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

COMMITTEE MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: April 16, 2014

This shall serve as written notice that a meeting of the Finance and Citywide Projects Committee has been scheduled for April 16, 2014, at 11:00 A.M. in the Commission Chambers.

The agenda is as follows:

NEW BUSINESS

1. **Discussion of Ordinance No. 2013-3826 adopted and referred to the Finance and Citywide Projects Committee to discuss the 60 employees that are capped out (October 10, 2013 Commission Item R5K)(175)**

Sylvia Crespo-Tabak – Director of Human Resources

2. **Discussion – Replacement Line of Credit**

Patricia Walker – Chief Financial Officer

Finance and Citywide Projects Committee Meetings for 2014:

April 16, 2014

May 16, 2014

June 20, 2014

July 18, 2014

August 13, 2014

September 25, 2014

October 17, 2014

November 12, 2014

December 12, 2014

PENDING ITEMS: REFER TO ATTACHMENT 1

PDW/rs/kd

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Cc. Mayor and Members of the City Commission
Management Team

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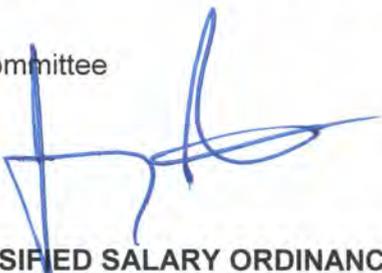
COMMITTEE MEMORANDUM

TO: Finance and City Wide Projects Committee

FROM: Jimmy L. Morales, City Manager

DATE: April 18, 2014

SUBJECT: **UPDATE ON ADOPTED UNCLASSIFIED SALARY ORDINANCE AND EMPLOYEES AT THE MAXIMUM OF THE CONDREY AND ASSOCIATES (CONDREY) RECOMMENDED RANGE OF PAY**



BACKGROUND

The City of Miami Beach has employees in seven salary groups, one of which is comprised of at-will employees, commonly referred to as the unclassified service. There are approximately 408 employees in the subject salary group.

In 2008, the Administration entered into a contract with Condrey to perform a citywide study to ensure the City had a classification and compensation plan that was appropriate, competitive, and fair and which resulted in one salary plan applicable to employees across the current seven salary groups.

Condrey, in conjunction with a professor/researcher from the University of Miami, also conducted a best practices benefits survey to collect data on what other jurisdictions were doing to control related costs. They presented their preliminary findings to the City administration in early October 2008, just days after the major economic downturn experienced by the stock market. Given the grim economic news and forecasts, employee layoffs from many local and national organizations, and others freezing or reducing salaries and benefits, the administration asked the consultants to analyze findings further to make a more accurate and timely recommendation to the City, considering the evolving economic, financial and labor factors. During the study, some employees covered by a bargaining unit had an opportunity to review the recommended pay grades with the consultant; unclassified service employees did not.

Prior to submitting a final report, Condrey participated in a Commission workshop held on March 2, 2009. When the consultant recommended eliminating the step plan, he said merit increases should change year-to-year, as recommended by the Commission. He further recommended that for those employees who are at the maximum of the range, a one-time, lump sum payment can be awarded based on performance.

In August 2009, the City received the final results of the study. The report included an analysis of the salary and benefits data, along with the jurisdictions that responded to the surveys and recommended pay ranges for all classified and unclassified employees in the City. The recommendations included that all employees above the maximum of their respective ranges remain at their current salary levels until such time as the maximum of the range for their assigned pay grades met or exceeded their current salary. In

August 2013, the consultant provided the City with a letter (Attachment 1) advising that the minimum and the maximum of the salary scales recommended in the study should be adjusted by seven percent to reflect changes in the labor market, compensation practices and other related factors that have changed since the study was completed.

As of the fall of 2013, there were 60 unclassified employees who were above the maximum of the range recommended by Condrey with an aggregate value of \$518,323. Since then, that number has been reduced by one.

The City's past practice has been to provide cost of living adjustments (COLAs) to unrepresented classified and unclassified employees consistent with those negotiated and agreed to for employees covered by collective bargaining units. Therefore, the administration recommended, and the City Commission approved by adopting ordinance 2013-3826, that effective with the first full pay period ending in October 2014, the minimum and maximum of the pay grades in the unclassified salary group be increased by three percent and that employees be eligible for up to a three percent COLA if their salaries did not exceed the maximum of the adjusted pay range for the comparable job title in the Condrey study.

During the public hearing at the second reading of the ordinance, one employee earning more than the recommended maximum for his range spoke on behalf of the information technology department employees. He identified himself as one of the approximately 60 people who would be ineligible for the COLA and contended that not extending the range by the COLA was being restricted to employees in the unclassified salary groups. Bargaining unit employees, who negotiated the same three percent COLA, those covered by the Communications Workers of American (CWA) and Government Supervisors of Florida (GSAF), will have the minimum and the maximum of their respective classification ranges extended accordingly.

Unlike members of the unclassified salary group, 64 employees covered by CWA or GSAF currently at the maximum of their City of Miami Beach salary ranges, and over the maximum recommended by Condrey, will receive a three percent cost of living adjustment (COLA) no later than October 2014, as negotiated in their respective collective bargaining agreements.

There are five employees covered by the American Federation of State County and Municipal Employees (AFSCME) who are over the recommended Condrey maximum. However, based on the terms and conditions of employment recently negotiated, they will receive a 2 percent COLA effective April 1, 2014, which will expand the minimum and maximum of the ranges for the classifications covered by the bargaining unit.

AFSCME is the only bargaining unit that agreed to adopt Condrey as its salary plan. This is a significant step forward for the City as it strives to have one salary plan, instead of seven, cover all employees. The Condrey salary plan will go into effect upon ratification of the collective bargaining agreement, which is after implementation of the April 1, 2014, COLA. Therefore, upon implementation, the Condrey recommended minimum and maximum of the pay ranges will be adjusted by two percent. On April 1, 2015, when a one percent COLA goes into effect for AFSCME bargaining unit employees, the pay ranges will be adjusted accordingly.

In addition to adopting the ordinance, the Commission referred the discussion of unclassified employees earning above the maximum of the Condrey recommendation to the Finance and Citywide Projects Committee.

On January 30, 2014, the Administration sought direction and input from the Committee regarding a mechanism through which to motivate and recognize performance by employees who are at or over the maximum of their respective pay ranges, whether Condrey's recommended salary range or the City's

unclassified pay ranges. The Administration recommended that the Unclassified Salary Ordinance be revised to allow for the recognition of such employees through a one-time, non-recurring, non-pensionable adjustment from one to two percent of their respective salaries based on whether they met, exceeded or significantly exceeded expectations, as indicated by the ratings on their individual performance evaluations.

The \$515,000 savings associated with implementing Condrey will be achieved over the long-term as Condrey recommended, and the Administration concurs, to freeze or red circle the salaries of affected incumbents. There is a \$53,000 immediate cost impact as salaries are raised to bring employees to the minimum of their respective ranges. (Attachment 2)

The Committee deferred discussion until the Administration provided cost information related to its recommendation and met individually with each Committee member to review.

ANALYSIS

As of this writing, there are 47 unclassified employees at or above the maximum of their current City of Miami Beach classification pay ranges. With the implementation of Condrey, there are a total of 59 unclassified employees earning above the maximum of the adjusted salary range recommended by Condrey.

Assuming no turnover between now and October 2014, and a worst case scenario, from a cost impact *only*, if all 59 employees earn the two percent, one-time, non-recurring, non-pensionable salary adjustment, the effect on the Fiscal Year (FY) 2014/15 budget should not exceed \$190,000.

In the memorandum accompanying the Unclassified Salary Ordinance, the Administration stated that the Human Resources Director will review and determine the appropriate range for those classifications not analyzed by Condrey. Based on an appropriately determined range, with the City Manager's concurrence, the eligibility of each incumbent in those classifications for up to a three percent COLA will be determined. Similarly, the Administration recommends that Condrey also be asked to assist in reviewing unclassified pay ranges where staff is earning over the maximum of the recommended pay range and the employees' duties have changed substantially or there has been an equally significant change in reporting structure.

CONCLUSION

Based on the explanations provided herein, on the fact that as the economy improves the City needs to remain competitive in the labor market and on the longevity of the majority of the employees affected, the Administration recommends that the Unclassified Salary Ordinance be revised to allow for the recognition of such employees through a one-time, non-recurring, non-pensionable adjustment of one to two percent of their respective salaries based on whether they met, exceeded or significantly exceeded expectations, as indicated by the ratings on their individual performance evaluations.

Attachment

JLM/KGB/SC-T

ATTACHMENT 1



CONDREY &
ASSOCIATES, INC.

A Human Resources Consulting Company

August 21, 2013

Ms. Carla Maglio Gomez
Assistant Director
Department of Human Resources
City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33139

Dear Ms. Gomez:

As we discussed, I am happy to provide information concerning updating the salary scales presented in our August 2009 report. In order to bring these scales to current compensation levels, we recommend that they be increased by 7%. This 7% adjustment is based on the approximate cumulative increase in the Employment Cost Index since 2009.

I hope this information is helpful to you. Please do not hesitate to contact me if I may provide further information.

Sincerely,

Stephen E. Condrey, Ph.D.
President

City of Miami Beach
Scenarios for Condrey and Associates Classification and Compensation Study Implementation

	<u>Total Number</u>	<u>Number of</u>	<u>% of Total</u>	<u>Savings if</u>	<u>Number of</u>	<u>% of Salary</u>	<u>% of Total</u>	<u>Net (Savings)/Cost</u>	<u>to City Budget for</u>	<u>Internal</u>			
	<u>of Employees</u>	<u>Employees</u>	<u>% of Salary</u>		<u>Employees</u>	<u>Group</u>	<u>Employees</u>			<u>to Minimum</u>	<u>Raising or</u>	<u>General Fund</u>	<u>Service/Other</u>
	<u>per Salary</u>	<u>Over the</u>	<u>Group Over</u>	<u>Lowered to</u>	<u>Under</u>	<u>Under</u>	<u>Under</u>						
	<u>Group</u>	<u>Maximum</u>	<u>Maximum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Minimum</u>	<u>Minimum</u>		<u>Lowering Salaries</u>				
AFSCME	306	5	1.63%	3.91%	\$ (5,243.33)	74	24.18%	72.55%	\$ 94,693.49	\$ 89,450.16	\$ 29,375.32	\$ 53,383.40	\$ 6,691.44
CWA	365	57	15.62%	44.53%	\$ (212,717.11)	13	3.56%	12.75%	\$ 26,318.76	\$ (186,398.35)	\$ (108,026.08)	\$ (63,471.60)	\$ (14,900.67)
FOP	366	0	0.00%	0.00%	\$ -	0	0.00%	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
GSA	55	7	12.73%	5.47%	\$ (58,061.90)	1	1.82%	0.98%	\$ 433.57	\$ (57,628.33)	\$ (47,989.59)	\$ (9,638.74)	\$ -
IAFF	188	0	0.00%	0.00%	\$ -	0	0.00%	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
OTHERS	23	0	0.00%	0.00%	\$ -	3	13.04%	2.94%	\$ 4,560.53	\$ 4,560.53	\$ 4,051.08	\$ 509.45	\$ -
UNCLASSIFIED	410	59	14.39%	46.09%	\$ (515,606.34)	11	2.68%	10.78%	\$ 52,901.42	\$ (462,704.92)	\$ (368,711.23)	\$ (96,263.50)	\$ 2,269.81
TOTALS	1,713	128	7.47%	100.00%	\$ (791,628.68)	102	5.95%	100.00%	\$ 178,907.77	\$ (612,720.91)	\$ (491,300.50)	\$ (115,480.99)	\$ (5,939.42)

ATTACHMENT 2

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Discussion Item

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F&CWP Pending Items - Commission Referrals

Attachment 1

Item #	Title	Referred By	Date Referred	Handled By	Date Expiring per Reso # 2013-28147	Note
1	Status update on Business Tax Process Improvement.	Jorge R. Exposito		Patricia Walker Kathie Brooks	07/30/2014	Awaiting new business tax system 9/20/13 The Committee recommended leaving this item on the agenda since the new ACCELA process is still pending. 1/30/14 Commissioner Weithorn is working with P. Walker on this item that is still awaiting ACCELA implementation 3/21/14 Item expiration extended from when the item was reheard
175	Ordinance No. 2013-3826 adopted and referred to the Finance and Citywide Projects Committee to discuss the 60 employees that are capped out	Jorge R. Exposito	October 16, 2013 Commission Item R5K	Sylvia Crespo-Tabak	07/30/2014	1/30/14 Commissioner Weithorn deferred this item to next mtg 3/21/14 Item expiration extended from when the item was reheard
182	Discussion regarding the modification of the master plan plan to make a shared bike lane, with the caveat that automobiles slow down due to the increase in accidents with bicycles to find funding sources	Edward L. Tobin	December 11, 2013 Commission Item R9H	Eric Carpenter	06/11/2014	2/21/14 The Committee recommended moving forward with the Bicycle Safety Campaign focusing on the importance of bicycle and driver awareness when sharing the streets of Miami Beach. The Committee also agreed to a partnership with local bicycle advocate Mr. Richard Cahlin involving the sale of cycling clothing to help raise funds for bicycle programs. The Committee requested that someone speak to the movie theater to do an in kind video advertisement spot. The source of funding will be looked into and approved later as a separate item along with the items in the preliminary cost breakdown.
183	Discussion regarding the Washington Avenue pump station for funding allocation	Edward L. Tobin	December 11, 2013 Commission Item R9H	Eric Carpenter	06/11/2014	2/21/14 The Committee recommended referring this item to the Planning Department that would recommend ideas for staining the concrete and how to construct the wall that contains the electrical panel and power meter in the same finishes. Finance will approve the cost options in 2 months with the proposal to be sent by LTC of the different sketches. DRB will way in after receipt of this recommendation.
185	Stormwater Future Bonds and Proposed Rates			Patricia Walker	08/11/2014	3/24/14 Chief Financial Officer Patricia Walker went over various scenarios and the Committee requested the item be brought back before the Committee once the timeline and projects have been established so that a more accurate rate can be determined.
186	Discussion regarding South Shore Community Center	Tourism, Culture and Economic Development	March 5, 2014 Commission Item C4C	Max Sklar	09/05/2014	
187	Discuss Financial Impact of the Proposed Roadway Closure Applications for 87 Street and 87 Terrace Filed by 8701 Collins Development	Deede Weithorn	March 5, 2014 Commission Item C4D	Eric Carpenter Patricia Walker	09/05/2014	
188	Discussion regarding The Greater Miami Convention and Visitors Bureau Interlocal Agreement	Tourism, Culture and Economic Development	March 5, 2014 Commission Item C4F	Max Sklar	09/05/2014	
189	Discussion regarding the Miami Beach Police Athletic League (PAL)	Joy Malakoff	March 5, 2014 Commission Item R9N	Arthur Martineau	09/05/2014	3/21/2014 Item to be brought back when their audit is complete