Compensation and Benefit Study

SPECIAL TOWN COUNCIL MEETING

APRIL 23, 2019

Tentative Decisions from April 4, 2019 Meeting

- 10 Step Plan for Police Officer, Firefighter, Driver-Engineer, and to be considered by Town Manager for Sergeant and Fire Lieutenant
- Merit for all other positions at 1.5% to 6% range, instead of 3% to 7.5%
- COLA implemented FY21 for all positions per annual budget approval.
- Frequency of future studies to be completed every 5 years, pending approval.
- Workweek changes (Kelly day 52hr to 48hr) within 21 (versus current 28) day pay cycle, subject to negotiations, for shift Firefighter personnel.
- Narrowed Retirement Plan changes for Public Safety to Age 55 with 10 years, 25& Out or 30& Out, and 8% or 9% employee contribution.

Areas of Discussion for Today

- Market and Percentile Options
  - Broward (non-COLI) and Palm Beach, and Palm Beach County only data
- Cost Estimates for Proposed Compensation Solutions
- Public Safety Retirement Plan Options
- Performance Bonus Program

Process Overview

Exhibit D: Provides cost estimates for each model presented

Market Data Results (Exhibits A, B & C)

67 Benchmark Positions

Percentile Range	Peer County Markets	General		Police		Fire		Total	
50th or Less	Miami, Broward, Palm Beach	26	39%	5	7%	2	3%	33	49%
	Broward (Non-COLI), Palm Beach	22	33%	3	4%	0	0%	25	37%
	Palm Beach	20	30%	2	3%	1	1%	23	34%
51-65th	Miami, Broward, Palm Beach	12	18%	1	1%	2	3%	15	22%
	Broward (Non-COLI), Palm Beach	10	15%	2	3%	1	1%	13	19%
	Palm Beach	8	12%	2	3%	0	0%	10	15%
66-75th	Miami, Broward, Palm Beach	9	13%	1	1%	2	3%	12	18%
	Broward (Non-COLI), Palm Beach	8	12%	1	1%	2	3%	11	16%
	Palm Beach	6	9%	2	3%	3	4%	11	16%
76-85th	Miami, Broward, Palm Beach	1	1%	0	0%	1	1%	2	3%
	Broward (Non-COLI), Palm Beach	5	7%	0	0%	4	6%	9	13%
	Palm Beach	7	10%	0	0%	2	3%	9	13%
Over 85th	Miami, Broward, Palm Beach	2	3%	0	0%	3	4%	5	7%
	Broward (Non-COLI), Palm Beach	5	7%	1	1%	3	4%	9	13%
	Palm Beach	9	13%	1	1%	4	6%	14	21%

Total Cost Estimates: Exhibit D

	Market Counties	50th Total	50th Cost per $1M of Taxable Value (5%)	65th Total	65th Cost per $1M of Taxable Value (5%)	75th Total	75th Cost per $1M of Taxable Value (5%)	85th Total	85th Cost per $1M of Taxable Value (5%)
Bring Employees' Salaries to New Minimums	M, B, PB	$251,001	$14	$305,845	$17	$374,748	$21	$479,900	$26
	B, PB	$166,423	$9	$202,559	$11	$252,379	$14	$385,106	$21
	PB	$177,228	$10	$215,445	$12	$267,550	$15	$356,075	$20
Move Toward Market (3 Tier) & Closest Step in Revised Pay Plan	M, B, PB	$468,225	$26	$518,403	$29	$565,415	$31	$668,575	$37
	B, PB	$466,315	$26	$505,752	$28	$542,001	$30	$576,635	$32
	PB	$477,385	$26	$516,329	$28	$561,017	$31	$613,463	$34
Grand Total	M, B, PB	$719,227	$40	$824,248	$46	$940,164	$52	$1,148,475	$63
	B, PB	$632,739	$35	$708,312	$39	$794,379	$44	$961,741	$53
	PB	$654,613	$36	$731,774	$40	$828,567	$46	$969,538	$54

M,B, PB = Miami-Dade, Broward, Palm Beach Counties

B, PB = Revised data with Broward (non-COLI) and Palm Beach Counties

P = Palm Beach County only

Total Cost Estimates: Exhibit D

Cost Estimates: All Markets					
		50th	65th	75th	85th
Police Certified Employee (18% of Employee Population):	**M, B, PB**	*57%*	*50%*	*44%*	*37%*
	B, PB	*51%*	*46%*	*41%*	*39%*
	PB	*50%*	*45%*	*40%*	*35%*
Fire Certified Employee (20% of Employee Population):	**B, PB**	*26%*	*23%*	*21%*	*18%*
	PB	*25%*	*22%*	*20%*	*17%*
General Employee (62% of Employee Population):	**M, B, PB**	*24%*	*33%*	*41%*	*50%*
	B, PB	*23%*	*31%*	*38%*	*44%*
	PB	*25%*	*33%*	*40%*	*48%*

M,B, PB = Miami-Dade, Broward, Palm Beach Counties

B, PB = Revised data with Broward (non-COLI) and Palm Beach Counties

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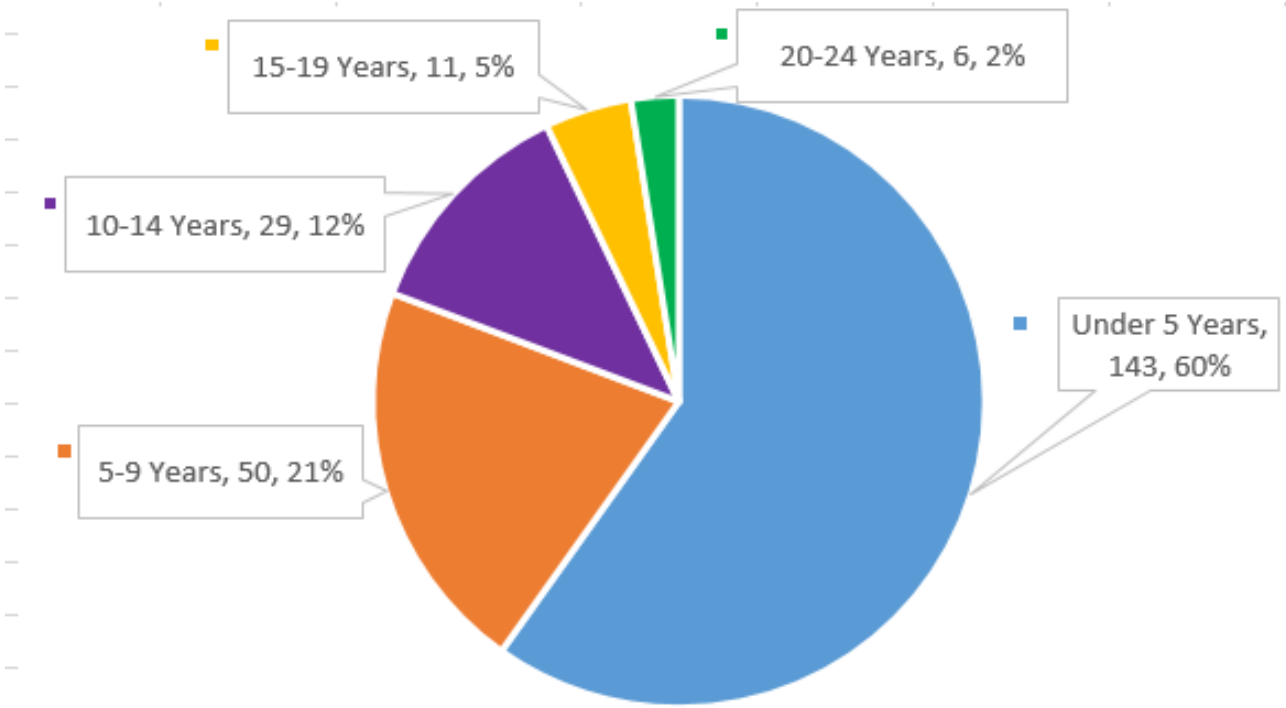
Employees Impacted

Employees receiving a pay Increase as a result of being below the new pay grade minimum and/or compression adjustments, organized by Years of Service and Retirement Group

(Palm Beach County only, 75th Percentile)



	# Employees May Receive Increase	Average % Increase	# Employees May **Not** Receive an Increase
Under 5 Years	**143**	**9%**	**7**
GENERAL	85	8%	3
FIRE	29	5%	4
POLICE	29	15%	0
5-9 Years	**50**	**5%**	**4**
GENERAL	33	4%	4
FIRE	7	5%	0
POLICE	10	8%	0
10-14 Years	**29**	**3%**	**28**
GENERAL	13	3%	25
FIRE	8	4%	0
POLICE	8	4%	3
15-19 Years	**11**	**3%**	**23**
GENERAL	0	0%	19
FIRE	7	3%	3
POLICE	4	3%	1
20-24 Years	**6**	**4%**	**32**
GENERAL	3	5%	23
FIRE	1	3%	6
POLICE	2	3%	3
25 and Over	**0**	**0.0%**	**17**
GENERAL	0	0.0%	13
FIRE	0	0.0%	2
POLICE	0	0.0%	2
Grand Total	**239**	**7.2%**	**111**

Questions: Market & Percentiles

- What geographic market do you wish to use?
  - Broward (Non-COLI) and Palm Beach or Palm Beach Only
- What benchmark percentile do you wish to use?
  - 50^{th}, 65^{th}, 75^{th} or 85^{th}

Retirement

- Market data (E-1)
- Timeline for actuarial impacts (E-3)
- Draft estimate on 25& Out and 30& Out changes (E-2)

Police Officers & Firefighters Benefits
Supplemental Valuation to be prepared by GRS (E-3)

- Actuary estimate of $12,000 to develop first year impact for all groups and valuation for above scenarios, completed by May 9, 2019, includes

  - $4,000 for impact of salary changes for all retirement groups.
  - $2,000 per scenario for retirement benefit changes for Police Sworn and Fire Certified

- Additional analysis completed by May 22, 2019:
  - 10-year projections – estimate $10,000; or
  - 10-year projections with sensitivity analysis – estimate $14,000

Police Officers & Firefighters Benefits
Supplemental Valuation prepared by GRS (E-2)

Proposed provisions considered in the valuation changes the normal retirement eligibly conditions, adding a service element to eligibility as follows:

- Age 56 with at least 10 years of service or 25 years of service regardless of age;
- Age 56 with at least 10 years of service or 30 years of service regardless of age.

	POLICE OFFICERS		FIREFIGHTERS	
	25 & Out	30 & Out	25 & Out	30 & Out
Change in UAAL	$ 176,434	$ 40,687	$ 371,420	$ 45,290
Change in Funded Ratio	(0.1) %	0 %	(0.2) %	0 %
Change in Town Contribution	$55,117	$13,416	$70,522	$10,848

Question: Public Safety Retirement

- Are there any elements of the Public Safety Retirement Plan you wish to change?

Note: A general fund contingency allocation would need to be approved by Town Council in order to pay for these actuarial services.

Performance Bonus Program: (Exhibits F-1 and F-2)

	Longevity Compensation	Performance Bonus
Lump Sum Payment Calculation or Range	10% of salary, escalating .5% annually up to 10% of salary at 20+ years of service. In FY19, due to CROTO, amounts were frozen to FY18 values.	$500 - $6,000 Based on annual evaluation score.
FY20 Estimated Budget	$460,708 FY20 budget	$463,400 FY20 budget
FY20 Average Payment / Employee	$7,120	$3,800
FY20 # of Employees Per Program by Eligibility	68 in FY20 Benefit closed to employees hired after October 2004	127 eligible; 112 ineligible due to 5-year waiting period for eligibility

Summary of Decision Points
April 23, 2019

- Compensation Geographic Market
- Market Percentile
- Retirement Plan Changes
- Other?

Next Steps

- Meeting Schedule, Implementation ...