



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 12, 2014

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 Numbers 140527, 140601, and 140602: Memoranda of Understanding (MOU) between the City and County of San Francisco and the Committee of Interns and Residents, Local 1021 Staff & Per Diem Nurses, and Amendment No. 1 to the MOU with Supervising Registered Nurses.

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of two MOUs between the City and County of San Francisco and the Nurses and Supervising Nurses bargaining groups. The amendments apply to MOUs for the period commencing July 1, 2014 through June 30, 2016, affecting 1,890 authorized positions with a salary base of approximately \$301.1 million and an overall pay and benefits base of approximately \$389.8 million.

Employees in the Physicians and Dentists Union are included in our analysis even though their MOU is not currently open because provisions in their MOU grant salary increases contingent upon salary increases for Nurse Practitioners in SEIU Local 1021. Employees with the Committee of Interns and Residents union are excluded from our analysis due to a longstanding settlement agreement between the City and the Union which limits the scope of bargaining to working conditions.

Our analysis finds that the amendments to the MOUs result in increased costs to the City of approximately \$11.4 million in FY 2014-15, and \$27.6 million in FY 2015-16. As a percentage of FY 2014-15 base wage and fringe costs these represent cost increases of 2.9%, and 7.1% respectively. Our cost estimates assume that premiums, overtime, and other adjustments grow consistently with wage changes.

These costs are driven by general wage increases to all of the 1,890 authorized positions, in addition to other various other provisions affecting terms and conditions of employment, employer paid health

benefits and special pay for members of the collective bargaining units. See Attachments A and B for a detailed listing and analysis of the costs for the affected MOUs.

If you have additional questions or concerns please contact me at 554-7500 or Drew Murrell of my staff at 554-7647.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Rosenfield", is written over a horizontal line.

Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

ATTACHMENT A

Amendments to the Memoranda of Understanding of listed units from July 1, 2014 - June 30, 2017 Controller's Office Estimate of Total Costs/(Savings) FY 2014-15, FY 2015-16 and FY 2016-17

Nurses Summary

	<u>FY 2014-15</u>	<u>FY 2015 - 16</u>
Wages		
3.00% Effective first full pay-period of October 2014	\$ 6,110,000	\$ 8,770,000
3.25% Effective first full pay-period of October 2015	\$ 6,110,000	\$ 7,040,000
	\$ 6,110,000	\$ 15,810,000
Wage-Related Fringe Increases		
3.00% Effective first full pay-period of October 2014	\$ 1,660,000	\$ 2,380,000
3.25% Effective first full pay-period of October 2015	\$ 1,660,000	\$ 1,920,000
	\$ 1,660,000	\$ 4,300,000
Wage and Wage-Related Fringe Increases	\$ 7,770,000	\$ 20,110,000
1.90% Effective October 11, 2014 in Exchange for Removal of 2.5% Employer Retirement Pick-Up	\$ (170,000)	\$ 1,290,000
Total Wage and Wage-Related Fringe Increases	\$ 7,600,000	\$ 21,400,000
Side Letter: Additional Nurse Staffing	\$ 3,300,000	\$ 5,100,000
Health Premium & Other Contribution Changes	\$ 520,000	\$ 1,075,000
Annual Amount Increase (Decrease)	\$ 11,420,000	\$ 27,575,000
Percent of FY 2014-15 Salary and Fringe	2.9%	7.1%

Union Detail

<u>File Number</u>	<u>Union</u>	<u>FY 2014-15</u>	<u>FY 2015 - 16</u>
140601	Staff and Per Diem Nurses, SEIU Local 1021	\$10,110,000	\$23,695,000
	Percent of FY 2014-15 Salary and Fringe	3.3%	7.7%
	Wages	\$5,070,000	\$12,750,000
	Wage-Related Fringe Increases/(Decreases)	\$1,390,000	\$3,480,000
	Wages - 1.9% for Retirement Contribution Pickup Effective 10/11/2014	\$3,310,000	\$4,560,000
	Wage-Related Fringe Increases/(Decreases) for Retirement Contribution Pickup	\$900,000	\$1,250,000
	Premium Increases/(Decreases) from Elimination of 2.5% Retirement Pick-Up	(\$4,380,000)	(\$4,520,000)
	Increased Tuition Reimbursement Program Funding	\$0	\$25,000
	Side Letter: 26.6 Additional Nurses in Stepdown, Medical-Surgical, and Emergency Units)	\$3,300,000	\$5,100,000
	Health Contribution Model Changed from 90/10 to 95/90/50	\$520,000	\$1,050,000

<u>File Number</u>	<u>Union</u>	<u>FY 2014-15</u>	<u>FY 2015 - 16</u>
140602	Local 856 Registered Supervising Nurses	<u>\$590,000</u>	<u>\$1,480,000</u>
	Percent of FY 2014-15 Salary and Fringe	2.1%	5.2%
	Wages	\$470,000	\$1,170,000
	Wage-Related Fringe Increases/(Decreases)	\$120,000	\$310,000

Union Detail - Physicians and Dentists Parity Related Wage Increases

N/A	UAPD, UNION OF AMER PHYS & DEN	<u>\$720,000</u>	<u>\$2,400,000</u>
	Percent of FY 2014-15 Salary and Fringe	1.4%	4.6%
	Wage changes from existing parity provisions	\$570,000	\$1,890,000
	Wage-Related Fringe Increases/(Decreases)	\$150,000	\$510,000

ATTACHMENT B

In accordance with Ordinance 92-94, the Office of the Controller conducted a cost analysis of MOUs between the City and County of San Francisco and Service Employees International Union (SEIU), Local 1021: Staff & Per Diem Nurses (File Number 140601) and Amendment No. 1 to Teamsters, Local 856: Supervising Registered Nurses (File Number 140602). The scope of the MOU between the City and Committee of Interns and Residents SEIU is limited to working conditions (File Number 140527) and is not included in our analysis. The information below details the results of the analysis of the costs or savings resulting from amendments to the affected MOUs.

File Number 140601- Staff and Per Diem Nurses, SEIU Local 1021 (Staff Nurse & Per Diem)

This agreement applies to the period commencing July 1, 2014 through June 30, 2016, affecting 1,580 authorized positions with a salary base of approximately \$237.8 million and an overall pay and benefits base of approximately \$308.7 million.

Our analysis projects that this agreement will result in cost increases of approximately \$10.1 million, or 3.3% of base salary and fringe, in FY 2014-15, and approximately \$23.7 million, or 7.7% of base salary and fringe costs, in FY 2015-16. Our analysis assumes that premiums, overtime, step, and attrition grow consistent with wage changes.

Costs are driven primarily from wage adjustments following the citywide pattern for the two year term of the contract. Additionally, this agreement increases base wages for members by an additional 1.9% effective October 11, 2014 in exchange for employees assuming responsibility for paying 2.5% of the SFERS Employer Paid Member Contribution (EPMC), which is currently paid by the City. Our analysis finds that this swap will save \$0.2 million in FY 2014-15 and cost the City \$1.3 million in FY 2015-16.

Provisions in a side agreement between the Department of Public Health (DPH) and the union provide for 26.6 additional Registered Nurses full time equivalents (FTE) to be hired not later than November 30, 2014 at San Francisco General Hospital. Two of these positions are to be hired from existing ranks of temporary Special Nurses creating a net new position cost of 24.6 positions beginning November 2014. These provisions are not included in the MOU but were a product of the same negotiations and are therefore assumed as a cost in our analysis.

Provisions in the existing MOU with Physicians and Dentists grant salary increases to most members in that unit contingent upon salary increases for Nurse Practitioners in SEIU Local 1021. These salary increases are effective January 3, 2015 and October 10, 2015 and are equal to 3.0% and 3.25%, respectively. Our analysis finds that the cost of increases for Physicians and Dentists will be \$0.7 million, or 1.4% of base salary and fringe, in FY 2014-15, and \$2.4 million, or 4.6% of base salary and fringe, in FY 2015-16. Note that because the current MOU with Physicians and Dentists concludes on June 30, 2015, FY 2015-16 costs are subject to change.

File Number 140602 - Teamsters, Local 856 Registered Supervising Nurses (Unit 47)

The amendments to the MOU apply to the period commencing July 1, 2014 through June 30, 2017, affecting 117 authorized positions with a salary base of approximately \$22.1 million and an overall pay and benefits base of approximately \$28.4 million.

Our analysis projects that this agreement will result in cost increases of approximately \$0.6 million, or 2.1% of base salary and fringe, in FY 2014-15, and approximately \$1.5 million, or 5.2% of base salary and fringe costs, in FY 2015-16. Our analysis assumes that premiums, overtime, step, and attrition grow consistent with wage changes.