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# MIAMI BEACH

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

## COMMITTEE MEMORANDUM

TO: Finance & Citywide Projects Committee Members

FROM: Jimmy Morales, City Manager 

DATE: August 21, 2013

SUBJECT: **DISCUSSION REGARDING INDEXING THE LIVING WAGE RATES FOR FISCAL YEAR 2013-2014.**

### **BACKGROUND**

At its June 9, 2010 meeting, the Mayor and City Commission passed and adopted Ordinance No. 2010-3682, which amended the City of Miami Beach Living Wage Ordinance in the following particulars:

1. Effective October 1, 2010, service contractors, as applicable, were required to pay all employees the indexed hourly living wage rates established by the City based on the following three (3) year phase-in approach:
  - Commencing with City fiscal year (FY) 2010/11 (October 1, 2010), the hourly living wage rate will be \$10.16/hr. with health benefits of at least \$1.25/hr, and \$11.41/hr without benefits;
  - Commencing with City FY 2011/12 (October 1, 2011), the hourly living wage rate will be \$10.72/hr with health benefits of at least \$1.45/hr, and \$12.17/hr without benefits; and
  - Commencing with City FY 2012/13 (October 1, 2012), the hourly living rate will be \$11.28/hr with health benefits of at least \$1.64/hr, and \$12.92/hr without benefits.
2. An indexing process was established that included considerations of current Living Wage rates to the Consumer Price Index for Urban Consumers (CPI-U) increases to be considered during the City's annual operating budget discussions.

The City is currently exercising its final year of the three-year phase-in approach for indexing the Living Wage rate as referenced above. The process for future considerations to index the Living Wage rate, as described in Living Wage Ordinance, allows for the Living Wage rate and health care benefits rate to be increased annually for inflation using the CPI-U for the Miami/Ft. Lauderdale region issued by the U.S. Department of Labor, Bureau of Labor Statistics. Based on the indexing provisions of the Living Wage Ordinance, the following is provided for discussion and consideration:

1. The CPI-U for the Miami/Ft. Lauderdale region 2012, for the year ending December 31, 2012, is 1.9% (See attached Exhibit "A"). This figure represents an overall budget impact to the City of approximately a \$180,000 for the subsequent fiscal year based on current service contracts to which the Living Wage rate is applicable.
2. The Miami-Dade County Living Wage rate for FY 2013/2014 has been increased by 1.393% which translates into an hourly wage rate of \$12.23 per hour with no less than \$1.78 per hour towards a qualifying Health Benefits Plan, and \$14.01 per hour without health benefits.

However, notwithstanding the preceding, the City's Living Wage Ordinance stipulates that no annual increase to the Living Wage rates for the employees of City service contractors shall exceed the corresponding annual compensation increase provided to unclassified City employees. The City's bargaining agreements negotiated to-date do not include any cost of living adjustments for FY 2012/13 or FY 2013/14.

**CONCLUSION**

This information has been provided for your discussion and direction.

  
JM/KGB/AD/CD

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