



# MIAMI BEACH

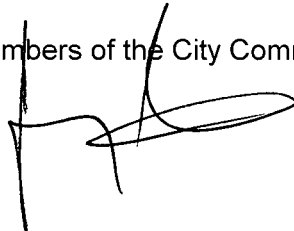
RECEIVED

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov) 2013 AUG 29 PM 4:01

# 302-2013

LETTER TO COMMISSION CITY CLERK'S OFFICE

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

FROM: Jimmy L. Morales, City Manager 

DATE: August 29, 2013

SUBJECT: **REVISED RECOMMENDATION REGARDING PLANNING DAYS AND EMPLOYEES CURRENTLY EARNING THEM**

## BACKGROUND

At the February 20, 2013, Finance and City Wide Planning Committee (FCWPC) meeting, planning days and their genesis were discussed as the matter had been referred by Commissioner Libbin at the January 16, 2013, City Commission meeting.

Despite an exhaustive effort, which included reviewing archived records maintained by the City Clerk, staff was unable to ascertain the origin of this employee benefit and only had anecdotal information to relay. The general consensus was that the compensation benefit was instituted in part to address salary compression issues and as a component of an executive benefit package used to assist the City's competitiveness in the labor market.

On February 20, 2013, the Committee was presented with a list of 49 classifications/incumbents earning from a low of two to a high of six planning days each year. Planning days cannot be carried over from one year to another so if they are not used, employees are paid for their value at the end of the calendar year. The current list shows 43 incumbents earning planning days. Of those, nine were in the deferred retirement option plan (DROP) will be separating from the City as soon as September 30, 2013 and as late as August 31, 2017. Since then, one eligible employee separated and another joined the DROP bringing the number back up to nine.

Also at the February 20, 2013, staff was instructed not to offer planning days to new employees and to propose alternatives at the budget meeting for those employees currently receiving this benefit.

As a result of the Committee's directives, new incumbents in the following classifications, who would have otherwise been eligible for the benefit, do not have planning days as part of their compensation: City Manager; two Assistant City Managers; Building Director; Human Resources Director; OBPI Director; Parks and Recreations Director; Public Works Director; and Special Projects Administrator.

Three recently vacated positions may be filled by new employees who will not be eligible for the benefit. They are the Real Estate, Housing and Community Development Director, CIP Director and the Assistant Fire Chief, assuming, of course, that the positions are not filled with current employees already earning the benefit.

The value of the planning days for eligible employees currently ranges from a low of 0.77 percent of the eligible employee's annual salary to a high of 3.08 percent.

At the August 22, 2013, the Commission received staff's recommendation regarding alternatives for those employees receiving this benefit which is set forth below in its entirety.

*"Eliminating the benefit for current recipients, without recognizing its value, results in salary reductions from a low of \$676.00 to a high of \$5,271.00 per year.*

*Given that all recipients of the planning days benefit are unclassified employees whose wages have been mostly stagnant for several fiscal years and that planning days are paid out at the end of the calendar year when not used, it is recommended that you exercise one of the following two options: (1) that the value of the benefit be rolled over into each incumbent's current earnings; or (2) that the benefit be phased out through attrition."*

After discussion regarding the two alternatives presented, the Commission directed staff to offer other alternatives.

### **REVISED STAFF RECOMMENDATION**

The Administration acknowledges the Commission's concerns regarding transparency and that the benefit was implemented some time ago without the legislative body's input and consideration. That said members of the Administration cannot discount without concern the effect that losing this benefit will have upon staff.

The 43 people eligible for planning days, as a group, average 14 years of service. The most senior employee has 26.3 and the most junior 1.2 years of service. Of these two in particular, one accepted the planning days as a new benefit of employment while the other accepted it as part of the benefit package available to him upon employment with the City of Miami Beach.

Of the 43 employees, eight are in the DROP and an additional four are eligible to retire based on their years of service and age. So 12 of the 43 are eligible to leave at any time with full retirement benefits; that equals more than one quarter (28 percent) of the employees on the list.

After careful consideration of all the issues surrounding this matter, the Administration recommends that eligible employees retain their planning days benefit on a *use it or lose it* basis, meaning that if you do not take the days off during the year, you do not get compensated for them. As recommended before, this benefit should be phased out through attrition. For practical purposes, these *use it or lose it* planning days would be treated as additional vacation days that recipients cannot accrue and carry over from one year to the next.

By adopting a *take it or lose it* policy and eliminating the payout for unused planning days, the Budget Office projects there will be a savings of \$128,000 in the General Fund; \$143,000 Citywide.

Planning days must be taken during the calendar year in which they are earned. Therefore, in order for there to be a smooth transition, it is further recommended that the deadline to use planning days earned in 2013 be extended to March 31, 2014. Thereafter, planning days would expire December 31 of each year.

## **CONCLUSION**

The Administration recommends that you adopt this revised recommendation; that eligible employees retain their planning days benefit on a *use it or lose it* basis, meaning that if you do not take the days off during the year, you do not get compensated for them. As recommended before, this benefit should be phased out through attrition.

By adopting a *take it or lose it* policy and eliminating the payout for unused planning days the Budget Office projects there will be a savings of \$128,000 in the General Fund; \$143,000 Citywide.

The benefit offer was made in good faith and accepted by the employees in the same spirit. The number of people affected is limited, thereby containing the City's liability; however, their value to the individual employee cannot be overstated. This is particularly true of those long term employees at the maximum of their respective ranges when the cost of living adjustment (COLA) of April 2012, did not extend the pay ranges and made them ineligible for that increase. For practical purposes, these *use it or lose it* planning days would be treated as additional vacation days that recipients cannot accrue and carry over from one year to the next.



JLM/KØB/SC-T