

MIAMI BEACH

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Eric Carpenter, City Manager

DATE: December 20, 2024

TITLE: DISCUSSION REGARDING THE LIVING WAGE RATES BEGINNING JULY 2025, IN ACCORDANCE WITH CHAPTER 2, ARTICLE VI, DIVISION 6, SECTION 2 - 408, OF THE CITY CODE.

RECOMMENDATION

The City Administration ("Administration") recommends that the Finance and Economic Resiliency Committee ("FERC") approve the living wage increase, effective July 1, 2025, not to exceed 3% and consistent with the approved cost of living adjustment (COLA) for unclassified employees, and provide a recommendation to the Mayor and City Commission ("City Commission").

BACKGROUND/HISTORY

Section 2-408 of the City Code requires, for certain service contracts, that contractors pay employees the living wage rates that the City Commission has approved for any given year. The current living wage rates, which were approved by the City Commission in September 2023 and became effective on January 1, 2024, are:

- \$16.08 per hour without health care benefits; or
- \$12.63 per hour with health care benefits of at least \$3.45 per hour.

The City Code stipulates that the living wage rates may be adjusted annually for inflation by the City Commission utilizing the local area's corresponding Consumer Price Index ("CPI") or COLA adjustment approved for unclassified staff; no annual index shall exceed three percent; nor shall an annual increase exceed the corresponding annual compensation increase (if any) provided to unrepresented (i.e., unclassified) City employees. Typically, rate increases are considered by the City Commission during annual budget discussions, as any increase will have a budgetary impact because contract rates are adjusted to compensate for the increased wage requirement. As is customary, the Administration refers an item annually to the FERC for a discussion on adjusting the living wage rates for the subsequent year. Accordingly, on April 3, 2024, the City Commission approved a referral to the FERC for a discussion and recommendation to the City Commission on any increases to the current living wage rates that the City Commission may want to consider for 2025.

The table below lists the living wage rates for local entities that enforce a living wage requirement as background information.

	Current Hourly Rate without Health Care Benefits	Current Hourly Rate with Health Care Benefits	
		Hourly Rate	Health Benefits Rate
Miami Beach	\$16.08	\$12.63	\$3.45
Miami	\$15.00	\$13.19	\$1.81
Broward County	\$19.21	\$15.45	\$3.76
Miami-Dade County	\$21.26	\$17.45	\$3.81

ANALYSIS

As stipulated in the City Code, living wage rate increases may not exceed the local area's corresponding CPI or the COLA approved for unclassified staff. The CPI increase for the local area for the preceding year (January - December 2023) was approximately 5.7 % for the overall CPI and -0.5 % for the medical services CPI (see Attachment A). At this time, the Administration has been negotiating for the past months the union contracts; however, preliminary discussion anticipates that unclassified employees will receive a 3 % COLA in July 2025. Approving the COLA in July will also allow concurrency between the COLA and the living wage rates. Once negotiations are finalized, the contracts will be submitted to the City Commission for approval of the 3% COLA increase, effective July 2025.

Following the City Commission's approval of the union contracts, the Administration will recommend a COLA increase for the unclassified employees. It is expected that the COLA increase adjustment for the unclassified employees will be determined at an upcoming City Commission meeting. Historically, the Living Wage rate increase has taken effect on January 1 of the following year. However, the Administration is recommending that both the COLA adjustment for unclassified employees and the Living Wage rate increase take effect on July 1, 2025, for this year.

The City Code stipulates that any increase to the living wage rates may not exceed the COLA approved for unclassified employees. Therefore, any living wage increase recommended in the current budget cycle will be capped at 3%, contingent upon unclassified employees receiving the COLA.

FISCAL IMPACT STATEMENT

To assist the FERC with determining the recommended increase, if any, to the living wage rates beginning July 2025, the Administration has calculated the fiscal impact of each 1% increase (up to 3%) to the living wage rate (see Attachment B).

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on .

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

FINANCIAL INFORMATION

CONCLUSION

The purpose of the information included herein is to assist the FERC in discussing and recommending to the City Commission the living wage rates effective July 1, 2025.

Applicable Area

Citywide

Is this a “Residents Right to Know” item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Procurement

Sponsor(s)

Co-sponsor(s)

Condensed Title

DISCUSSION REGARDING THE LIVING WAGE RATES BEGINNING JULY 2025