



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 16, 2010

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 100627: Amendment to the Memorandum of Understanding (MOU) with
Machinists Union, Local 1414

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of Amendment #2 (amendment) to the MOU between the City and County of San Francisco and the Machinists Union, Local 1414. The amendment applies to the period commencing July 1, 2006 through June 30, 2012, affecting 155 authorized positions with a salary base of approximately \$11.2 million and an overall pay and benefits base of approximately \$14.2 million. While not included in the Public Employees Committee of the San Francisco Labor Council (PEC), Local 1414 has agreed to the majority of the terms in the summary letter.

The amendment to the MOU extends the contract through FY2011-12. Based on our analysis, the amendment will result in a \$402,000 savings in FY2010-11. The approximate savings from previous concessions for FY2010-11 is 131,000. During the term of the amendment, represented employees shall observe 12 unpaid furlough days in FY 2010-11, resulting in \$394,000 dollar cost savings in wages, as compared to base budget. The same concessions continue in FY2011-12, resulting in an additional incremental cost savings of \$131,000.

The amendment provides that employees who retire during the term of the agreement whose compensation is impacted by the furlough will receive a payment equaling the pensionable value of the unpaid days that impact the retirement benefit. This will result in a cost to the City that will be determined by San Francisco Employees' Retirement System and is dependent on each retiree's circumstances.

In FY2010-11, the amendment re-establishes the tool allowance previously agreed to as a concession, for a cost of approximately \$67,000.

Should the PEC and City be unable to find \$3 million in health care savings next year, the PEC health benefits provision applies and could result in \$17,000 in savings in FY2011-12 under this bargaining unit.

The cost of continuing existing health and dental benefits provided in the amendment will increase by approximately \$138,000 in FY 2010-2011. If you have additional questions or concerns please contact me at 554-7500 or Peg Stevenson of my staff at 554-7522.

Sincerely,

Peg Stevenson

Gov
Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

Amendment 3, MOU extension through June 30, 2012
Machinists Union, Local 1414, non-MTA Employees Only
Estimated Costs/(Savings) FY 2010-2013
Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>
Wages		
July 1, 2010 - June 30, 2011: 12 furlough days	(\$393,674)	(\$131,225)
July 1, 2011 - June 30, 2012: 12 furlough days		
Premiums/Other Payments		
Reinstate annual tool allowance	\$67,000	
	(\$75,389)	(\$25,130)
Wage-Related Fringe Increases/(Decreases)	<hr/>	<hr/>
Benefits		
Cap on City contribution for medically single City Plan	-	(\$17,046)
Annual Amount Increase/(Decrease)	<hr/> <hr/>	<hr/> <hr/>
	(\$402,062)	(\$173,400)
 Budgeted Estimates for Cost Increase in Existing Benefits	 \$137,846	 \$147,055
Previously negotiated savings in addition to above	(\$131,225)	