

Item # 76₍₃₎/77₍₃₎

ADDITIONAL MATERIAL

Regular Meeting

NOVEMBER 13, 2018

SUBMITTED AT THE REQUEST OF

FINANCE and

ADMINISTRATIVE SERVICES

DEPARTMENT



FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT


115 S. Andrews Avenue, Room 513 • Fort Lauderdale, Florida 33301 • 954-357-7130 • FAX 954-357-7134 • Email: finance@broward.org

MEMORANDUM

Date: November 9, 2018

To: Mayor and Board of County Commissioners

Thru: Bertha Henry, County Administrator

From: Kevin Kelleher, Deputy Chief Financial Officer  Digitally signed by KEVIN KELLEHER
Date: 2018.11.09 15:23:09 -05'00'

Subject: Follow-up to October 23, 2018 Commission Meeting - Agenda Item No. 52, Living Wage Ordinance - Health Care Benefits

On October 23, 2018 (Item No. 52), the Board directed County staff to study the health care benefit amount, currently \$1.61 per hour, and to provide sufficient information to the Board to permit discussion thereof on or before December 11, 2018. During the same meeting, the Board designated Commissioner Barbara Sharief to be its point person on the health care portion of the living wage.

In addition, on November 13, 2018 (Item Nos. 76 and 77), the Board will be considering two motions to publish Notices of Public Hearing for two living wage-related ordinances on December 4, 2018.

Please be advised that staff has met with Commissioner Sharief and is preparing a presentation for the December 4th Public Hearing. In the interim, please find attached for your information a preliminary draft estimate of the potential cost impacts of the living wage rate changes.

While there are a number of different options available, the chart provides four possible options for consideration and the potential cost impacts associated with each:

1. Option 1: *Increase the Living Wage (LW) rate to \$13.00* (an additional 5% from \$12.38) with the health care differential (HCD) at \$1.63 consistent with the existing Ordinance.
2. Option 2: *Increase the LW rate to \$13.27* (approx. 110% of the Federal Poverty Line - FPL) with HCD at \$1.63.
3. Option 3: *Implement a single LW rate of \$15.00* with no separate differential for health care.

4. Option 4: *Increase the LW rate to \$13.27* (approx. 110% of the FPL) AND *increase the HCD to \$3.17* (from \$1.63), which is the amount in Miami-Dade County's Living Wage Ordinance.

The estimated cost impacts are separated into general fund (GF) and other fund impact, which are totaled for the full cost impact on a recurring basis.

Furthermore, individual Commissioner briefings will be scheduled before December 4th to provide an opportunity to discuss these numbers in more detail.

Should you have any questions or like to discuss further, please do not hesitate to contact me.

attachment

c: Monica Cepero, Deputy County Administrator
Andrew Meyers, County Attorney
Robert Melton, County Auditor
George Tablack, CPA, Chief Financial Officer
Norman Foster, Director, Office of Management and Budget
David Kahn, Director, Human Resources Division

Preliminary Estimate of Potential Cost Impact for Living Wage Changes

[Current Ordinance: 2019 Living Wage (LW) = \$12.60; Health Care Differential (HCD) of \$1.63]

Fund	No. of Employees	Expiration	OPTION 1: Increase LW Additional 5% LW \$13 (HCD \$1.63)	OPTION 2: Increase LW to 110% of FPL LW \$13.27 (HCD \$1.63)	OPTION 3: Single LW rate of \$15 per hour	OPTION 4: Increase LW to 110% of FPL <u>AND</u> Increase HCD LW \$13.27 (HCD \$3.17)
GF County employees		Not applicable	\$0.27M	\$0.31M	\$0.31M	\$0.31M
GF Contracts (45 current contracts)	915	14 expire 12/2018 21 expire 12/2019 7 expire 12/2020 2 expire 12/2021 1 expires 2/2023 Note: Includes contracts expiring and renewals.	\$1.04M	\$1.04M <u>\$0.48M</u> \$1.52M	\$1.05M <u>\$0.48M</u> \$1.53M	\$1.04M <u>\$0.48M</u> \$2.73M \$4.25M
TOTAL GF IMPACTS (RECURRING)			\$1.31M	\$1.83M	\$1.84M	\$4.56M
Airport Concessionaires Duty Free (1 non-LW) News and Gifts (2 LW) Food and Bev (2 LW)	1,220	Expires in 2024 Both expire in 2027 Both expire in 2032	\$1.83M	\$1.83M <u>\$0.79M</u> \$2.62M	\$1.84M <u>\$0.80M</u> \$2.64M	\$1.83M <u>\$0.79M</u> \$4.53M \$7.15M
Airline Service Provider Agreements (ASPA) (54 contracts)	2,370	44 expire in 2021 1 expires in 2022 9 expire in 2023	Information not available	Information not available	Information not available	Information not available
Aviation Direct Service Contracts (10 contracts)	780	7 expire before 7/2019 3 expire after 7/2019	\$0.83M	\$0.83M <u>\$0.36M</u> \$1.19M	\$0.84M <u>\$0.36M</u> \$1.20M	\$0.83M <u>\$0.36M</u> \$2.05M \$3.24M
Other Enterprise Direct Service Contracts (28 contracts)		8 expire in 12/2018 18 expire in 12/2019 1 expires in 12/2020 1 expires in 12/2021	\$0.24M	\$0.24M <u>\$0.13M</u> \$0.37M	\$0.24M <u>\$0.13M</u> \$0.37M	\$0.24M <u>\$0.13M</u> \$0.64M \$1.01M
OTHER FUND IMPACTS			\$2.90M	\$4.18M	\$4.21M	\$11.41M
TOTAL IMPACTS ALL FUNDS (RECURRING)			\$4.21M	\$6.01M	\$6.05M	\$15.97M

Draft—Data are estimates of potential impacts and subject to verification.

Does not include potential cost impact to ASPAs or cost impact resulting from individuals not having health insurance, as such information is not available.