

File No. 201133

Committee Item No. 11

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date October 21, 2020

Board of Supervisors Meeting

Date _____

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Completed by: Linda Wong

Date October 15, 2020

Completed by: Linda Wong

Date _____

1 [Administrative Code - Health Care Requirements for Certain Employers at San Francisco
2 International Airport]

3 **Ordinance amending the Administrative Code to require employers of employees**
4 **covered by the Quality Standards Program at the San Francisco International Airport to**
5 **provide family health insurance to such employees, or to make contributions on the**
6 **employees' behalf to an account established under Section 14.2 of the Administrative**
7 **Code.**

8 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
9 **Additions to Codes** are in *single-underline italics Times New Roman font*.
10 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
11 **Board amendment additions** are in double-underlined Arial font.
12 **Board amendment deletions** are in ~~strikethrough Arial font~~.
13 **Asterisks (* * * *)** indicate the omission of unchanged Code
14 subsections or parts of tables.

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

16 Section 1. Title.

17 This ordinance shall be known as the "Healthy Airport Ordinance."

18 Section 2. Findings.

19 (a) The San Francisco International Airport ("Airport") is a worldwide transportation hub,
20 connecting the San Francisco Bay Area directly to cities throughout the United States,
21 Canada, Mexico, Central America, Asia, Australia, and Europe. An average of nearly 58
22 million people normally travel through the Airport each year.

23 (b) On December 7, 1999, the San Francisco Airport Commission, by Resolution No.
24 99-0446, adopted the Quality Standards Program (QSP) to enhance Airport safety and
25 security. The Resolution required the implementation of minimum standards for hiring,

1 training, performance management, and compensation and benefits of employees covered by
2 the QSP, as well as enhanced equipment safety and security standards. The Airport
3 Commission incorporated the QSP into the Airport Rules and Regulations and required
4 compliance as a condition of Airport use permits.

5 (c) The QSP's compensation and benefit standards aim to assist in the recruitment of
6 high-quality employees and the reduction of employee turnover, and have been successful in
7 doing so, which in turn has improved worker performance. After the QSP was implemented,
8 turnover of covered employees fell by an average of 34% overall, with even larger decreases
9 for employee groups that received higher than average increases in compensation.
10 Employers reported that after the QSP was implemented they were able to increase their
11 hiring standards, and that they experienced improved employee performance, reduced
12 disciplinary actions, reduced absenteeism, and fewer employees who failed initial training.
13 These results improved safety and security at the Airport. Although the primary goals of the
14 program are safety and security, the QSP also improved Airport efficiency and customer
15 service.

16 (d) Due to the success of the program, the Airport Commission has adopted several
17 resolutions that expanded the QSP to include higher standards and new employee groups
18 that directly impact Airport safety or security. Under Charter Section 4.104, each of these
19 resolutions was adopted after notice and a public hearing to consider public comment.

20 (1) On January 18, 2000, by Resolution No. 00-0002, the Airport Commission
21 expanded the QSP to cover employees of airlines and service providers who have access to
22 the Airfield Operations Area or otherwise are directly involved in passenger and facility safety
23 and security.

24 (2) After a comprehensive review of the QSP, on August 18, 2009, by
25 Resolution No. 09-0199, the Airport Commission enhanced the QSP's employee

1 compensation requirements. The Resolution required employers to provide QSP-covered
2 employees with individual health benefits that met the minimum standards of the Health Care
3 Accountability Ordinance (HCAO), Administrative Code Chapter 12Q. The Resolution
4 temporarily froze the QSP minimum wage rate at \$12.33 per hour until that rate was no more
5 than \$0.50 per hour more than the wage rate required by the Minimum Compensation
6 Ordinance (MCO), Administrative Code Chapter 12P. The HCAO and MCO, each enacted
7 after the QSP was adopted, cover employees working under certain City contracts, leases,
8 and other agreements.

9 (3) On October 13, 2015, by Resolution No. 15-0216, the Airport Commission
10 included in the QSP employees located on or near Airport property who are directly involved
11 in the preparation and/or transportation of food and beverage products delivered directly onto
12 aircraft in the QSP. Additionally, to protect the QSP's pay standard, and the safety and
13 security interests that this standard supports, this Resolution provided that employee wage
14 requirements could not be waived in a collective bargaining agreement (CBA) unless the CBA
15 clearly and unambiguously waived them and provided for wages that at least met the QSP
16 standards. However, a CBA still may waive the QSP health benefit requirements.

17 (4) On January 19, 2016, by Resolution No. 16-0035, the Airport Commission
18 adopted additional QSP Airport safety and employee health and safety standards, enhanced
19 QSP employee training requirements, included Airport custodial workers in the QSP, and
20 increased fines for non-compliance.

21 (e) The individual health benefits provided to QSP-covered employees are critical to
22 the health, well-being, and financial security of those employees. These health benefits not
23 only enhance QSP employee recruitment and retention and reduce employee absences;
24 employee access to health care also reduces the spread of infectious disease. However,
25 some QSP-covered employees do not receive health benefits because their CBA waives the

1 health benefit requirement. Also, escalating health care costs are undermining the
2 effectiveness of these health benefits for QSP-covered employees, and of the QSP's
3 compensation and benefit components more broadly. Many QSP-covered employees report
4 that they cannot afford family health benefits. For example, employees of an airline catering
5 company report being offered family health benefits with a \$700 monthly premium and a
6 \$6,000 deductible. Such employees may face the choice between accessing health care or
7 affording other necessary expenses like rent or mortgage payments, food, or childcare.

8 (f) The COVID-19 pandemic poses a new and unprecedented threat to the health of
9 Airport employees and consequently to the City's ability to safely and effectively operate the
10 Airport. As COVID-19 spread in Asia and Europe, the Trump Administration did not impose
11 international travel limits until February 2, 2020, more than a month after the virus was first
12 reported and after it had already been documented to have spread to more than 20 countries,
13 including the United States. SFO workers likely had been exposed to COVID-19 before the
14 novel coronavirus was detected in the United States.

15 (g) On March 16, 2020, to mitigate the spread of COVID-19, local health officers in
16 seven Bay Area jurisdictions, including the City and San Mateo County, where the Airport is
17 located, issued health orders directing individuals living in those jurisdictions to shelter in their
18 places of residence and directing businesses, except essential businesses as defined in the
19 order, to cease activities at facilities located within those jurisdictions. Although these health
20 orders have been gradually modified to allow additional activities, they remain in place
21 indefinitely, and a large number of Bay Area employees continue to work remotely. But many
22 others in a variety of industries perform jobs that are considered essential but that cannot be
23 performed remotely. Airport employees, an essential workforce due to their role in facilitating
24 air travel, which is an essential business, must continue to perform their work duties in person,
25

1 and thus face a risk of transmission of COVID-19 that is significantly higher than for those who
2 are able to work safely at home.

3 (h) Employees working at the Airport who perform services that directly impact safety
4 and/or security at the Airport are at considerable risk of contracting and spreading COVID-19
5 due to the nature of their work duties. As examples:

6 (1) QSP-covered employees, including airline baggage handlers, wheelchair
7 agents, security screeners, and lobby agents face a heightened risk of exposure as their job
8 duties require frequent, close contact with passengers, often in areas where passengers are
9 likely to congregate together. Inconsistent policies for enforcing compliance with face covering
10 requirements increase the risk that employees face.

11 (2) Employees of airline catering companies often work in climate-controlled
12 spaces with little ventilation, where they must breathe the same air recirculated throughout
13 their shifts. These employees often work in crowded worksites where distancing is not
14 possible—in industrial kitchens or on assembly lines where employees stand shoulder-to-
15 shoulder as they prepare food, assemble food and beverage carts, and wash dishes. Others
16 must board multiple airplanes every week to coordinate catering delivery, coming into close
17 contact with airplane cabin crews in spaces where distancing is often impossible.

18 (3) Employees who disinfect and clean airplane cabins in between flights must
19 come into contact with surfaces and areas used by large groups of air travelers, and in some
20 instances have been asked to clean airplane cabins while passengers are still present.

21 (i) As of September 29, 2020, at least 131 employees who work at the Airport have
22 tested positive for COVID-19. This figure likely significantly underestimates the true number of
23 COVID-19 cases among employees who work at the Airport, because many employees lack
24 access to testing.

1 (j) Many Airport workers are people of color, who may be especially vulnerable to
2 contracting COVID-19 and to suffering greater health consequences from the virus. According
3 to the Centers for Disease Control (CDC), there is increasing evidence that some racial and
4 ethnic minority groups are disproportionately impacted by COVID-19. The CDC has identified
5 occupation; healthcare access and utilization; discrimination; educational, wealth and income
6 gaps; and substandard housing as the contributing factors that may increase the risk that
7 people from certain racial and ethnic minorities contract, face serious illness, or die from
8 COVID-19.

9 (k) Access to affordable family health benefits is central to achieving the goals of the
10 QSP. Protecting the health of employees and their families is important to the City's
11 proprietary interests as owner and operator of the Airport, including its interest in attracting
12 and retaining high-quality employees whose work impacts safety and security, protecting the
13 community and the traveling public from the spread of COVID-19, and restoring public
14 confidence in the safety of air travel.

15 (l) Moreover, recent history shows that these interests are not likely to be limited to the
16 duration of the COVID-19 pandemic. Air travel played a central role in the spread of severe
17 acute respiratory syndrome (SARS) in 2002 and Middle East Respiratory System (MERS) in
18 2014, as well as influenza pandemics in 1957, 1968, and 2009. It is therefore in both the
19 short-term interest and the long-term interest of the Airport and the City to adopt the changes
20 to the HCAO set forth in this ordinance.

21
22 Section 3. Chapter 12Q of the Administrative Code is hereby amended by revising
23 Sections 12Q.2, 12Q.2.7, 12Q.2.9, 12Q.3, 12Q.5, 12Q.5.2, and 12Q.8; renumbering existing
24 Section 12Q.2.16 as Section 12Q.2.22 and revising said Section; and adding new Section
25 12Q.2.16, to read as follows:

1 **SEC. 12Q.2. DEFINITIONS.**

2 As used in this Chapter 12Q, the following capitalized terms shall have the meanings
3 set forth in ~~the following provisions~~ Sections 12Q.2.1 through 12Q.2.22.

4
5 **SEC. 12Q.2.7. CONTRACTING PARTIES.**

6 “Contracting Parties” shall mean Contractors, Subcontractors, Tenants, ~~and~~
7 Subtenants, and employers of San Francisco Airport Service Employees.

8
9 **SEC. 12Q.2.9. COVERED EMPLOYEE.**

10 (a) “Covered Employee” shall mean:

11 (1) An Employee of a Contractor or Subcontractor who works on a City Contract
12 or Subcontract for 20 hours or more per Week:

13 ~~————— (A) Within the geographic boundaries of the City; or~~

14 ~~————— (B) On real property owned or controlled by the City, but outside the geographic~~
15 ~~boundaries of the City; or~~

16 ~~————— (C) Elsewhere in the United States; and~~

17 (2) An Employee of a Tenant or Subtenant who works 20 hours or more per
18 Week on property that is covered by a Lease or Sublease; and

19 (3) An Employee of a Contractor or Subcontractor that has a Contract or
20 Subcontract to perform services on property covered by a Lease or Sublease if the Employee
21 works 20 hours or more per Week on the property; and

22 (4) A San Francisco Airport Service Employee who works any number of hours during
23 any Week in such capacity.

24 **(b4)** A Contractor or Subcontractor may not divide an employee's time between
25 working on a City contract and working on other duties with the intent of reducing the number

1 of Covered Employees working on the Contract to evade compliance with this Chapter 12Q.
2 Such action shall constitute a violation of this Chapter.

3 (c) Notwithstanding the foregoing, the term "Covered Employee" does not include the
4 following:

5 * * * *

6
7 **SEC. 12Q.2.16. SAN FRANCISCO AIRPORT SERVICE EMPLOYEES.**

8 "San Francisco Airport Service Employees" shall mean Employees who are covered employees
9 under the Quality Standards Program adopted by the San Francisco Airport Commission, as may be
10 amended from time to time.

11 ~~**WEEK.**~~

12 ~~*"Week" shall mean a consecutive seven-day period. If the Contracting Party's regular pay*~~
13 ~~*period is other than a seven-day period, the number of hours worked by an employee during a seven-*~~
14 ~~*day Week for purposes of this Chapter; shall be calculated by adjusting the number of hours actually*~~
15 ~~*worked during the Contracting Party's regular pay period to determine the average over a seven-day*~~
16 ~~*Week. However, such period of averaging shall not exceed a duration of one month.*~~

17
18 **SEC. 12Q.2.22. WEEK.**

19 "Week" shall mean a consecutive seven-day period. If the Contracting Party's regular pay
20 period is other than a seven-day period, the number of hours worked by an employee during a seven-
21 day Week for purposes of this Chapter 12Q shall be calculated by adjusting the number of hours
22 actually worked during the Contracting Party's regular pay period to determine the average over a
23 seven-day Week. However, such period of averaging shall not exceed a duration of one month.

1 **SEC. 12Q.3. HEALTH CARE ACCOUNTABILITY COMPONENTS.**

2 (a) Except as provided in subsection (d), wWith respect to each Covered Employee who
3 either resides in San Francisco (regardless of where the Covered Employee provides
4 services) or provides services covered by this Chapter 12Q in San Francisco, each
5 Contracting Party shall do one of the following, at the Contracting Party’s option:

6 * * * *

7 (b) Except as provided in subsection (d), wWith respect to each Covered Employee who
8 does not reside in San Francisco, but who provides services covered by this Chapter 12Q at
9 the San Francisco Airport or at the San Bruno Jail, each Contracting Party shall do one of the
10 options set forth in ~~§~~subsubsection (a), at the Contracting Party’s option.

11 * * * *

12 (d) With respect to each Covered Employee who is a San Francisco Airport Service Employee,
13 each Contracting Party shall do one of the following, at the Contracting Party’s option:

14 (1) Offer health plan benefits to the Covered Employee and the Covered Employee’s
15 dependents, with all the following features:

16 (A) The health benefits shall be offered at no cost to the Covered Employee.

17 (B) The health benefits offered shall include at least one plan that provides a
18 level of coverage that is designed to provide benefits that are actuarially equivalent to at least 90% of
19 the full actuarial value of the benefits provided under the plan and to provide coverage for all services
20 described in the California Essential Health Benefit Benchmark Plan. A Contracting Party may offer
21 additional health benefit plans, provided that each such health benefit plan offered shall provide a level
22 of coverage that is designed to provide benefits that are actuarially equivalent to at least 80% of the
23 full actuarial value of the benefits provided under the plan and to provide coverage for all services as
24 described in the California Essential Health Benefit Benchmark Plan.

1 _____ (C) The maximum period for each Covered Employee’s health benefits to become
2 effective shall be no later than the first day of the first month after 30 days from the start of employment
3 as a San Francisco Airport Service Employee; provided, however, that if a Contracting Party elects to
4 make monthly contributions for a Covered Employee pursuant to subsection (d)(2), health benefits shall
5 become effective no later than the first day after the Contracting Party ceases making such
6 contributions.

7 _____ (2) For each Week in which the Covered Employee works any hours as a San Francisco
8 Airport Service Employee, make contributions for that Employee as specified below into an account
9 established under Section 14.2 of the Administrative Code, as may be amended from time to time.

10 _____ (A) Contributions made pursuant to this subsection (d)(2) shall be \$9.50 per
11 hour, but not to exceed \$380 in any Week, as of the operative date of the ordinance in Board File No.
12 _____ , establishing this subsection.

13 _____ (B) Beginning with fiscal year 2022-2023, and for each following fiscal year, the
14 Director of Health shall propose adjustments to the hourly rate and weekly maximum fee provided in
15 this subsection (d)(2), based on changes since the prior year in the Bureau of Labor Statistics
16 Consumer Price Index for Medical Care in the San Francisco Bay Area or in average Health
17 Maintenance Organization premiums in California. The Health Director shall submit the proposed
18 adjustments, together with proposed adjustments under Section 12Q.3(a)(2), to the Controller by
19 March 1. The Controller shall make appropriate adjustments to the hourly rate and weekly maximum
20 fee without further action by the Board of Supervisors. The adjusted hourly rate and weekly maximum
21 fee shall take effect on July 1.

22 (~~e~~) When preparing proposed budgets and requests for supplemental appropriations
23 for contract services, City departments that regularly enter into agreements for the provision of
24 services by nonprofit corporations shall transmit with their proposal a written confirmation that
25

1 the department has considered in its calculation the costs that the nonprofit corporations
2 calculate that they will incur in complying with the Health Care Accountability Ordinance.

3 (f) Notwithstanding the above, if, at the time a Contract, Subcontract, Lease, or
4 Sublease is executed, the Contracting Party has 20 or fewer employees (or, in the case of a
5 Nonprofit Corporation, 50 or fewer employees), including any employees the Contracting
6 Party plans to hire to implement the Contract, Subcontract, Lease, or Sublease, the
7 Contracting Party shall not be obligated to provide the Health Care Accountability
8 Components set forth in this Section 12Q.3 to its Covered Employees. In determining the
9 number of employees had by a Contracting Party, all employees of all entities that own or
10 control the Contracting Party and that the Contracting Party owns or controls, shall be
11 included.

12
13 **SEC. 12Q.5. ADMINISTRATION AND ENFORCEMENT.**

14 * * * *

15 (f) In addition to any other rights or remedies available to the City under the terms of
16 any agreement of a Contracting Party or under applicable law, the City shall have the
17 following rights:

18 (1) The right, at the discretion of the Agency, to charge the Contracting Party for
19 any amounts that the Contracting Party should have paid to the City for hours worked by
20 Covered Employees pursuant to Section 12Q.3(a)(2), ~~and (b)~~, or (d), or to Covered Employees
21 pursuant to Section 12Q.3(c)(2), together with simple annual interest of 10% on such amount
22 from the date payment was due;

23 * * * *

1 **SEC. 12Q.5.2. INVESTIGATION AND DETERMINATION OF VIOLATIONS.**

2 * * * *

3 **(e) Withholding of Payments by Controller.**

4 (1) When the Agency sends notice to a Contracting Party of its final
5 determination that the Contracting Party has violated the requirements of this Chapter 12Q
6 and of the Contracting Party's right of appeal to the Controller, the Agency may direct the
7 Contracting Department and the Controller to deduct from the payments otherwise due to the
8 Contracting Party the amounts that the Agency has determined the Contracting Party must
9 pay to the City under Section 12Q.3(a)(2), (b), or (d) and as liquidated damages. The
10 Controller, in issuing any warrant for any such payment, shall deduct the amounts specified by
11 the Agency.

12 (2) The Controller shall withhold these funds until (A) the hearing officer issues a
13 decision finding that the Contracting Party does not owe all or a portion of the amount
14 withheld, in which case the Controller shall release funds to the Contracting Party consistent
15 with the hearing officer's decision or (B) the Contracting Party consents to the use of the funds
16 to pay the City the amounts that the Agency or hearing officer found due. As to any funds
17 being withheld for which neither (A) nor (B) applies, the Controller shall retain the funds until
18 the hearing officer's decision is no longer subject to judicial review, at which time the
19 Controller shall distribute amounts owed under Section 12Q.3(a)(2), (b), or (d) in the
20 appropriate account for the use of the Department of Public Health and amounts due as
21 liquidated damages in the General Fund, provided that this action is consistent with any final
22 determination of a court of competent jurisdiction. Notwithstanding the provisions of this
23 subsection, the Agency may authorize the release of payments withheld from the Contracting
24 Party under this Section if the Agency determines that the continued withholding of funds
25 imposes a substantial risk of endangering public health or safety, interfering with a service or

1 project that is essential to the City, or having an unreasonable adverse financial impact on the
2 City.

3
4 **SEC. 12Q.8. WAIVER THROUGH COLLECTIVE BARGAINING.**

5 *Except for the requirements provided in subsection 12Q.3(d), a*All or any portion of the
6 applicable requirements of this Chapter 12Q may be waived in a bona fide collective
7 bargaining agreement, provided that such waiver is explicitly set forth in such agreement in
8 clear and unambiguous terms.

9
10 Section 4. Effective and Operative Dates.

11 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
12 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
13 sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the
14 Mayor’s veto of the ordinance.

15 (b) This ordinance shall become operative 90 days after its effective date.

16
17 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
18 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
19 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
20 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
21 additions, and Board amendment deletions in accordance with the “Note” that appears under
22 the official title of the ordinance.

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

3 By: /s/ Lisa Powell
4 LISA POWELL
5 Deputy City Attorney

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LEGISLATIVE DIGEST

[Administrative Code - Health Care Requirements for Certain Employers at San Francisco International Airport]

Ordinance amending the Administrative Code to require employers of employees covered by the Quality Standards Program at the San Francisco International Airport to provide family health insurance to such employees, or to make contributions on the employees' behalf to an account established under Section 14.2 of the Administrative Code.

Existing Law

The Health Care Accountability Ordinance (HCAO) requires employers to offer individual health plan benefits to their covered employees or to make payments to the Department of Public Health (DPH) (or, under limited circumstances not relevant here, to make payments directly to their covered employees). See Admin. Code § 12Q.3. The HCAO applies to most City contractors and tenants, including those at San Francisco International Airport ("Airport"), but not Airport permittees.

Separately, the Airport's Quality Standards Program (QSP), established by the Airport Commission, sets minimum training, equipment, safety, hiring, compensation, and benefit standards for employees who directly impact Airport safety and security. The QSP includes certain SFO permittees that are not covered by the HCAO, such as employers of wheelchair attendants and baggage handlers. Conversely, some HCAO-covered employees at SFO, such as those with concession leases, are not included in the QSP. Employers must provide QSP-covered employees with individual health benefits that comply with the HCAO's "minimum health coverage standards," even if those employees are not covered employees under the HCAO. A collective bargaining agreement (CBA) may waive the health benefit requirements under both the HCAO and the QSP.

Amendments to Current Law

The proposed ordinance would amend the HCAO to require expanded health benefits for "San Francisco Airport Service Employees," which the ordinance defines as employees covered by the QSP. Employers of San Francisco Airport Service Employees would be required to either (1) provide family, rather than individual, health insurance; or (2) pay contributions on behalf of each employee, starting at \$9.50 per hour, to the City Option Program established under the Health Care Security Ordinance (HCSO), Admin. Code Chapter 14, rather than \$5.60 per hour to the City for DPH under the current HCAO. These requirements must be satisfied for each San Francisco Airport Service Employee, with no minimum-hours requirement, whereas under the HCAO employees must work an average of 20 hours per week on the covered agreement to be covered employees. The ordinance does not permit this health benefit requirement to be waived by a CBA.

Background Information

The individual health benefits provided to QSP-covered employees have enhanced QSP employers' recruitment and retention of employees and have reduced employee absences. However, some QSP-covered employees are not provided individual health insurance because their CBA waives the health benefits requirement, and many QSP-covered employees report that family health insurance is unaffordable.

Employees working at the Airport who perform services that directly impact safety and/or security at the Airport are at elevated risk of contracting and spreading COVID-19 due to the nature of their work duties, which often require them to work in frequent, close contact with passengers and coworkers.

This ordinance seeks to expand QSP-covered employees' access to family health insurance benefits in order to protect those employees and their families, protect the community and the traveling public from the spread of COVID-19, and restore public confidence in the safety of air travel.

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<p>Item 11 File 20-1133</p>	<p>Department: San Francisco International Airport (Airport)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would amend the Administrative Code to require employees covered by the Quality Standards Program (QSP) at the San Francisco International Airport (Airport) to provide family health insurance to such employees, or to make contributions on the employees’ behalf to an account established under the Health Care Security Ordinance (Section 14.2 of the Administrative Code). <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • The Health Care Accountability Ordinance (HCAO) requires employers to offer individual health plan benefits to their covered employees or to make payments to the Department of Public Health (DPH). The HCAO applies to most City contractors and tenants, including those at the Airport. The Health Care Security Ordinance established the Health Access Program, providing for Healthy San Francisco and Medical Reimbursement Accounts • The QSP sets hiring, training, performance management, and compensation standards for airlines, service providers, and catering companies doing business at the Airport. The proposed ordinance would apply to all QSP covered employees, regardless of number of hours worked, while the HCAO only applies to employees working an average of at least 20 hours per week. • Under the proposed ordinance, QSP employers may offer qualifying health plans covering employees and dependents at no cost to the employee (Option 1) or make a payment of \$9.50 per hour in accordance with the Health Care Security Ordinance (Option 2). <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would result in cost increases to the Airport for two Airport security contracts. According to information provided by the Airport, the costs of offering qualifying health plans covering employees and dependents (Option 1) would result in estimated additional costs to the Airport each year ranging from \$805,733 to \$1,409,654, depending on the health plan. The costs of the \$9.50 per hour contribution in accordance with the Health Care Security Ordinance (Option 2) would result in estimated additional costs to the Airport each year of \$1,377,534. • According to information provided by the Airport, the costs of offering qualifying health plans covering employees and dependents (Option 1) would result in estimated additional costs each year to the airlines, service providers, and catering companies ranging from approximately \$8.4 million to \$24 million, depending on the health plan. The costs of the \$9.50 per hour contribution in accordance with the Health Care Security Ordinance (Option 2) would result in estimated additional costs each year to the airlines, service providers, and catering companies of approximately \$33 million. While these costs are not directly passed onto the Airport, they increase the cost of doing business for Airport tenants. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approval of the proposed ordinance is a policy matter for the Board of Supervisors. 	

MANDATE STATEMENT

According to City Charter Section 2.105, all legislative acts shall be by ordinance and require the affirmative vote of at least a majority of the members of the Board of Supervisors.

BACKGROUND

The Health Care Accountability Ordinance (HCAO), Chapter 12Q of the Administrative Code, requires employers to offer individual health plan benefits to their covered employees or to make payments to the Department of Public Health (DPH). The HCAO applies to most City contractors and tenants, including those at San Francisco International Airport (Airport), but not Airport permittees.

In December 1999, Airport Commission adopted the Quality Standards Program (QSP) to enhance safety and security. The QSP required the implementation of minimum standards for hiring, training, performance management, and compensation and benefits of employees covered by the QSP, as well as enhanced equipment safety and security standards for airlines and service providers whose employees perform services impacting safety and security at SFO.

According to Airport management, the QSP has been successful in recruiting high-quality employees and reducing turnover. Employers have reported that after the QSP was established, they have experienced improved employee performance, reduced disciplinary actions, reduced absenteeism, and fewer employees failing initial training. While the primary goals of the program are the safety and security of airport operations, the QSP has also improved Airport efficiency and customer service.

The Airport Commission has adopted several resolutions expanding or amending the QSP, as shown in Table 1 below.

Table 1: Airport Commission Amendments to QSP

Date	Amendment Description
January 2000	Expanded the QSP to cover employees of airlines and service providers who have access to the Airfield Operations Area or otherwise are directly involved in passenger and facility safety and security.
August 2009	Required employers to provide QSP-covered employees with individual health benefits that meet the minimum standards of the HCAO. Temporarily froze the QSP minimum wage rate at \$12.33 per hour until that rate was no more than \$0.50 per hour more than the wage rate required by the Minimum Compensation Ordinance (MCO).
October 2015	Expanded the QSP to cover employees located on or near Airport property who are directly involved in the preparation and/or transportation of food and beverage products delivered directly onto aircraft. Provided that employee wage requirements could not be waived in a collective bargaining agreement (CBA) unless the CBA clearly and unambiguously waived them and provided for wages that at least met the QSP standards. However, a CBA may still waive the QSP health benefit requirements.
January 2016	Adopted additional QSP Airport safety and employee health and safety standards, enhanced QSP training requirements, included Airport custodial workers in the QSP, and increased fines for non-compliance.

Airport management reports that some CBAs at the Airport waive the health benefit requirement, resulting in some QSP employees having only minimal health care coverage.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend the Administrative Code to require QSP employers at the Airport to provide family health insurance to employees, or to make contributions on the employees' behalf to an account established under Section 14.2 of the Administrative Code, the Health Care Security Ordinance (HCSO).¹ The contribution would be \$9.50 per hour for each employee, rather than \$5.60 per hour per employee under the HCAO. The payment amount would be adjusted annually based on the Consumer Price Index (CPI). The proposed ordinance would apply to all QSP covered employees, regardless of number of hours worked, while the HCAO only applies to employees working an average of at least 20 hours per week. The proposed ordinance specifies that its requirements cannot be waived by a collective bargaining agreement.

FISCAL IMPACT

The proposed ordinance would result in direct cost increases to Airport service contracts, as well as potential indirect costs.

Direct Costs

According to Ms. Emylene Aspilla, Airport Director of Social Responsibility, the Airport currently has two contracts with service providers whose employee health costs are partially covered by the Airport, General Airport Security Services (GASS) and Hallmark Aviation Services (Hallmark). Under the GASS contract, the Airport pays a flat rate of \$624.19 per employee per month for health coverage. Under the Hallmark contract, the Airport pays 22.28 percent of the medical, dental, and life insurance costs for their employees.

QSP employers may offer qualifying health plans covering the employee and dependents at no cost to the employee (Option 1), or make a payment of \$9.50 per hour in accordance with the Health Care Security Ordinance (Option 2). According to information provided by the Airport, under the proposed legislation, the costs of offering qualifying health plans covering employees and dependents (Option 1) would result in estimated additional costs to the Airport each year ranging from \$805,733 to \$1,409,654, depending on the health plan.² Under the proposed legislation, the costs of the \$9.50 per hour contribution in accordance with the Health Care

¹ Administrative Code Section 14.2 established the Health Access Program, providing for Healthy San Francisco and Medical Reimbursement Accounts. Healthy San Francisco is a network of providers available to uninsured San Francisco residents, including Department of Public Health, non-profit, and private providers, and is funded by a variety of sources, including payments from employers on behalf of employees. Medical Reimbursement Accounts are a public health benefit administered by DPH, funded in whole or in part by contributions from covered employees to the City under Section 14.3, from which eligible employees may obtain reimbursement for health care services.

² The costs have been estimated using the 10-County Average for two popular qualifying health plans: The Kaiser Permanente HMO and the BlueShield Access+ HMO, based on the San Francisco Health Service System's presentation to the Board of Supervisors on June 17, 2020.

Security Ordinance (Option 2) would result in estimated additional costs to the Airport each year of \$1,377,534.

Indirect Costs

According to Ms. Aspillá, the proposed ordinance would increase costs for airlines, service providers, and catering companies that operate at the Airport. While these costs are not directly passed onto the Airport, they increase the cost of doing business for Airport tenants.

The Airport estimates that 4,260 employees would be eligible for family healthcare benefits under the proposed ordinance, based on a forecast of approximately 18.4 million passengers in FY 2020-21. According to information provided by the Airport, under the proposed legislation, the costs of offering qualifying health plans covering employees and dependents (Option 1) would result in estimated additional costs each year to the airlines, service providers, and catering companies ranging from approximately \$8.4 million to \$24 million, depending on the health plan. Under the proposed legislation, the costs of the \$9.50 per hour contribution in accordance with the Health Care Security Ordinance (Option 2) would result in estimated additional costs each year to the airlines, service providers, and catering companies of approximately \$33 million.³

If airlines choose to pass the additional costs onto passengers through ticket pricing, Ms. Aspillá estimates that the proposed ordinance may result in a ticket increase of \$1.83 per ticket, based on approximately 18.4 million passengers in FY 2020-21.

RECOMMENDATION

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

³ The estimate assumes that 75 percent of employees work 40 hours per week, or 160 hours per month, and 25 percent of employees work 20 hours per week, or 80 hours per month.

BOARD of SUPERVISORS



City Hall
1 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

TO: Health Commission, Mark Morewitz, Commission Secretary
Health Service System, Abbie Yant, Executive Director
Ivar C. Satero, Airport Director

FROM: Victor Young, Assistant Clerk *Victor Young*

DATE: October 9, 2020

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Budget and Finance Committee received the following proposed legislation:

File No. 201133

Ordinance amending the Administrative Code to require employers of employees covered by the Quality Standards Program at the San Francisco International Airport to provide family health insurance to such employees, or to make contributions on the employees' behalf to an account established under Section 14.2 of the Administrative Code.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: linda.wong@sfgov.org.

c: Cathy Widener, SF Airport
Corina Monzon, Airport Commission Corina.Monzon@flysfo.com
Linda Wong, Budget and Finance Committee

President, District 7
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 544-6546

Norman Yee

PRESIDENTIAL ACTION

Date:

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

Waiving 30-Day Rule (Board Rule No. 3.23)

File No.

(Primary Sponsor)

Title.

Transferring (Board Rule No 3.3)

File No.

(Primary Sponsor)

Title.

From:

Committee

To:

Committee

Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor:

Replacing Supervisor:

For:

Meeting

(Date)

(Committee)

Start Time:

End Time:

Temporary Assignment: Partial

Full Meeting

Norman Yee, President
Board of Supervisors

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor inquiries"
- 5. City Attorney Request.
- 6. Call File No. from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No.
- 9. Reactivate File No.
- 10. Topic submitted for Mayoral Appearance before the BOS on

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Subject:

The text is listed:

Signature of Sponsoring Supervisor:

For Clerk's Use Only

From: [BOS Legislation, \(BOS\)](#)
To: [Sandoval, Suhagey \(BOS\)](#); [Mundy, Erin \(BOS\)](#); [Wong, Linda \(BOS\)](#)
Cc: [BOS Legislation, \(BOS\)](#)
Subject: RE: Adding Supervisor Safai as a Cosponsor
Date: Wednesday, October 14, 2020 3:27:48 PM
Attachments: [image001.png](#)

Thank you for your request, looping in Linda, committee clerk for Budget and Finance for processing.

Lisa Lew

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T 415-554-7718 | F 415-554-5163
lisa.lew@sfgov.org | www.sfbos.org

(VIRTUAL APPOINTMENTS) To schedule a “virtual” meeting with me (on Microsoft Teams), please ask and I can answer your questions in real time.

Due to the current COVID-19 health emergency and the Shelter in Place Order, the Office of the Clerk of the Board is working remotely while providing complete access to the legislative process and our services.



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***Disclosures:** Personal information that is provided in communications to the Board of Supervisors is subject to disclosure under the California Public Records Act and the San Francisco Sunshine Ordinance. Personal information provided will not be redacted. Members of the public are not required to provide personal identifying information when they communicate with the Board of Supervisors and its committees. All written or oral communications that members of the public submit to the Clerk's Office regarding pending legislation or hearings will be made available to all members of the public for inspection and copying. The Clerk's Office does not redact any information from these submissions. This means that personal information—including names, phone numbers, addresses and similar information that a member of the public elects to submit to the Board and its committees—may appear on the Board of Supervisors' website or in other public documents that members of the public may inspect or copy.*

From: Sandoval, Suhagey (BOS) <suhagey.sandoval@sfgov.org>
Sent: Wednesday, October 14, 2020 3:23 PM
To: Mundy, Erin (BOS) <erin.mundy@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: Re: Adding Supervisor Safai as a Cosponsor

Hi, Erin:

Confirming for Supervisor Safai, he would like to be added as a co-sponsor. Thank you!

-Suha

From: Sandoval, Suhagey (BOS) <suhagey.sandoval@sfgov.org>
Sent: Wednesday, October 14, 2020 2:59 PM
To: Mundy, Erin (BOS) <erin.mundy@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: Re: Adding Supervisor Safai as a Cosponsor

Hi, Erin:

Let me confirm and I'll circle back as soon as I hear back, thank you.

-Suha

From: Mundy, Erin (BOS) <erin.mundy@sfgov.org>
Sent: Wednesday, October 14, 2020 2:53 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Cc: Sandoval, Suhagey (BOS) <suhagey.sandoval@sfgov.org>
Subject: Adding Supervisor Safai as a Cosponsor

Hello,

Please add Supervisor Safai as a co-sponsor to File 201133. Suha, can you confirm? Supervisor Safai asked Rafael to add him earlier today.

Thanks!

Erin

Erin Mundy

Legislative Aide

Supervisor Rafael Mandelman

(415) 554-6968 - Voice

(415) 554-6909 - Fax

erin.mundy@sfgov.org

From: [BOS Legislation, \(BOS\)](#)
To: [Monge, Paul \(BOS\)](#); [Mundy, Erin \(BOS\)](#); [Wong, Linda \(BOS\)](#)
Cc: [BOS Legislation, \(BOS\)](#)
Subject: RE: Adding Supervisor Ronen as a Cosponsor
Date: Friday, October 16, 2020 10:55:50 AM
Attachments: [image001.png](#)

Thank you Erin and Paul.

Since this matter is assigned to committee, looping in Linda Wong, committee clerk for Budget and Finance for processing.

Lisa Lew
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
T 415-554-7718 | F 415-554-5163
lisa.lew@sfgov.org | www.sfbos.org

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From: Monge, Paul (BOS) <paul.monge@sfgov.org>
Sent: Friday, October 16, 2020 10:33 AM
To: Mundy, Erin (BOS) <erin.mundy@sfgov.org>; BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Subject: Re: Adding Supervisor Ronen as a Cosponsor

Thanks Erin. Yes, confirming Supervisor Ronen's co-sponsorship.

Best,

Paul Monge, JD, MPP

Legislative Aide

Office of Supervisor Hillary Ronen I District 9

San Francisco Board of Supervisors

Pronouns: He/Him

From: Mundy, Erin (BOS) <erin.mundy@sfgov.org>
Sent: Thursday, October 15, 2020 4:15 PM
To: BOS Legislation, (BOS) <bos.legislation@sfgov.org>
Cc: Monge, Paul (BOS) <paul.monge@sfgov.org>
Subject: Adding Supervisor Ronen as a Cosponsor

Hello,

Please add Supervisor Ronen as a Cosponsor to File 201133, as per her request to Supervisor Mandelman. Paul is copied here for confirmation.

Thanks,

Erin Mundy

Legislative Aide

Supervisor Rafael Mandelman

(415) 554-6968 - Voice

(415) 554-6909 - Fax

erin.mundy@sfgov.org