



BERTHA W. HENRY, County Administrator

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MEMORANDUM

November 9, 2018

TO: Board of County Commissioners

FROM: Norman Foster, Director *NF*
Office of Management and Budget

SUBJECT: Fiscal Impact Statement Re: Proposed Ordinance Amending Sections 26-100 through 26-102 of the Broward County Code of Ordinances, Relating to the Living Wage Rate

The proposed ordinance repeals and replaces in their entirety Sections 26-100 through 26-102, relating to the Living Wage Rate. The ordinance provides definitions, establishes the Living Wage Rate and health care benefit amounts, provides applicability to new and existing County contracts, establishes the wage indexing methodology, and provides for severability, inclusion in the code, and an effective date. The proposed ordinance includes a provision for written amendment to be entered into for each relevant contract amount to reasonably mitigate increased labor costs.

Background

Current law provides for a living wage rate for covered employees who are provided health benefits of \$12.38 for calendar 2018. Current law provides for a health care benefits amount of \$1.61 for calendar 2018.

Current law would adjust the living wage rate for covered employees who are provided health benefits from \$12.38 for calendar 2018 by 1.8% on January 1, 2019 to \$12.60, and the health care benefits amount from \$1.61 for calendar 2018 to \$1.63 on January 1, 2019. These adjustments are based on Miami PMSA Consumer Price Index for all Urban Consumers (CPI-U), calculated by the United States Department of Commerce; however, no annual increase shall exceed three percent (3%) and in no event shall the increase exceed the compensation increase provided to unrepresented County employees.

Impact of proposed ordinance

The proposed ordinance would set the living wage rate for covered employees who are provided health benefits to \$13.27 on January 1, 2019.

The proposed ordinance would set the health care benefits amount to \$1.63 on January 1, 2019.

The proposed ordinance includes indexing from January 1, 2020 forward, using a similar approach as current law, other than the Consumer Price Index for all Urban Consumers (CPI-U), Miami-Fort Lauderdale-West Palm Beach is adjusted as of October 31 each year.

The estimated cost impact of changing the Living Wage Rate from the calendar 2018 level of \$12.38 to \$13.27 would be:

- For Broward County employees, \$310,000 per year, all General Fund.
- For Broward County contracts funded by the General Fund, \$1.52 million.
- For Broward County contracts funded by enterprise funds other than the airport, \$370,000.
- For Broward County Aviation Department direct service contracts, \$1.19 million.
- For Fort Lauderdale-Hollywood International Airport concessionaires, \$2.62 million.
- For airlines with service provider agreements, no specific information is available.

These estimates are based on information provided by Human Resources Division, Purchasing Division (contract information), Broward County Aviation Department and airport concessionaires.

Fiscal Impact

- The General Fund impact would up to \$1.83 million annually, depending on the agreed amount included to reasonably mitigate increased labor costs in the written amendment for each relevant contract.
- Other impacts are as shown above, and would be borne by the relevant enterprise fund, airport concessionaire or service provider.