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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 9, 2009.**

OLD BUSINESS

NEW BUSINESS

1. Budget Briefing

ACTION

The Committee recommended:

- increasing fees for Planning, Fire and Public Works Departments related to the Building process for FY 2009/10., *as per the consultant (Maximus) recommendations*
- Decreasing fees in Building Department fees for FY 2009/10 to offset the above fee increases, so that, in the aggregate, the total combined fees charged to the development community remain at current levels and that the resulting decreases in Building department revenues be replaced by approximately \$1.5 million in previously set aside Building Department Operating reserves.
- *reconsider increasing Building Department fees beyond FY 2009/10 after changes in the Building department are complete*
- *adopting Plan B of the Condrey Study at 7.5% over the maximum*
- *on April 1, 2010 (or when bargained with all employee groups) bring employees who are greater than 7.5% under the minimum to 7.5% below the minimum and reducing by one-third the salaries of employees greater than 7.5% over the maximum of the proposed Plan B salary ranges*
- *on April 1, 2011 bring employees who are greater than 5% below the minimum to 5% below the minimum and reducing employees 7.5% or greater than the maximum by one-third*
- *on April 1, 2012 bring all employees under the minimum up to the minimum of their salary range and reduce the final third those employees greater than 7.5% above the maximum to bring their salaries to 7.5% above the maximum of their range*

Agenda Item C6J
Date 9-9-09

City Manager Jorge Gonzalez presented the item and reviewed the status of the FY 2009/10 Operating Budget as of July 9, 2009.

City Manager Jorge Gonzalez stated that the revised "working gap" with the July 1st Certified Tax Roll as of July 9, 2009 is \$4.8 million.

Chairman Saul Gross asked what would happen if Resort Tax declined in the next fiscal year and what the trend has been for the past six (6) months. City Manager Jorge Gonzalez stated that the trend is that Resort Tax has remained flat, which means that it has been down because new properties have opened. It is expected that these new properties will pick up any potential loss from others next year.

City Manager Jorge Gonzalez stated that Maximus Consulting was asked to look at the building permit fees, which includes the Building, Fire, Planning, and Public Works departments. Currently, all amounts collected are assumed to be building fees, when in fact they may need to be allocated to other departments and not just the Building department. Bruce Cowans, of Maximus Consulting Inc., presented the preliminary findings from the Building department process cost study. Mr. Cowans stated that study found that the City is not charging enough to break-even and is subsidizing the process by approximately \$1.5 million. Preliminary results of the study indicate that the City has been significantly undercharging for the services performed by the Planning, Fire and Public Works Departments related to the Building process.

City Manager Jorge Gonzalez suggested instead of recouping 100% of the annual cost in the departments, the City continue collecting 85%, however fee increases are recommend for these departments, it is further recommended that these fee increases be offset by short term decreases in Building Department fees so that, in the aggregate, the total combined fees charged to the development community remain at current levels. Further it is recommended that the resulting decreases in Building department revenues be replaced by approximately \$1.5 million in previously set aside Building Department Operating reserves so that costs related to enforcing the Florida Building Code continue to be offset by Building revenues. Current Building Department Operating reserve levels would allow for approximately three (3) years of phasing in a new fee structure. Discussion ensued. Mayor Matti Herrera Bower is in favor of this but is concerned about when the Building Department fees will be increased in the future if they are reduced at this time. The Committee recommended increasing fees for Planning, Fire and Public Works Departments related to the Building process for FY 2009/10. The Committee further recommended that these fee increases be offset by short term decreases in Building Department fees so that, in the aggregate, the total combined fees charged to the development community remain at current levels and that the resulting decreases in Building department revenues be replaced by approximately \$1.5 million in previously set aside Building Department Operating reserves. The Committee also recommended waiting for changes in the Building department to be complete before considering when fees would need to be increased in the future.

Condrey Study - Commissioner Libbin feels it is unfair to bring employees who exceed the maximum of their salary range of Plan B down to Plan B; only those who are 5% or greater above the maximum of Plan A should have their salary reduced. Commissioner Wolfson is concerned about job loss and eliminating vacant positions especially in the Police department. Chairman Gross asked union leaders for comments. Comments included concern about salary cuts but stated that they would work with the City. City Manager Jorge Gonzalez stated that the consultant was in favor adopting Plan B, not reducing salaries for employees over their pay range maximum but freeze them until their range catches up, adopt provisions that would prevent this, bracket creep, etc.,

from happening in the future, and work with unions to freeze merits and step increases. He also recommended a two (2) percent increase in pension contribution. Commissioner Libbin supports this but is still concerned that this plan does not address those employees who are below the proposed minimum of their salary range, and would like to get them up to the minimum. Mayor Bower suggested not freezing salaries for those who are below the minimum until they reach the minimum of their range. Commissioner Wolfson was concerned about raising salaries when the Committee was also considering job losses. Commissioner Weithorn was also concerned that if the Condrey study was not implemented the disparity would continue to exist. Mayor Bower suggested not implementing the Condrey study at October 1, 2009 but giving more notice about possible salary reductions. Commissioner Weithorn suggested giving six (6) months notice to those who would receive salary reductions. Chairman Gross asked if anyone would consider phasing in the reductions. Commissioner Weithorn suggested that anyone who is more than 7.5% under the minimum receives all of their increase on April 1, 2010 to bring them to 7.5% under the minimum, and reduce by one-third those who are greater than 7.5% above the maximum on April 1, 2010; on April 1, 2011 take the second-third in reductions for those 7.5% above the maximum, and take those more than 5% below the minimum up to 5% below the minimum; on April 1, 2012 take the final third in reductions for those "fully compensated" and move those below the minimum up to the minimum of their salary range, while keeping the COLA frozen and increasing the pension contribution by two (2) percent. Mayor Bower feels that the COLA should be looked at annually. City Manager Jorge Gonzalez noted that union contracts have previously been three (3) year contracts. Chairman Gross suggests doing a two (2) year contract rather than negotiating every year. Commissioner Wolfson asked when this would be implemented. City Manager Jorge Gonzalez recommended not implementing any changes until it can be implemented for all employees.

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