

COMMISSION MEMORANDUM

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager



DATE: September 13, 2017

SUBJECT: REPORT OF THE FINANCE AND CITYWIDE PROJECTS COMMITTEE (FCWPC)
MEETING ON MONDAY, JULY 10, 2017

A meeting of the Finance and Citywide Projects Committee was held on Monday July 10, 2017 at 2:30 p.m. in the Commission Chamber, 3rd Floor of City Hall. Commissioners in attendance: Commissioners Ricky Arriola, Joy Malakoff, John Elizabeth Alemán, and Micky Steinberg. Members from the Administration and the public were also in attendance.

MEETING OPENED AT 2:49 P.M.

BUDGET BRIEFING:

OLD BUSINESS

1. FY 2017/18 Proposed Capital Budget Development

ACTION

Tameka Otto Stewart, Interim Budget Director presented the item. The following items were requested by the committee.

- **Collins Park Rotunda/ Performing Arts Venue** – Added this project and moved funding in the amount of \$800,000 to the proposed column. As approved by Commission, the Cultural Arts Council will oversee a flexible performing arts center; it can be used for spoken word performances, theater in the round, a small dance performance, an art installation, and a generally flexible, multi-use space.
- **Baywalk - South Bay Club, Bayview Terrace, Bay Garden Manor**– As a result of the dollars made available from funding a portion of the Maurice Gibb Park Redesign project from the 2003 Parks GO Bond, moved funding for this project in the amount of \$386,000 to the proposed column to fund this project.
- **5th Street Flyover Lighting Enhancement** – Moved funding in the amount of \$148,779 to the proposed column to fund this project.

2. FY 2017/18 Proposed Current Service Level

ACTION

Tameka Otto Stewart, Interim Budget Director presented the item. The following items were requested by the committee.

We are committed to providing excellent public service and safety to all who live, work, and play in our vibrant, tropical, historic community.

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- The following Education Initiatives totaling \$324,000 were added to the FY 2017/18 CSL Budget:
 - Anti-Defamation League- \$4,000
 - Common Threads- \$19,000
 - FIU Dual Enrollment- \$62,000
 - Miami Dade County Dual Enrollment- \$28,000
 - Nurse Enhancement Initiative- \$16,000
 - Nurse Initiative- Behavioral Health- \$54,000
 - VPK Year 3- \$141,000
- As part of the development of the proposed FY 2017/18 budget, departments were requested to submit lists of potential reductions/efficiencies totaling 4 percent of their FY 2017/18 CSL budgets. The list was reviewed by the City Manager and the Budget Office. As a result of this review, the recommended reductions/efficiencies totaling \$2,003,000 for the General Fund were identified.
- Enhancements totaling \$504,000 for the General Fund were identified, which include:
 - City Prosecutor- \$72,000
 - Living Wage Increase- \$56,000
 - Second Annual Youth Music Festival- \$12,000
 - Portable Luxury Restrooms for ITF Tennis Tournament- \$24,000
 - Normandy Shores Neighborhood/Golf Course Security Guard Rover- \$27,000
 - Professional Service for Comprehensive Plan (Planning Department)- \$100,000
 - Film Incentive- \$100,000
 - Lummus Park Cultural Activation and Programming- \$100,000
- Recommended reductions/efficiencies totaling \$751,000 and \$453,000 in enhancements for the Resort Tax Fund were identified.

FINANCE AGENDA:

OLD BUSINESS

3. Discussion Regarding The Living Wage Rates For Fiscal Year 2017-2018, In Accordance With Chapter 2, Article VI, Division 6, Section 2-408, Of The City Code

Commission Item C4G, April 26, 2017
(Procurement)

Alex Denis, Procurement Director

ACTION

Alex Denis, Procurement Director presented the item. He explained the Committee explored two indexing options available in the City Code. The first is increasing the living wage rate by the one year change in the CPI or increasing the rate by the aggregate of all the years that there have been no increases. The Committee also considered the rate that was proposed by SEIU. He explained the Committee also asked for him to look into the rate at which the City can mitigate the impact of the increases. Alex Denis said he looked into that. First was that they looked at if there are any contracted employees that are at or above whatever rate is being considered, in that case they would not receive an increase. Some of the reductions that were talked about were security guards, the Tennis Center in North Beach, and he said he believes that Sanitation was looking at reducing their use of temporary services. He said Parking is also looking at reducing the parking attendants at garages due to the new gated control system.

Alex Denis said option 1, which is the single year increase, will cost about \$235,000. The catch

up option is estimated around \$586,000, if the reductions are considered. The SEUI rate is around \$2,395,000. This option does not include possible increases that have to be made for current City employees that are under the \$16.60 rate. That impacts about \$150,000.

Alex Denis explained how the phase-in would work. He said for option 2, the current rate is \$13.31, the option 2 rate would be \$14.06, so we would basically be taking the impact of that dividing it out by 3 years, which is \$195,000 a year. In this option we would be paying for what was phased-in this year plus the CPI increase for that year. It is kind of a double payment in years 2 and 3. The same would be for option 3, it is just a bigger impact for years 2 and 3.

Discussion held.

Alex Denis explained the catching up. He said in FY 15/16 the Commission did not approve a living wage increase. The Code allows us to catch up and see what the CPI increases were in those years that did not receive a living wage increase and then give those in the year an increase would be implemented in.

Commissioner Arriola explained how health care has grown whereas CPI remains negligible. He said we are now trying to narrow the delta that has been accumulating over many years.

Alex Denis said one of the recommendations that SEIU made was to consider a different index for the healthcare, which make sense because there is a specific CPI index for medical services. Instead of taking whatever CPI is used for the change in the rate you would apply the medical index in the change of the healthcare benefit. Often the CPI increase for medical care is usually higher than all of the other categories.

Commissioner Arriola said that we can use the overall blended CPI for wages and the medical CPI for the medical portion. Alex Denis confirmed.

Commissioner Alemán agrees with Commissioner Arriola.

Commissioner Arriola said if we want a living wage to provide for workers and families, then the appropriate thing to do is to recognize healthcare costs have spiraled out of control and we have to accommodate for that. He said that because the money is tight in the budget he would be inclined to look at the phase-in approach for option 2. He said it includes doing the catch up of the \$0.75 an hour and phase it in over a 3 year period, which still adds up to \$195,000.

Commissioner Malakoff agrees with option 2.

Commissioner Alemán asked where Miami and Miami Dade-County are on these numbers.

Alex Denis said Miami is currently at \$15 and Miami Dade-County is at \$15.52, but he thinks they approved \$16.16.

Lily from SCIU said they did that by fixing the healthcare CPI index, so that way it will match with the market trends with health care prices. It also helps the County with not having to continually revisit this and bring it back and vote.

Commissioner Alemán said she would lean towards going with the catch up option 2, phased-in and using the CPI higher index that is more relevant and probably wouldn't go for the automatic index. She said she would want it to be a discrete action each year to provide the administration

a chance to let the Commission deliberate. That way if something happens there is an intercept point for the City Manager to let the Commission know.

VOTE OF ACCLAMATION TO MOVE FORWARD WITH OPTION 2 PHASED-IN

Meeting adjourned at 6:01 p.m.

JLM/JW/MTG