

OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Ms. Angela Calvillo
Clerk of the Board of Supervisors

FROM: Ben Rosenfield

DATE: June 7, 2018

SUBJECT: **File Numbers 180502 through 180514: Memoranda of Understanding (MOU) between the City and County of San Francisco and various collective bargaining units.**

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I submit a cost analysis of 13 MOUs between the City and County of San Francisco and various employee collective bargaining units. The MOUs for the Firefighters Union, Police Officers' Association, Municipal Executives' Association – Fire, and Municipal Executives' Association – Police cover the period July 1, 2018 through June 30, 2021. The MOU for the Service Employees International Union, Local 1021, H-1 Fire Rescue Paramedics covers the period July 1, 2018 through June 30, 2020. All other MOU amendments cover one year, from July 1, 2018 to June 30, 2019.

Three of the MOU amendments (File Numbers 180511 through 180513) implement a "Union Access to New Employees" program as required by California Government Code Sections 3555 to 3559. These amendments reorganize the employee orientation process, but do not change the compensation of any employee or require additional staff. There is no clear cost increase or decrease directly attributable to these amendments.

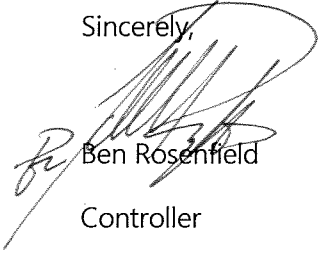
In FY 2018-19, the MOUs and amendments affect 4,763 authorized positions with a salary base of approximately \$560 million and overall salary and benefits base of approximately \$780 million. Our analysis finds that in FY 2018-19, the MOUs will result in increased costs to the City of \$31 million, or 4.0%, of FY 2018-19 base wage and benefit cost. For safety MOUs that continue through FY 2020-21, the estimated increased costs are \$55 million in FY 2019-20 and \$84 million in FY 2020-21, or 7.7% and 11.7%, respectively, of safety only base wage and benefit costs in FY 2018-19 (\$715 million). About 90% of the increased cost is supported by the general fund.

Our cost estimates assume that premiums, overtime, and other adjustments grow consistently with wage changes. Some wage and premium increases in FY 2020-21 could be delayed if the Joint Report projects a budget deficit of greater than \$200 million. These cost estimates assume that those increases will take

place as scheduled. If the increases were delayed, the estimated cost in FY 2020-21 would be reduced to approximately \$78 million.

If you have additional questions or concerns, please contact me at 554-7500 or Carol Lu of my staff at 554-7647.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ben Rosenfield', is written over the typed name. The signature is stylized and somewhat cursive.

Ben Rosenfield

Controller

cc: Carol Isen, ERD
Harvey Rose, Budget Analyst

Attachment A

| Combined Costs for All MOUs and Amendments | | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|--|----|----------------------|----------------------|----------------------|
| Wages | \$ | 19,834,000 | \$ 36,794,000 | \$ 54,180,000 |
| Wage-Related Fringe Benefits | | 3,801,000 | 6,891,000 | 10,130,000 |
| Premiums | | 6,180,000 | 10,520,000 | 18,380,000 |
| Other Benefits | | 1,145,000 | 1,055,000 | 1,055,000 |
| MOU Total | | \$ 30,960,000 | \$ 55,260,000 | \$ 83,745,000 |

Union Detail

File
Number

Union

| 180502/ 180503 | San Francisco Fire Fighters Union, Local 798, Units 1 and 2 | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|--------------------|---|----------------------|----------------------|----------------------|
| | Wages | \$ 7,650,000 | \$ 15,530,000 | \$ 23,650,000 |
| | Wage-Related Fringe Benefits | 1,380,000 | 2,800,000 | 4,260,000 |
| | Training and Education | 1,080,000 | 3,350,000 | 5,180,000 |
| | Separation Wellness | 180,000 | 90,000 | 0 |
| | Holiday Pay | (390,000) | (390,000) | (390,000) |
| | Surf Premium | 470,000 | 480,000 | 500,000 |
| | Union President Release Time | 120,000 | 120,000 | 120,000 |
| | Employee Assistance Program | 150,000 | 150,000 | 150,000 |
| | Tuition Reimbursement | 10,000 | 10,000 | 10,000 |
| Union Total | | \$ 10,650,000 | \$ 22,140,000 | \$ 33,480,000 |

| 180504 | San Francisco Police Officers' Association | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|--------------------|--|----------------------|----------------------|----------------------|
| | Wages | \$ 10,270,000 | \$ 20,840,000 | \$ 29,910,000 |
| | Wage-Related Fringe Benefits | 1,970,000 | 4,010,000 | 5,750,000 |
| | Peace Officers Standards Trainings (POST) Rank Premium | 3,290,000 | 6,580,000 | 6,580,000 |
| | Separation Wellness | 1,010,000 | 0 | 0 |
| | Longevity (Retention) Premium | 0 | 0 | 5,920,000 |
| | Uniform Allowance | 710,000 | 710,000 | 710,000 |
| | Bilingual Premium | 280,000 | 280,000 | 280,000 |
| | Emergency Childcare | 50,000 | 50,000 | 50,000 |
| Union Total | | \$ 17,580,000 | \$ 32,470,000 | \$ 49,200,000 |

| 180505 | Municipal Executives' Association - Fire | FY 2018-19 | FY 2019-20 | FY 2020-21 |
|--------------------|--|-------------------|-------------------|-------------------|
| | Wages | \$ 70,000 | \$ 140,000 | \$ 210,000 |
| | Wage-Related Fringe Benefits | 10,000 | 20,000 | 40,000 |
| | Training and Education | 10,000 | 40,000 | 60,000 |
| | Separation Wellness | 0 | 0 | 0 |
| | Holiday Pay | 0 | 0 | 0 |
| | Tuition Reimbursement | 10,000 | 10,000 | 10,000 |
| Union Total | | \$ 100,000 | \$ 210,000 | \$ 320,000 |

| | | | | |
|-------------------|--|---------------------|--------------------------|---------------------------|
| 180506 | Municipal Executives' Association - Police | FY 2018-19 | FY 2019-20 | FY 2020-21 |
| | Wages | \$ 140,000 | \$ 280,000 | \$ 410,000 |
| | Wage-Related Fringe Benefits | 30,000 | 60,000 | 80,000 |
| | Peace Officers Standards Trainings (POST) Rank Premium | 40,000 | 80,000 | 90,000 |
| | Separation Wellness | 0 | 0 | 0 |
| | Longevity (Retention) Premium | 0 | 0 | 150,000 |
| | Uniform Allowance | 5,000 | 5,000 | 5,000 |
| | Training | 210,000 | 10,000 | 10,000 |
| | Union Total | \$ 425,000 | \$ 435,000 | \$ 745,000 |
| 180508/ 180509 | Union of American Physicians and Dentists, Unit 17 and Unit 18 | FY 2018-19 | | |
| | Wages | \$ 1,400,000 | MOU Covers One Year Only | |
| | Wage-Related Fringe Benefits | 330,000 | | |
| | Life Insurance | 10,000 | | |
| | Employee Development | 80,000 | | |
| | Union Total | \$ 1,820,000 | | |
| 180510 | SEIU Local 1021 H1 Fire Rescue Paramedics | FY 2018-19 | FY 2019-20 | FY 2020-21 |
| | Wages | \$ 4,000 | \$ 4,000 | MOU Covers Two Years Only |
| | Wage-Related Fringe Benefits | 1,000 | 1,000 | |
| | Union Total | \$ 5,000 | \$ 5,000 | |
| 180511 | Transport Workers' Union, Local 250-A, Multi-Unit (Unit 28) | | | |
| | Revised employee orientation process | | No Cost | |
| 180512 | Transport Workers' Union, Local 250-A - Automotive Service Workers (7410) | | | |
| | Revised employee orientation process | | No Cost | |
| 180513 | Crafts Coalition | | | |
| | Revised employee orientation process | | No Cost | |
| 180514 | International Fed. of Prof. and Technical Engineers, Local 21 | FY 2018-19 | | |
| | Wages | \$ 80,000 | MOU Covers One Year Only | |
| | Wage-Related Fringe Benefits | 20,000 | | |
| | Union Total | \$ 100,000 | | |
| 180507 | Compensation for Unrepresented Employees | FY 2018-19 | | |
| | Wages | \$ 220,000 | MOU Covers One Year Only | |
| | Wage-Related Fringe Benefits | 60,000 | | |
| | Union Total | \$ 280,000 | | |

Attachment B

In accordance with Ordinance 92-94, the Office of the Controller conducted a cost analysis of 11 MOUs and MOU amendments between the City and County of San Francisco and various employee unions. The attached analysis reviews the MOUs and MOU amendments listed below:

- 180502/3 – San Francisco Fire Fighters Union, Local 798, Unit 1 and Unit 2
- 180504 – San Francisco Police Officers' Association
- 180505 – Municipal Executives' Association – Fire
- 180506 – Municipal Executives' Association – Police
- 180508/9 – Union of American Physicians and Dentists, Unit 17 and Unit 18
- 180510 – Service Employees International Union Local 1021 H1 Fire Rescue
- 180511 – Transport Workers' Union, Local 250-A, Multi-Unit (Unit 28)
- 180512 – Transport Workers' Union, Local 250-A – Automotive Service Workers (7410)
- 180513 – Crafts Coalition
- 180514 – International Federation of Professional Technical Engineers, Local 21
- 180507 – Compensation for Unrepresented Employees

In FY 2018-19, the MOUs and MOU amendments affect 4,763 authorized positions with a salary base of approximately \$560 million and an overall salary and benefits base of approximately \$780 million. Our analysis finds that in FY 2018-19, the MOUs will result in increased costs to the City of \$31 million, or 4.0%, of FY 2018-19 base wage and benefit cost. For safety MOUs that continue through FY 2020-21, the estimated increased costs are \$55 million in FY 2019-20 and \$84 million in FY 2020-21, or 7.7% and 11.7%, respectively, of safety only base wage and benefit costs in FY 2018-19 (\$715 million).

Our cost estimates assume that premiums, overtime, and other adjustments grow consistently with wage changes. Certain wage and premium increases scheduled for FY 2020-21—including the wage increases for the safety unions, POST premium for the Police unions, and the training and education premium for the fire fighters unions—could be delayed by six months if the Joint Report projects a budget deficit of more than \$200 million. Our cost estimates assume that those increases will take place as scheduled. If the increases were delayed, the estimated cost in FY 2020-21 would be reduced to approximately \$78 million.

File Numbers 180502 and 180503 – San Francisco Fire Fighters Union, Local 798, Unit 1 and Unit 2

The MOU for the Fire Fighters Union, Local 798, affects 1,886 authorized positions with a base salary in FY 2018-19 of \$195 million and an overall pay and benefits base of approximately \$300 million. We

project the MOU will increase costs to the City by \$11 million in FY 2018-19, \$22 million in FY 2019-20, and \$33 million in FY 2020-21.

More than 80% of the total cost increase is attributable to the 3% wage increases in each year of the agreement. Increased premiums for surf duty and training and education account for about 15% of the cost increase.

File Number 180504 – San Francisco Police Officers’ Association

The MOU for the San Francisco Police Officers’ Association (POA) affects 2,584 authorized positions with a base salary in FY 2018-19 of \$305 million and an overall pay and benefits base of approximately \$410 million. We project the MOU will increase costs to the City by \$18 million in FY 2018-19, \$32 million in FY 2019-20, and \$49 million in FY 2020-21.

More than 70% of the total cost increase is attributable to the 3% wage increases in each year of the agreement (with the increase in the third year split between a 2% raise on July 1 and 1% on December 26). Increases to the Peace Officers Standards Training (POST) Rank Premium in FY 2018-19 and FY 2019-20 and the longevity premium in FY 2020-21 account for most of the remaining cost increase.

File Number 180505 – Municipal Executives’ Association – Fire

The MOU for the Municipal Executives’ Association (MEA) – Fire affects nine authorized positions with a base salary in FY 2018-19 of \$1.7 million and an overall pay and benefits base of approximately \$2.7 million. We project the MOU will increase costs to the City by \$100,000 in FY 2018-19, \$210,000 in FY 2019-20, and \$320,000 in FY 2020-21.

About 75% of the total cost increase is attributable to the 3% wage increases in each year of the agreement. Increases in the training and education premium of up to 3% by the third year of the agreement account for most of the remaining increase in cost to the City.

File Number 180506 – Municipal Executives Association – Police

The MOU for the Municipal Executives’ Association – Police affects 22 authorized positions with a base salary in FY 2018-19 of \$4.1 million and an overall pay and benefits base of approximately \$5.5 million. We project the MOU will increase costs to the City by \$425,000 in FY 2018-19, \$435,000 in FY 2019-20, and \$745,000 in FY 2019-20. The MOU also transferred certain command staff from the POA to MEA. Our projected costs include commanders as part of MEA, but we did not project the cost of transferring these positions from POA to MEA.

About 60% of the total cost increase is attributable to the 3% wage increases in each year of the agreement (with the increase in the third year split between a 2% raise on July 1 and 1% on December 26). The remaining cost increase is split between increases to Peace Officers Standards Training (POST) Rank Premium in FY 2018-19 and FY 2019-20, the longevity premium in FY 2020-21, and a lump-sum for training of \$200,000 in FY 2018-19.

File Numbers 180508 and 180509 – Union of American Physicians and Dentists, Unit 17 and Unit 18

The MOU for the Union of American Physicians and Dentists affects 204 authorized positions with a base salary in FY 2018-19 of \$45 million and an overall pay and benefits base of approximately \$58 million. We project the MOU, which only covers FY 2018-19, will increase costs to the City by \$1.8 million.

About 95% of the total cost increase is due to the 3% wage increase on July 1, 2018, with additional amounts for life insurance and employee development.

File Number 180510 – Service Employees International Union Local 1021 H1 Fire Rescue

The MOU for SEIU – H1 Fire Rescue affects three authorized positions with a base salary in FY 2018-19 of \$150,000 and an overall pay and benefits base of about \$180,000. We project the MOU will increase costs to the City by \$5,000 in FY 2018-19 and \$5,000 in FY 2019-20. The cost increase is entirely due to 3% wage increases in each year of the agreement.

File Number 180511 – Transport Workers' Union, Local 250-A, Multi-Unit (Unit 28)

This amendment implements a "Union Access to New Employees" program as required by California Government Code Sections 3555 to 3559. There is no clear cost increase or decrease directly attributable to these amendments.

File Number 180512 – Transport Workers' Union, Local 250-A – Automotive Service Workers (7410)

This amendment implements a "Union Access to New Employees" program as required by California Government Code Sections 3555 to 3559. There is no clear cost increase or decrease directly attributable to these amendments.

File Number 180513 – Crafts Coalition

This amendment implements a “Union Access to New Employees” program as required by California Government Code Sections 3555 to 3559. There is no clear cost increase or decrease directly attributable to these amendments.

File Number 180514 – International Federation of Professional Technical Engineers, Local 21

This amendment gives a one-time, 6.4% wage increase to Public Safety Communications Coordinators (8240), affecting seven authorized positions with a base salary in FY 2018-19 of \$1.0 million and an overall pay and benefits base of \$1.4 million. The increase is projected to cost \$100,000.

File Number 180507 – Compensation for Unrepresented Employees

There are 90 authorized unrepresented employee positions with a base salary in FY 2018-19 of \$7.3 million and an overall pay and benefits base of \$9.3 million. A pay increase of 3% for FY 2018-19 is projected to cost the city \$280,000.