



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

July 2, 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 No. 100809: Amendment to Memorandum of Understanding (MOU) with the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO, Unit 1

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2010 JUL -2 PM 4:05  
BY *[Signature]*

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of the Amendment (amendment) to the MOU between the City and County of San Francisco and the San Francisco Fire Fighters Union, Local 798, Unit 1 (Fire Fighters Unit 1). The amendment applies to the period commencing July 1, 2010 through June 30, 2013, affecting 1,675 authorized positions with a salary base of approximately \$162 million and an overall pay and benefits base of approximately \$229 million. As members of the Public Employees Committee of the San Francisco Labor Council (PEC), the Fire Fighters Unit 1 have agreed to many of the provisions outlined in the PEC agreement, with the exception of furlough days.

The amendment extends the existing MOU through FY2012-13. Based on our analysis, the amendment will result in a \$8.7 million savings in FY2010-11. Covered employees will defer a July 1, 2010 4% wage increase to July 1, 2011. The union will continue to receive a previously-deferred wage increase of 2% on January 8, 2011. However, any parity salary increases (between 3% and 5% of wages) scheduled for July 1, 2011 will be deferred until July 1, 2012. The above wage increase deferrals will be voided if the Administrative Code regarding closure of neighborhood firehouses or fire apparatus is violated in any way or if state or local ballot initiative reducing wages or fringe benefits is implemented during the wage deferral periods.

The agreement provides that employees who retire during the term of the amended MOU whose compensation is impacted by wage deferrals or salary parity deferrals will receive a payment equaling the pensionable value of the wage reductions 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.

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 \$235,000 in savings in FY2011-12 under this bargaining unit. The cost of continuing existing health and dental benefits provided in the agreement will increase by approximately \$570,000 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,

*[Signature]*  
Ben Rosenfield  
Controller

cc: Martin Gran, ERD  
Harvey Rose, Budget Analyst

Amendment extending Memo of Understanding through June 30, 2013  
San Francisco Fire Fighters Union, Unit 1  
Estimated Costs/(Savings) FY 2010-2013  
Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>	<u>FY 2012-2013</u>
<b>Wages</b>			
Defer July 1, 2010 4% wage increase;			
January 8, 2011 2% wage increase;			
July 1, 2011 4% wage increase;	(\$8,712,601)	\$9,522,686	\$5,958,109
Parity increase of 3% on July 1, 2012			
<b>Wage-Related Fringe Increases/(Decreases)</b>		\$1,150,983	\$720,142
<b>Benefits</b>			
Cap on City contribution for medically single City Plan employees	-	(\$235,432)	(\$16,850)
<b>Annual Amount Increase/(Decrease)</b>	<u>(\$8,712,601)</u>	<u>\$10,438,238</u>	<u>\$6,661,400</u>
Budgeted Estimates for Cost Increase in Existing Benefits	\$566,456	\$606,998	\$650,441