Employee Pension Contribution (4%)	4,220,086
Subtotal	\$ 5,757,827
Balance to Address as of July 8, 2009	\$ 897,085

Potential Revenue Enhancements	
Non-Property Tax Enhancements	\$ 523,109
Building Development Process Fees	TBD

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