

C2 A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS DECEMBER 20, 2024 MEETING, TO INCREASE THE LIVING WAGE TO MATCH THE COST OF LIVING ADJUSTMENT (COLA) BY THREE PERCENT TO NO LESS THAN \$13.01 PER HOUR WITH HEALTH CARE BENEFITS OF AT LEAST \$3.45 PER HOUR, OR A LIVING WAGE RATE OF NO LESS THAN \$16.46 PER HOUR WITHOUT HEALTH CARE BENEFITS, EFFECTIVE JULY 1, 2025; AND FURTHER DELEGATING THE AUTHORITY TO THE CITY MANAGER OR DESIGNEE TO AMEND ANY CONTRACT AS NECESSARY TO IMPLEMENT THE INCREASE.

Applicable Area:

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: February 3, 2025

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS DECEMBER 20, 2024 MEETING, TO INCREASE THE LIVING WAGE TO MATCH THE COST OF LIVING ADJUSTMENT (COLA) BY THREE PERCENT TO NO LESS THAN \$13.01 PER HOUR WITH HEALTH CARE BENEFITS OF AT LEAST \$3.45 PER HOUR, OR A LIVING WAGE RATE OF NO LESS THAN \$16.46 PER HOUR WITHOUT HEALTH CARE BENEFITS, EFFECTIVE JULY 1, 2025; AND FURTHER DELEGATING THE AUTHORITY TO THE CITY MANAGER OR DESIGNEE TO AMEND ANY CONTRACT AS NECESSARY TO IMPLEMENT THE INCREASE.

RECOMMENDATION

The Administration recommends that the Mayor and City Commission ("City Commission") adopt the Resolution accepting the recommendation of the Finance and Economic Resiliency Committee at its December 20, 2024 meeting, to increase the living wage rate to match the City employee's Cost of Living Adjustment ("COLA") to three (3) percent (%) to no less than \$13.01 per hour with health care benefits or at least \$3.45 per hour, or a living wage rate of no less than \$16.46 per hour without health care benefits, effective July 1, 2025; and further seeks approval to delegate the City Manager, or designee, to amend any contract, as needed, in order to implement the increase to the living wage rates.

BACKGROUND/HISTORY

Section 2-408 of the City Code requires, for specific service contracts, that contractors pay employees the living wage rates approved by the City Commission for any given year. The current rates, approved by the City Commission on September 13, 2023, are as follows:

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

Living wage rate adjustments are generally based on increases in the Consumer Price Index ("CPI") for the local area, with healthcare benefit adjustments tied to CPI increases for medical costs. However, the City Code stipulates that no increase may exceed 3% or the COLA increase approved for unclassified staff.

Consistent with past practice, on April 3, 2024, the City Commission referred discussion item C4K to the Finance and Economic Resiliency Committee (FERC) to make a recommendation on the living wage rate adjustment. Historically, the living wage adjustment has taken effect on January 1 of the following year.

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. For the preceding year (January–December 2023), the CPI increase for the local area was approximately 5.7% for the overall CPI and -0.5% for the medical services CPI.

Despite any increase in the CPI, the City Code stipulates that any adjustment to the living wage rates may not exceed the COLA increase approved for unclassified employees. Therefore, the current budget cycle caps any living wage increase at 3%. The proposed effective date of July 2025 for the living wage increase will align with budgeted City employee COLA adjustments of July 2025.

FERC reviewed the living wage increase on December 20, 2024. To assist the Committee in determining whether to recommend an increase to the living wage rates for the subsequent calendar year, the Administration calculated the fiscal impact of each 1% increase (up to 3%) to the living wage rates in all the contracts impacted by the living wage ordinance. See the table below for details.

Increase	Resulting rates	Estimated Fiscal Impact¹
1%	\$16.21/HR w/o health benefits or \$12.76/HR with health benefits of at least \$3.45/HR	\$33,145.14
2%	\$16.33/HR w/o health benefits or \$12.88/HR with health benefits of at least \$3.45/HR	\$66,290.27
3%	\$16.46/HR w/o health benefits or \$13.01/HR with health benefits of at least \$3.45/HR	\$99,435.41

¹ Based on current contract usage from July 2025 – September 2025.

The Administration recommended that 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. Commissioner Alex Fernandez motioned to have this item heard at the City Commission with a favorable recommendation approving the item as presented, the motion was seconded, and all were in favor.

Positions covered by any City bargaining agreements impacted by the living wage threshold will be adjusted through the bargaining process to meet or exceed the new living wage rates.

FISCAL IMPACT STATEMENT

The FY 24/25 fiscal impact of adopting a 3% living wage increase is an estimated \$99,435.41. Please refer to Attachment A.

Does this Ordinance require a Business Impact Estimate?

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

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

FINANCIAL INFORMATION

Click or tap here to enter text.

CONCLUSION

Following deliberation at its December 20, 2024, FERC Meeting, the Committee recommended that the City Commission approve an increase to the living wage rates equivalent to the Cost-of-Living Adjustment (COLA) percentage increase for unclassified staff, capped at a maximum of 3%.

If the Mayor and City Commission approve the Committee's recommendation to align the living wage rates with the implementation of the City's employee COLA effective July 1, 2025, the new rates would be:

- \$16.46 per hour without health care benefits; or
- \$13.01 per hour with health care benefits of at least \$3.45 per hour.

The Administration recommends that the Mayor and City Commission adopt the Resolution to accept the Finance and Economic Resiliency Committee's recommendation to increase the living wage by 3%, resulting in rates of no less than \$13.01 per hour with health care benefits of at least \$3.45 per hour, or no less than \$16.46 per hour without health care benefits, effective July 1, 2025. The Resolution also delegates authority to the City Manager, or designee, to amend any contracts as necessary to implement the 3% increase to the current living wage rates.

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

Approve Increase to the Living Wage Rates for Service Contractors, Effective July 1, 2025. PR

Previous Action (For City Clerk Use Only)

ATTACHMENT A

1% Living Wage Rate Increase (\$16.21/HR w/o health benefits or \$12.76/HR with health benefits of at least \$3.45/HR) \$33,145.14 Fiscal Impact							
	Base Hourly Rate	% Increase	\$ Increase	% Payroll	\$ Payroll Taxes	Est. Hours	3-Month Impact
Living Wage Rate ¹	12.6300	0.0100	<u>0.1263</u>	0.0950	<u>0.0120</u>	958,655	33,145.14
Health Benefits	3.4500	0.0000	0.0000	0.0950	0.0000	958,655	0.00
Total	16.0800		<u>0.12630</u>		<u>0.0120</u>		33,145.14

2% Living Wage Rate Increase (\$16.33/HR w/o health benefits or \$12.88/HR with health benefits of at least \$3.45/HR) \$66,290.27 Fiscal Impact							
	Base Hourly Rate	% Increase	\$ Increase	% Payroll	\$ Payroll Taxes	Est. Hours	3-Month Impact
Living Wage Rate ¹	12.6300	0.0200	<u>0.2526</u>	0.0950	<u>0.0240</u>	958,655	66,290.27
Health Benefits	3.4500	0.0000	0.0000	0.0950	0.0000	958,655	0.00
Total	16.0800		<u>0.2526</u>		<u>0.0240</u>		66,290.27

3% Living Wage Rate Increase (\$16.46/HR w/o health benefits or \$13.01/HR with health benefits of at least \$3.45/HR) \$99,435.41 Fiscal Impact							
	Base Hourly Rate	% Increase	\$ Increase	% Payroll	\$ Payroll Taxes	Est. Hours	3-Month Impact
Living Wage Rate ¹	12.6300	0.0300	<u>0.3789</u>	0.0950	<u>0.0360</u>	958,655	99,435.41
Health Benefits	3.4500	0.0000	0.0000	0.0950	0.0000	958,655	0.00
Total	16.0800		<u>0.3789</u>		<u>0.0360</u>		99,435.41

RESOLUTION NO. _____

RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS DECEMBER 20, 2024 MEETING, TO INCREASE THE LIVING WAGE TO MATCH THE COST OF LIVING ADJUSTMENT (COLA) BY THREE PERCENT TO NO LESS THAN \$13.01 PER HOUR WITH HEALTH CARE BENEFITS OF AT LEAST \$3.45 PER HOUR, OR A LIVING WAGE RATE OF NO LESS THAN \$16.46 PER HOUR WITHOUT HEALTH CARE BENEFITS, EFFECTIVE JULY 1, 2025; AND FURTHER DELEGATING THE AUTHORITY TO THE CITY MANAGER OR DESIGNEE TO AMEND ANY CONTRACT AS NECESSARY TO IMPLEMENT THE INCREASE.

WHEREAS, Section 2-408 of the City Code requires specific service contractors to pay employees the living wage rates approved by the City Commission for any given year; and

WHEREAS, on September 13, 2023, the Mayor and City Commission approved the living wage rates for the calendar year 2024 as follows: \$16.08 per hour without health care benefits or \$12.63 per hour with health care benefits of at least \$3.45 per hour; and

WHEREAS, every year, during budget discussions for the subsequent fiscal year, the City Commission evaluates whether to adjust the living wage rates that specific City contractors are required to pay their employees; and

WHEREAS, generally, the living wage hourly rate increase is calculated according to any prior year increases in the overall Consumer Price Index (CPI) for the local area, and the healthcare benefit rate increase is calculated according to any previous year increases in the CPI for medical costs for the local area; and

WHEREAS, section 2-408(d) also states that an annual increase to the living wage rates shall not exceed the corresponding increase (if any) provided to unclassified City employees; and

WHEREAS, the City's past practice has been to consider the cost of living adjustment (COLA) approved for unclassified staff; and

WHEREAS, the City is considering a 3% COLA increase for unclassified employees, equivalent to the proposed 3% increase for union staff; and

WHEREAS, the fiscal impact of adopting a living wage increase equivalent to the proposed 3% COLA for unclassified staff is an estimated \$397,741.65; and

WHEREAS, on December 20, 2024, the Finance and Economic Resiliency Committee (FERC) recommended a 3% increase to the living wage, effective July 1, 2025, to match the proposed COLA adjustment; and

WHEREAS, if approved by the Mayor and City Commission, the living wage rates will become effective on July 1, 2025, set at no less than \$13.01 per hour with health care benefits of at least \$3.45 per hour, or \$16.46 per hour without health care benefits.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby accept the recommendation of the Finance and Economic Resiliency Committee at its December 20, 2024 meeting, to increase the living wage rate by three percent to no less than \$13.01 per hour with health care benefits of at least \$3.45 per hour, or a living wage rate of no less than \$16.46 per hour without health care benefits, effective July 1, 2025; and further delegate the authority to City Manager or designee to amend any contract, as needed, in order to implement the three percent increase to the living wage rate.

PASSED AND ADOPTED this _____ day of February 2025.

Steven Meiner, Mayor

ATTEST:

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

1/24/2025
Date