File No. 120499 Committee Item No. 6
Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Government Audit and Oversight Date June 14, 2012

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Completed by: Alisa Miller Date June 8, 2012
Completed by: Date

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Mark Farrell, Chair
Government Audit and Oversight Committee

FROM: Rana Calonsag, Committee Clerk

DATE: June 15, 2012

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, June 19, 2012

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, June 19, 2012. This item was acted upon at the Committee Meeting on June 14, 2012 at 1:00 p.m., by the votes indicated.

Item No. 6 **File No. 120499**

Ordinance adopting and implementing the arbitration award establishing the Memorandum of Understanding between the City and County of San Francisco and the Service Employees International Union, Local 1021, to be effective July 1, 2012, through June 30, 2014.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Mark Farrell - Aye
Supervisor Sean Elsbernd - Aye
Supervisor David Chiu - Aye

cc: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Legislative Deputy Director
Cheryl Adams, Deputy City Attorney
Binder Copy

CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 14, 2012

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Number 120499: Memorandum of Understanding (MOU) with the Service Employees International Union, Local 1021

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of the MOU between the City and County of San Francisco and the Service Employees International Union, Local 1021. The MOU applies to the period commencing July 1, 2012 through June 30, 2014, affecting 9,922 authorized positions with a salary base of approximately $644.5 million and an overall pay and benefits base of approximately $816.2 million.

As seen in Attachment A, our analysis projects that this amendment will result in approximately $42,000 of cost savings to the City during FY 2012-13 and $14,371,000 of increased costs in FY 2013-14. Our analysis assumes a scenario where premiums, overtime, step, and attrition grow consistent with wage changes.

Our analysis recognizes $6.2 million in costs during FY 2012-13 and $5.8 million in costs during FY 2013-14 stemming from the March 30, 2012 through June 30, 2012 contract extension which was jointly agreed by SEIU and the City to be recognized during the current negotiations.

If you have additional questions or concerns please contact me at 554-7500 or Drew Murrell of my staff at 554-7647.

Sincerely,

Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

Attachment A

Memorandum of Understanding from July 1, 2012 - June 30, 2014

Service Employees International Union, Local 1021

Controller's Office Estimate of Costs/(Savings) FY 2012-2014

Annual Costs/(Savings)	FY 2012-2013	FY 2013-2014
Provisions introduced in March 2012 extension of existing agreement; and stipulated as costs to be credited in the present round of negotations by a settlement agreement signed September 28, 2011		
Wages		
Restoration of base wages equivalent to FY 2008 - 2009 and FY 2009 - 2010 pre-layoff classifications among impacted classes	$ 5,587,000	$ 5,222,000
Restoration of full time status to employees in classes 8202 and 8226	$ 646,000	$ 604,000
Subtotal	$ 6,233,000	$ 5,826,000
Provisions introduced new agreement extending from July 1, 2012 to June 30, 2014		
Wages		
Effective July 1, full-time employees entering at the first step may advance to the second step and to each successive step upon completion of the one year required service.	$ (185,000)	$ (555,000)
2% Wage increases effective January 4, 2014, and 1% increase effective March 29, 2014 for all employees.	$ -	$ 7,432,000
Wage-Related Fringe Increases/(Decreases)	$ (39,000)	$ 1,981,000
Premium Increase/(Decreases)	$ -	$ (313,000)
Benefits		
Credit for one-half of the fund surplus from Health Benefits for As-Needed Employees, no credit for the fund surplus applies after the first year of this MOU	$ (6,051,000)	
Annual Amount Increase/(Decrease)	$ (42,000)	$ 14,371,000

Controller's Ofice Summary of 2012 - 2014 Labor Agreements Costing
6/14/2012

Citywide Patterns

1) **Wage Increases:** Three 1 % wage increases in FY 2013-14, projected to result in a 1.75% wage and variable fringe cost increase during FY 2013-14

2) **Step Savings:** Effective July 1, 2012 postpone advancement form Step 1 to Step 2 until the completion of 12 months of service rathern than 6 months

3) **Health Contributions:** Effective January 2014, For "Medically Single" employees, the City will pay 90% of the cost of the medical premium capped at 90% of the cost of the second highest cost plan.

	FY 2012-13 Total	FY 2013-14 Total
Costs/(Savings)	$ 3,489,000	$ 37,571,000

		FY 2012-13			FY 2013-14		
Table	Table Name	Wages & Premium	Variable Fringe	Health & Dental	Wages & Premium	Variable Fringe	Health & Dental
000	Consolidated Crafts	$ 30,000	$ -	$ -	$ 844,000	$ 229,000	$ (94,000)
001	Unrepresented Employees	$ 14,000	$ 3,000	$ (15,000)			
003	Operating Engineers, Local 3	$ -	$ -	$ -	$ 76,000	$ 21,000	$ (5,000)
006	Electrical Workers, Local 6	$ 492,000	$ 108,000	$ (17,000)	$ 981,000	$ 255,000	$ (81,000)
021	Local 21	$ 62,000	$ (16,000)	$ -	$ 5,878,000	$ 1,643,000	$ (797,000)
038	Plumbing and Pipefitting Industry	$ 16,000	$ -	$ -	$ 518,000	$ 136,000	$ (40,000)
039	Stationary Engineers	$ -	$ -	$ (35,000)	$ 1,000,000	$ 265,000	$ (168,000)
121	Service Employees International Union	$ 6,048,000	$ (39,000)	$ (6,051,000)	$ 12,390,000	$ 1,981,000	$ -
130	Machinists Union	$ 12,000	$ -	$ (9,000)	$ 209,000	$ 55,000	$ (33,000)
163*	Physicians and Dentists	$ 2,514,000	$ 486,000	$ -	$ 2,663,000	$ 589,000	$ (151,000)
200	TWU Local 200	$ -	$ -	$ -	$ 28,000	$ 8,000	$ (1,000)
251	TWU Local 250-A, TWU - Miscellaneous	$ 7,000	$ -	$ -	$ 137,000	$ 38,000	$ (23,000)
252	TWU Local 250-A, TWU - Auto Service Worker	$ (9,000)	$ -	$ -	$ 33,000	$ 12,000	$ (6,000)
261	Laborers	$ (69,000)	$ 144,000	$ (47,000)	$ 953,000	$ 444,000	$ (299,000)
311	Municipal Attorneys	$ (2,000)	$ (1,000)	$ -	$ 1,065,000	$ 286,000	$ (102,000)
351	Municipal Executives Association	$ -	$ -	$ (79,000)	$ 2,019,000	$ 541,000	$ (323,000)
419	DA Investigators	$ -	$ -	$ (2,000)	$ 61,000	$ 13,000	$ (12,000)
498	SF Deputy Sheriff's Association	$ 5,000	$ -	$ (47,000)	$ 1,352,000	$ 268,000	$ (231,000)
499	SF Sheriffs Managers and Supervisors	$ -	$ -	$ (6,000)	$ 325,000	$ 45,000	$ (23,000)
651	SF Probation Officers	$ 873,000	$ (849,000)	$ -	$ 1,105,000	$ (773,000)	$ (22,000)
791	Staff / Per Diem Nurses	$ (54,000)	$ -	$ -	$ 1,481,000	$ 412,000	$ -
856	Teamsters - Multi - Unit	$ 113,000	$ (108,000)	$ -	$ 259,000	$ (78,000)	$ (12,000)
858**	Supervising Nurses	$ 25,000	$ -	$ (5,000)	$ 361,000	$ 85,000	$ (265,000)
965	Supervising Probation Officers	$ -	$ -	$ (3,000)	$ 36,000	$ 7,000	$ (6,000)
969	Institutional Police Officers	$ -	$ -	$ -	$ 7,000	$ 2,000	$ -

* The MOUs with the Physicians and Dentists are split into two groups; one for bargaining unit 17 and one for bargaining unit 18 and run for three years form July 1, 2012 through June 30, 2015

** The MOU with Supervising Nurses is for three years from July 1, 2012 through June 30, 2015

FILE NO. 120499 ORDINANCE NO.

[Memorandum of Understanding - Service Employees International Union, Local 1021]

Ordinance adopting and implementing the arbitration award establishing the Memorandum of Understanding between the City and County of San Francisco and the Service Employees International Union, Local 1021, to be effective July 1, 2012, through June 30, 2014.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Board of Supervisors hereby adopts and implements the arbitration award establishing the Memorandum of Understanding between the City and County of San Francisco and the Service Employees International Union, Local 1021, to be effective July 1, 2012, through June 30, 2014.

The arbitration award establishing the Memorandum of Understanding so implemented is on file in the office of the Board of Supervisors in Board File No. 120499.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: Elizabeth S. Salveson
ELIZABETH S. SALVESON
Chief Labor Attorney

City and County of San Francisco, and Service Employees International Union, Local 1021
Arbitration Award Pursuant to City Charter Section A8.409-4
May 4, 2012

On the issue of As-Needed bargaining unit members, the Board adopts the last offer of the Union, attached hereto.

The Board finds pursuant to City Charter Section A8.409-4(d) that the evidence presented and considered during the proceeding under Section A8.409-4 supports adoption of that proposal under all relevant factors.

The parties approve the form of this award.

Side Letter:

Effective as of the term of the MOU, the parties agree as follows:

A. Examinations

1. The City and the Union will jointly seek Civil Service Commission approval for the City to conduct *closed promotional* examinations to establish department-only eligible lists for the following SEIU-represented examined classifications:

   3602 Library Page
   2708 Custodian
   8226 Museum Guard
   2303 Patient Care Assistant
   2736 Porter
   8320 Counselor, Juvenile Hall
   1404 Clerk

   And other classifications in the bargaining unit identified by the parties within ninety (90) days of the effective date of this Agreement.

2. Only TEX 16 employees who have worked 1500 or more hours during the three years preceding the examination for their classifications will be eligible to participate in such closed promotional examinations. If such examinations are approved, the City will make its best efforts to conduct all such examinations as soon as is practicable and not later than June 30, 2014.

BW

3. The City and the Union will jointly seek Civil Service Commission approval for the establishment of "priority eligible lists" resulting from the above-referenced promotional examinations. Such priority eligible lists must be used prior to use of lists resulting from standard, open and competitive examinations, provided, however, that any holdover lists in such classes must first be exhausted.

4. The City will provide the Union with the examination schedule and will advise the Union as to the processes by which the examinations are developed, and will consider any concern raised by the Union. In addition, the City will conduct examination preparation classes to which employees eligible to participate in the examinations will be invited.

B. Limitations and Remedies:

1. Under this paragraph and without affecting examination eligibility for past employment, for hours worked on or after July 1, 2012, City use of TEX 16 ("As-Needed") employees in SEIU represented classifications will be limited to operational necessity where permanent full or part-time status is not feasible or readily available (e.g., seasonal work, sporadic work, filling in for leaves or absences, vacations, emergency overtime, disasters, or classifications which are intended for training purposes only, and as otherwise provided by Civil Service Rule 102.23.6). The City may not use As-Needed employees to avoid hiring employees in permanent status or to circumvent the denial of departmental requests to fill vacancies. Employment conditions prior to the term of this Agreement will not be sufficient standing alone to constitute a violation of this limitation, but may be admitted as evidence.

2. Violations of this side letter can be appealed through the grievance and arbitration procedure under Article IV of the MOU. An arbitrator's factual findings will be binding on the parties. For violations of this side letter, an arbitrator may order the City to implement appropriate affirmative remedies, including monetary relief. An arbitrator may not order relief that is inconsistent with, or interferes with, the authority reserved by the Charter to the Mayor, the Board of Supervisors, the Civil Service Commission, Retirement System, or Health Services System. This limitation includes any order affecting matters within the exclusive jurisdiction of the Civil Service Commission's establishment and administration of the civil service merit system on matters that are excluded from bargaining under Charter Section A8.409-3. Under this paragraph, an arbitrator may make an advisory recommendation to the Mayor or Civil Service Commission on matters that are beyond the scope of an arbitrator's authority.

RL

MA

BW

Barry Winograd
Neutral Chairperson

I Concur:

Vin Harrington
Union Appointed Board Member

I dissent

Robert Thomas
City Appointed Board Member

BW

SEIU, LOCAL 1021 BARGAINING HIGHLIGHTS

Term – Two-year term (July 1, 2012 to June 30, 2014).

Wages –

Fiscal Year 2012-2013: No wage increases

Fiscal Year 2013-2014:

- 2% on January 4, 2014
- 1% on March 29, 2014

Structural Reform of the City's Healthcare Benefit and Cost-Sharing Structures –

- Health care cost sharing effective July 1, 2014:
  - For "medically single employees" (Employee Only) enrolled in any plan other than the highest cost plan, the City shall only contribute ninety percent (90%) of the "medically single employee" (Employee Only) premium for the plan in which the employee is enrolled.
  - For "medically single employees" (Employee Only) enrolled in the highest cost plan, the City shall only contribute ninety percent (90%) of the "medically single employee" (Employee Only) premium for the second highest cost plan. However, in calendar year 2014 only, the City will subsidize half of the amount of this increased premium cost for "medically single employees" who elect to enroll in the highest cost plan.
  - Exception: for "medically single employees" (Employee Only) who are permanently assigned to work in remote locations outside of the health coverage areas of Kaiser and Blue Shield, the City will continue to contribute one hundred percent (100%) of the cost of the Employee-Only premium.

Floating Holidays – Employees will receive a one-time award of two additional floating holidays in Fiscal Year 2012-2013 in light of other agreements made as reflected in this document and the fact that no wage increases will occur until the second year of the Agreement.

Increase in Time to Advance from Step 1 to Step 2 – Employees appointed on or after July 1, 2012 must now complete one year (increased from 6 months) of required service before advancing to the second step of the salary range.

Elimination of Travel Pay Provision – Effective July 1, 2012, the City will no longer pay employees who are San Francisco residents assigned to work at the Airport, Millbrae, Sharp Park or Sunol. Employees who received Travel Pay in Fiscal Year 2011-2012 will receive a one-time lump sum payment equal to the amount of Travel Pay they earned in Fiscal Year 2011-2012.

Relief for Individual Employees – Per previous settlement agreement, the Union recognized and credited the City for the cost of the City assuming the Layoff Impact Premium for two years by using encumbered as-needed health care funds.

As-Needed Employees – The City and the Union will jointly seek Civil Service Commission approval for the City to conduct closed promotional examinations for selected SEIU-represented classifications based on negotiated eligibility rules. In the future, City use of "As-Needed" employees in SEIU represented classifications will be limited to seasonal work, sporadic work, peak workload, filling in for leaves or absences, vacations, emergency extra workloads or overtime, disasters, and training classifications, or other situations involving fluctuating staff.

CalPERS Proposition C Contribution – Effective July 1, 2012, covered employees who are members of CalPERS agree to make pre-tax like contributions similar to those being made by members of SFERS, as required under Charter section A8.409-9.

COLLECTIVE BARGAINING AGREEMENT

BETWEEN AND FOR

SERVICE EMPLOYEES INTERNATIONAL UNION
LOCAL 1021

AND

THE CITY AND COUNTY OF SAN FRANCISCO

JULY 1, 2012 – JUNE 30, 2014

** Complete copy of document is located in

File No. 120499

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