



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 100615: Memorandum of Understanding (MOU) with Operating Engineers Local Union 3 with the International Union of Operating Engineers

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 Operating Engineers, Local 3. The MOU applies to the period commencing July 1, 2010 through June 30, 2012, affecting 62 authorized positions with a salary base of approximately \$5 million and an overall pay and benefits base of approximately \$6.5 million. As members of the Public Employees Committee of the San Francisco Labor Council (PEC), Local 3 has agreed to the terms indicated in the summary letter.

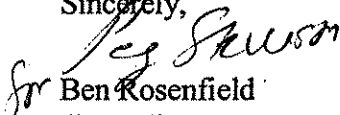
Based on our analysis, the MOU will result in a \$277,000 savings in FY 2010-11 as compared to base budget. During the term of the MOU, represented employees shall observe 12 unpaid furlough days in FY 2010-11, resulting in \$232,000 savings in wages, as compared to base budget. The bargaining unit has agreed to the same concessions in FY2011-12.

The MOU 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.

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 \$4,000 in savings in FY2011-12 under this bargaining unit.

The cost of continuing existing health and dental benefits provided in the MOU will increase by approximately \$15,000 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,


Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

MOU extension from July 1, 2010 - June 30, 2012
 International Union of Operating Engineers, Local 3
 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	(\$231,978)	
July 1, 2011 - June 30, 2012: 12 furlough days		
Wage-Related Fringe Increases/(Decreases)	<u>(\$45,443)</u>	<u>\$0</u>
Benefits		
Cap on City contribution for medically single City Plan employees	-	(\$4,202)
Annual Amount Increase/(Decrease)	<u>(\$277,420)</u>	<u>(\$4,202)</u>
Budgeted Estimates for Cost Increase in Existing Benefits	\$15,117	\$15,900