



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 100622: Amendment to Memorandum of Understanding (MOU) with the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO

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 International Federation of Professional and Technical Engineers, Local 21, AFL-CIO. The amendment applies to the period commencing July 1, 2010 through June 30, 2012, affecting 4,549 authorized positions with a salary base of approximately \$416 million and an overall pay and benefits base of approximately \$507 million. As members of the Public Employees Committee of the San Francisco Labor Council (PEC), Local 21 has agreed to the terms outlined in the summary letter.

The amendment to the MOU extends the contract through FY2011-12. Based on our analysis, the amendment will result in a \$16.6 million savings in FY2010-11. Local 21 agreed to concessions for both FY2009-10 and FY2010-11 in the two previous bargaining years. The approximate savings from previous concessions for FY2010-11 is \$5.5 million.

Employees shall observe 12 unpaid furlough days in FY 2010-11 through previously agreed to wage reductions resulting in an estimated \$13.7 million savings. Furloughs will be smoothed by a wage reduction of 4.5% during FY2010-11, increasing to 5% on July 9, 2011, resulting in an additional \$1 million in savings in FY2011-12, including fringe payments. These reductions end on June 8, 2012. The amendment provides that employees who retire during the term of the MOU 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 \$634,000 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 \$1.4 million 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

**Extension of Memo of Understanding through June 30, 2012
 Federation of Professional and Technical Engineers, Local 21
 Estimated Costs/(Savings) FY 2010-2012
 Controller's Office**

<u>Annual Costs/(Savings)</u>	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>
12 furlough days smoothed:		
July 1, 2010 - July 8, 2011 wages reduced by 4.5%	(\$13,696,498)	(\$859,296)
July 9, 2011 - June 8, 2012 wages reduced by 5%		
Wage-Related Fringe Increases/(Decreases)	<u>(\$2,866,438)</u>	<u>(\$179,836)</u>
Benefits		
Cap on City contribution for medically single City Plan employees if \$3 million in savings can't be found	-	(\$633,551)
Total Estimated Incremental Costs/(Savings)	<u>(\$16,562,935)</u>	<u>(\$1,672,683)</u>
Budgeted Estimates for Cost Increase in Existing Benefits	\$1,395,634	\$1,495,579
Previously negotiated savings in addition to above (already included in base budget)	(\$5,453,532)	