



From the Desk of:
Norm Roche, Commissioner, At-Large
Pinellas County, Florida

COMMISSION AGENDA:

5.7.13 #19

Date: April 26, 2013

Recommendation: I recommend the County Commission, sitting as the County Commission and a Unified Personnel System Appointing Authority for County Government Classified employees; authorize the County Administrators to allocate the labor costs savings (3%) that resulted from the changes to the FRS contribution calculations, to classified employee salaries. I further recommend that pending and upon approval of this action, the Administrator be authorized to inform our Constitutional Officer/Offices of this Boards' action, and our support of our Constitutional Officer/Offices actions in-kind, if they so choose.

Background: The Legislature's changes to the FRS contribution structure (3%) resulted in a reduction in countywide labor costs of approximately \$13-million annually. This action impacted both the County Commission employees under the Administrator's direction, as well as the employees under the direction of our respective County Constitutional Officers/Offices. As you are aware, this action required employees to contribute 3% towards their FRS account and resulted in a take-home pay reduction to those impacted employees. Additionally, this occurred in the throes of major countywide staff reductions, the economic recession, hiring freezes, increased employee workload, a laboring economic recovery, and no less than four+ consecutive years without employee compensation increases (aka: raises).

As you are also aware, the 3% cost savings was transferred into our Stabilization Account to the tune of approximately \$9-million for the first "partial" year, and approximately \$13-million in year two – and the approximate \$13-million costs savings is in-perpetuity, and thus remains collected, budgeted, and stands unallocated going forward. Some key considerations and known factors are as follows:

- The approximate \$13-million in annual countywide labor cost savings is equivalent to about .25-mils
- The County did not reduce its countywide millage rate commensurate with the cost savings (.25-mils)
- The County has increased its property tax rate for the past two budget cycles, and projects a third consecutive request for an increase this year.
- The labor cost savings is in-perpetuity, collected, and existing within the budget structures
- The action, itself, will not require a property tax increase
- The action will avoid the incorrect assumption/perception that any upcoming potential property tax increases are due to "employee raises"
- Staff(s) will be afforded more time to focus on identifying specific and more direct accountability for any budget/funding increase requests
- Although in reality it is more of a replacement than an actual raise, it affirms our commitment to those committed to providing our citizens with continued standard-setting service.
- Improved employee morale and production
- Organizational stabilization, while affording flexibility going forward

Summary: As our economy continues a slow but forthcoming recovery, and as our taxpayers continue to struggle with increases in day-to-day expenses on a number of different levels, and as we continue to face the challenge between balancing the revenue stream with services, service levels, and the needs of our County – I think it is important that we avoid any blurred lines, unnecessary confusion, false obstacles or perceptions; by specifically aligning accountability when stewarding our taxpayers' dollars. Making every effort to make certain that our taxpayers are clear and unabated in their understanding of exactly why their tax dollars are requested/required and exactly how their allocated, I believe, is unquestionably paramount in addressing today's economic realities and attempting to stabilize our County Government operations in the face of the "new normal".

Additionally, it is a known and existing expense – and therefore does not require a tax increase, and neither should it be included in or implied in-part or otherwise, as being a reason for an upcoming tax increase request. Our employees have shouldered the burden of increased responsibilities and expectations, while absorbing a decrease in overall compensation. Moreover, our recent Citizen Satisfaction Survey indicates that although faced with all these many challenges, our employees have maintained functional operations and a consistent high-level of service to our community.

Simply put: they deserve it.

Fiscal Impact: None