



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 100583: Memorandum of Understanding (MOU) with the International Union of Operating Engineers, Stationary Engineers, Local 39

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 International Union of Operating Engineers, Stationary Engineers, Local 39 (Stationary Engineers). The MOU applies to the period commencing July 1, 2010 through June 30, 2012, affecting 685 authorized positions with a salary base of approximately \$59 million and an overall pay and benefits base of approximately \$70.4 million.

Based on our analysis, the MOU will result in a \$2.9 million savings in FY 2010-11 as compared to base budget. These savings are a result of a wage reduction of 3.75% in FY 2010-11. This concession expires on June 8, 2012, resulting in incremental costs of approximately \$166,000 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.

The Stationary Engineers arbitration award includes the health benefits provisions agreed to by members of the Public Employees Committee of the San Francisco Labor Council (PEC) resulting in approximately \$59,000 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 \$194,000 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
Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

Memo of Understanding, July 1, 2010 through June 30, 2012
International Union of Operating Engineers and Stationary Engineers, Local 39
Estimated Costs/(Savings) FY 2010-2012
Controller's Office

<u>Annual Costs/(Savings)</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>
Wages		
July 1, 2010 - June 8, 2012 reduced by 3.75%; original levels after June 9, 2012	(\$2,415,969)	\$139,383
Wage-Related Fringe Increases/(Decreases)	<u>(\$462,658)</u>	<u>\$26,692</u>
Benefits		
Cap on City contribution for medically single employees on City Plan health coverage	-	(\$59,345)
Annual Amount Increase/(Decrease)	<u>(\$2,878,627)</u>	<u>\$106,730</u>
Budgeted Estimates for Cost Increase in Existing Benefits	\$193,597	\$205,433