

File No. 111058

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Government Audit & Oversight

Date: December 8, 2011

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

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Completed by: Andrea S. Ausberry

Date December 1, 2011

Completed by: \_\_\_\_\_

Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

**CITY AND COUNTY OF SAN FRANCISCO**  
**BOARD OF SUPERVISORS**  
**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292  
FAX (415) 252-0461

December 2, 2011

**TO:** Government Audit and Oversight Committee  
**FROM:** Budget and Legislative Analyst  
**SUBJECT:** December 8, 2011 Government Audit and Oversight Committee Meeting

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<b>Item 4</b> <b>File 11-1058</b>	<b>Department:</b> Department of Human Resources Various City Departments
<b>EXECUTIVE SUMMARY</b>	
<p><b>Legislative Objectives</b></p> <p>Hearing on the Budget and Legislative Analyst’s performance audit of San Francisco's Lead Worker, Standby, Acting Assignment, and Supervisory Differential Pay Practices.</p> <p><b>Key Points</b></p> <p>In response to a motion adopted by the Board of Supervisors in November 2010 (Motion No. 10-0161), the Budget and Legislative Analyst conducted a performance audit of the City’s lead worker, standby, acting assignment, and supervisory differential pay practices.</p> <p>The City has 33 different MOUs with employee unions and one compensation ordinance covering unrepresented employees. Each of these MOUs and the one compensation ordinance has provisions for premium payments when employees assume special duties or responsibilities. Because of the large number of MOUs, encompassing employees working in 52 City departments, no consistent definition or practice exists for assigning and paying lead worker pay, standby pay, acting assignment pay, or supervisory differential pay.</p> <p><b>Fiscal Impact</b></p> <p>Lead worker pay compensates employees who assume additional responsibilities to support a supervisor or manager. Standby pay compensates employees who standby during their non-working hours to respond to emergency or other immediate assignments. City departments spend approximately \$13.5 million per year for lead worker and standby pay.</p> <p>Acting assignment pay compensates employees who backfill vacant positions in a higher classification or when the incumbent is on long-term leave. Supervisory differential pay is paid to an employee who supervises subordinate employees but whose salary range does not exceed the subordinate employees’ salary range by at least 5 percent. The City does not track expenditures for acting assignment or supervisory differential pay separate from total salaries paid to employees.</p> <p>The City could fairly compensate employees for assuming additional responsibilities and achieve salary savings by clarifying and standardizing the requirements for lead worker, standby, acting assignment, and supervisory differential pay.</p>	

Implementation of the performance audit's 17 recommendations would result in estimated annual savings of approximately \$1,386,080. During the FY 2011-12 budget review, City departments agreed to, and the Budget and Finance Committee approved, (a) \$303,524 in lead worker pay reductions in the FY 2012-13 Airport, Port, and Public Utilities Commission budgets, which is the second year of the two-year budgets, and (b) \$10,000 in standby pay for media specialists in the General Services Agency's FY 2011-12 budget. Achieving the balance of \$1,072,556 (\$1,386,080, less \$303,524, less \$10,000) in additional savings will require operational changes in City departments or renegotiation of provisions in the Memoranda of Understanding between the City and respective employee unions, as discussed in detail in the performance audit report.



Harvey M. Rose

cc: Supervisor Campos  
Supervisor Farrell  
President Chiu  
Supervisor Avalos  
Supervisor Chu  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Kim  
Supervisor Mar  
Supervisor Mirkarimi  
Supervisor Wiener  
Clerk of the Board  
Cheryl Adams  
Controller  
Rick Wilson

City and County of San Francisco



Department of Human Resources

Edwin M. Lee  
Mayor

Micki Callahan  
Human Resources Director

November 17, 2011

Honorable David Campos, Chair of the Government Audit and Oversight Committee  
and Members of the Board of Supervisors  
City and County of San Francisco  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Dear Supervisor Campos and Members of the Board of Supervisors:

The following serves as the Department of Human Resources' ("DHR") response to the Budget and Legislative Analyst's report dated August 3, 2011, titled "Performance Audit of San Francisco's Lead Worker, Standby, Acting Assignment, and Supervisory Differential Pay Practices." The performance audit was conducted in response to a motion adopted by the Board of Supervisors on November 9, 2010 (Motion 10-0161).

The performance audit contains six findings and 17 recommendations. The attached matrix reflects DHR's initial and follow-up responses to those eight recommendations that are applicable to DHR.

We appreciate the Board of Supervisors' focus on these matters and believe that continued review of our pay and premium structure is important to ensure that the City is appropriately compensating its employees, particularly in light of this difficult financial climate and the City's strained resources.

Should you have any questions, you may contact Martin Gran, Employee Relations Director, at (415) 557-4857 or [Martin.Gran@sfgov.org](mailto:Martin.Gran@sfgov.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Micki Callahan".

Micki Callahan  
Human Resources Director

Attachment (1)

Cc: Mayor Edwin M. Lee  
Martin Gran, DHR  
Rick Wilson, Mayor's Office  
Ed Reiskin, SFMTA  
Ed Harrington, SFPUC  
Mohammed Nuru, DPW  
Barbara Garcia, DPH  
Angela Calvillo, Clerk of the Board

*Recommendation Priority Ranking*

**Recommendation Priority Ranking**

Based on the management audit findings, the Budget Analyst has made 17 recommendations which are ranked based on priority for implementation. The definitions of priority are as follows:

- Priority 1: Priority 1 recommendations should be implemented immediately.
- Priority 2: Priority 2 recommendations should be completed, have achieved significant progress, or have a schedule for completion prior to December 31, 2011.
- Priority 3: Priority 3 recommendations are longer term and should be completed, have achieved significant progress, or have a schedule for completion prior to June 30, 2012

The Budget Analyst believes that the Director of Human Resources should:

	<b>Recommendation</b>	<b>Priority</b>	<b>Department Response</b>	<b>Initial Comments</b>	<b>Implementation Status/ Additional Comments</b>
1.1	Negotiate with the respective employee unions to revise MOU provisions, (a) to require that lead workers must lead no fewer than three employees; and (b) that employees must plan, design, sketch, layout, detail, estimate, or order material in addition to leading three or more employees.	3	Agree	DHR agrees; however, most if not all lead pay MOU provisions come from Salary Standardization Ordinances that pre-date collective bargaining. To change negotiated MOU language, DHR would need to gain the agreement of the relevant union or prevail in arbitration.	Status: To be implemented to the extent possible. The Employee Relations Division of DHR will draft opening proposals during upcoming labor negotiations for all MOU's containing lead pay. Again, to change negotiated MOU language, DHR would need to gain the agreement of the relevant union or prevail in arbitration. All miscellaneous MOU's will be open for negotiations in Spring 2012.

Recommendation Priority Ranking

	Recommendation	Priority	Department Response	Initial Comments	Implementation Status/ Additional Comments
1.2	Establish guidelines for City departments on lead worker assignments.	2	Agree		<p>Status: To be implemented. Such guidelines will be prepared following 2012 labor negotiations.</p>
2.2.1	Develop guidelines for City departments in order for City departments to evaluate which positions are "primarily administrative", and therefore not eligible for standby assignments, consistent with the provisions of the respective MOUs between the City and the employee unions.	2	Agree		<p>Status: Implemented. DHR has identified those classifications for which standby pay may be appropriate. In addition, DHR has established guidelines to assist departments in identifying those positions for which standby pay would be appropriate (i.e., those positions for which technical skills would be immediately required for emergency services to avoid service interruption or impact on service delivery, to avoid liability to the City, to avoid property damage, etc.).</p>
3.1	Evaluate the reasons for delays in offering exams for vacant positions and work with the respective City departments to conduct more timely position exams.	2	Agree	<p>DHR continues to diligently work with departments to timely administer examinations. Over the past few years, DHR has work with City departments to accomplish the following:</p> <ul style="list-style-type: none"> <li>• Implementation of the Position Based Testing program has reduced examination cycle time to a median of 44-days from close of filing to adoption of the eligible list.</li> <li>• Tests which assess common competencies are used for several job classes. This approach is used in large</li> </ul> <p>(continued...)</p>	<p>Status: Implemented/ Implementation is ongoing. DHR shares the goal of delivering efficient, timely employment services to enable departments to hire well-qualified staff. To that end, we have implemented, and will continue to implement, several strategies to maximize efficiency while maintaining a quality employment program. For example, see the column to the left describing DHR's accomplishments to that end. DHR will continue to seek</p> <p>(continued...)</p>

3.1	(continued...)		<p>job families including clerical, supervisory, administrative analysts and personnel analysts. Through efficient use of technology, scores from a single test are applied to multiple eligible lists.</p> <ul style="list-style-type: none"> <li>• Reliance on new provisional hires has been significantly lessened, which has reduced the redundant efforts required to recruit first for the provisional, and again for the permanent civil service appointment.</li> <li>• A citywide exam plan is used by all city departments' exam teams, to identify upcoming exams, and to plan for anticipated needs for eligible lists.</li> </ul> <p>The Public Safety Team is working diligently to establish active eligible lists in all classes in the Fire, Police, and Sheriff Departments. Recent priorities and the current focus is on those classes wherein the longest acting assignments have occurred.</p>	<p>efficiencies and implement scheduling strategies in its examination program to further limit delays to the extent possible.</p>
3.2	<p>Evaluate the salary differential between supervisory and subordinate classes for (a) 7229 Transmission Line Supervisor and 7350 Transmission and Distribution Line Worker, (b) 7330 Senior General Utility Mechanic and 7325 General Utility Mechanic, and (c) 9342</p> <p>(continued...)</p>	2	<p>Agree</p> <p>Where there are classifications in which there is an inherent supervisory relationship that will necessarily, always require a supervisory differential adjustment that providing a permanent wage adjustment should be implemented in lieu of administering a supervisory differential adjustment.</p>	<p>Status: To be implemented. DHR's Class and Compensation Unit has reviewed the listed classifications and has determined that there is an inherent supervisory relationship between the classifications. ERD will review the data and will discuss making opening proposals to this effect with the Mayor's Office.</p>



	Recommendation	Priority	Department Response	Initial Comments	Implementation Status/ Additional Comments
32	(continued...) Ornamental Iron Worker Supervisor I 9346 Fusion Welder; and negotiate the appropriate salary differential for these classifications upon expiration of the respective MOUs.				
33	Meet and confer with the Municipal Executives Association to eliminate supervisory differentials for managers within the same classification	3	Disagree	<p><u>DHR Response:</u> Pursuant to the Management Classification and Compensation Plan (MCCP), hundreds of often single position classifications were consolidated into an eighteen classification broadband classification plan. Inherent in this consolidation was the fact that there would be numerous supervisory relationships within the same classification level. Accordingly, the following provisions, delineated below, were negotiated into the MEA MOU to accommodate. To not allow for supervisory differential adjustments in these situations would necessarily create undue pressure to reclassify supervisory positions to higher level classifications thereby providing compensation far in excess of what would otherwise be provided by the supervisory adjustment provision. <u>288.</u> Supervisory differential,</p> <p>(continued...)</p>	<p><u>Status:</u> Will not be implemented. DHR continues to disagree with the recommendation for the previously provided reasons reflected in the column to the left.</p>

*Recommendation Priority Ranking*

	Recommendation	Priority	Department Response	Initial Comments	Implementation Status/ Additional Comments
3.3	(continued...)			<p>might duty, POST premium and acting assignment pay shall be administered according to traditional practices, except that EM employees and employees who are placed in range B or C shall not receive acting assignment pay.</p> <p><u>289.</u> For employees who supervise an employee in a lower classification, supervisory differential shall be measured from the supervisee's actual rate of pay or the top of Range A for the supervisee, whichever is higher.</p> <p><u>290.</u> Where an employee in an MCCP class supervises at least one other employee in the same MCCP class, and satisfies the other contractual requirements for supervisory differential, and the supervisor's base rate of pay is less than 5% above the base rate of pay of the highest paid supervisee, the supervisor shall receive an additional 5%. However, if the supervisor supervises only one employee in the same MCCP class, the supervisor's rate of pay, including the differential, shall not exceed the top of range C.</p> <p>(continued...)</p>	

*Recommendation Priority Ranking*

	Recommendation	Priority	Department Response	Initial Comments	Implementation Status/ Additional Comments
3.3	(continued...)			<p>Budget and Legislative Analyst Response: We continue to recommend elimination of the supervisory differential for managers within the same classification. While the MCCCP consolidated numerous supervisory classifications within the same management classification level, many management reporting relationships have changed since implementation of the MCCCP in 2006. Many City departments have reorganized, reclassified or substituted existing positions, or created new positions, resulting in current organizational relationships that are different from the 2006 organizational relationships. As noted on page 61 of the report, assigning one highly-compensated manager to supervise another highly-compensated manager in the same classification is not consistent with the job classifications.</p>	

**Performance Audit**  
**of**  
**San Francisco's Lead Worker, Standby, Acting  
Assignment, and Supervisory Differential Pay  
Practices**

**Prepared for the**  
**Board of Supervisors**  
**of the City and County of San Francisco**

**by the**  
**Budget and Legislative Analyst**  
**August 3, 2011**

**CITY AND COUNTY OF SAN FRANCISCO  
BOARD OF SUPERVISORS**

**BUDGET AND LEGISLATIVE ANALYST**

1390 Market Street, Suite 1150, San Francisco, CA 94102

(415) 552-9292 FAX (415) 252-0461

August 3, 2011

Honorable David Campos,  
and Members of the Board of Supervisors  
City and County of San Francisco  
Room 244, City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

Dear Supervisor Campos and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Performance Audit of the City's Lead Worker, Standby, Acting Assignment, and Supervisory Differential Pay Practices*. In response to a motion adopted by the Board of Supervisors on November 9, 2010 (Motion 10-0161), the Budget and Legislative Analyst conducted this performance audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114 and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The purpose of this performance audit is to evaluate City departments' management of standby, lead, acting assignment, and supervisory differential pay. To conduct the performance audit, we (a) surveyed all City departments with lead pay or standby pay expenditures in FY 2010-11, and followed up with City departments on specific lead pay or standby pay issues; (b) conducted detailed field work with the Public Utilities Commission, Department of Public Works, San Francisco Municipal Transportation Agency, and Department of Public Health, which are the four City departments with the highest amounts of lead pay and standby pay expenditures; and (c) interviewed Department of Human Resources staff and reviewed Department files on acting assignment and supervisory differential pay approvals.

Our performance audit contains six findings, summarized in the Executive Summary and detailed in the audit report. Implementation of the performance audit's 17 recommendations would result in estimated annual savings of approximately \$1,386,080. During the FY 2011-12 budget review, City departments agreed to, and the Budget and Finance Committee approved, (a) \$303,524 in lead worker pay reductions in the FY 2012-13 Airport, Port, and Public Utilities Commission budgets, which is the second year

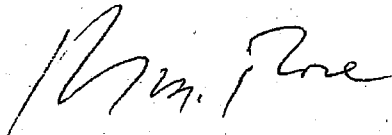
**Board of Supervisors**  
**Budget and Legislative Analyst**

Honorable David Campos  
and Members of the Board of Supervisors  
Performance Audit of San Francisco's Lead Worker, Standby,  
Acting Assignment, and Supervisory Differential Pay Practices  
August 3, 2011  
Page 2 of 2

of the two-year budgets, and (b) \$10,000 in standby pay for media specialists in the General Services Agency's FY 2011-12 budget. Achieving \$1,072,556 (\$1,386,080, less \$303,524, less \$10,000) in additional savings will require operational changes in City departments or renegotiation of provisions in the Memoranda of Understanding between the City and respective employee unions, as discussed in detail in this report.

We would like to thank the staff of the Department of Human Resources, Public Utilities Commission, San Francisco Municipal Transportation Agency, Department of Public Health, Department of Public Works, and other City departments, which responded to our survey, for their assistance with this performance audit.

Respectfully submitted,



Harvey M. Rose  
Budget and Legislative Analyst

cc: President Chiu  
Supervisor Avalos  
Supervisor Chu  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Farrell  
Supervisor Kim  
Supervisor Mar  
Supervisor Mirkarimi  
Supervisor Weiner  
Clerk of the Board

Cheryl Adams  
Greg Wagner  
Controller  
Executive Director, SFMTA  
General Manager, PUC  
Director, Public Works  
Director, Public Health  
Director, Human Resources

**Board of Supervisors**  
**Budget and Legislative Analyst**

**Performance Audit of  
San Francisco’s Lead Worker, Standby, Acting Assignment, and  
Supervisory Differential Pay Practices**

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## Executive Summary

The purpose of this performance audit was to evaluate City departments' management of standby, lead, acting assignment, supervisory differential, and associated pay, in accordance with Motion 10-0161, approved by the Board of Supervisors on November 9, 2010.

The audit contains six findings and 17 recommendations. Implementation of these recommendations would result in estimated annual salary savings of approximately \$1.4 million. These estimated annual savings include:

- \$450,000 in estimated reduced lead worker pay by renegotiating existing provisions in the Memoranda of Understanding (MOUs), expiring on June 30, 2012, between the City and the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions. In May 2011, the Budget and Finance Committee approved \$303,524 of the \$450,000 reduced lead worker pay in the FY 2012-13 budgets of the Airport, Port, and Public Utilities Commission.
- \$936,080 in estimated reduced standby costs. These cost reductions include (1) reducing, combining, or eliminating standby assignments for specific positions in the Human Services Agency, General Services Agency, Department of Public Works, Public Utilities Commission, and Department of Public Health, (2) providing pagers or cell phones to employees assigned to standby, thus reducing standby pay from 25 percent of the regular rate of pay for employees who are not provided cell phones or pagers to 10 percent of the regular rate of pay for employees who are provided cell phones or pagers; (3) reducing standby costs for information technology staff; and (4) reducing standby costs for special assignments in the San Francisco Municipal Transportation Agency and Department of Public Health.

## Overview

The City has 33 different MOUs with employee unions and one compensation ordinance covering unrepresented employees. Each of these MOUs has provisions for premium payments when employees assume special duties or responsibilities. Because of the large number of MOUs, encompassing employees working in 52 City departments, no consistent definition or practice exists for assigning and paying lead worker pay, standby pay, acting assignment pay, or supervisory differential pay.

**Lead Worker Pay** is intended to compensate employees who assume additional responsibilities (1) to support a supervisor or manager who has a large number of subordinate employees, (2) when the supervisor or manager is not physically located at the worksite, or (3) when an employee is required to perform special duties.

**Standby Pay**, as defined by the Department of Human Resources, compensates "employees who, as part of the duties of their positions are required by the appointing



officer to stand by when normally off duty to be instantly available on call for immediate emergency service for the performance of their regular duties..... When such employees are called on to perform their regular duties in emergencies during the period of such standby service, they shall be paid while engaged in such emergency service the usual rate of pay for such service as provided herein.”

**Acting Assignment Pay** compensates employees who backfill vacant positions or positions when the incumbent is on long-term leave. Acting assignments are temporary, generally for less than one year. The employee receiving acting assignment pay must perform the full range of duties of the higher classification for at least 10 days<sup>1</sup>. These duties must not be part of the employee’s current classification.

**Supervisor Differential Pay** is paid to an employee who supervises subordinate employees but whose salary range does not exceed the subordinate employees’ salary range by at least 5 percent. To be eligible for supervisory differential pay, the supervisory assignment must be permanent and organizationally appropriate. Except for employees in classifications covered by the Memorandum of Understanding (MOU) between the City and International Federation of Professional and Technical Engineers (IFPTE) Local 21, employees receiving supervisory differential pay may not supervise employees in the same classification.

## **Lead Worker Pay**

In FY 2009-10, 4,177 City employees were paid charge nurse, lead worker, or other lead premiums, resulting in total estimated costs to the City of 3.3 million. Five City departments constituted approximately 90 percent of Citywide expenditures for lead worker pay in FY 2009-10, as shown in Table 1. In FY 2010-11, Citywide expenditures for lead worker pay are estimated to cost the City approximately \$3.2 million.

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<sup>1</sup> Some MOUs between the City and the employee unions provide different time requirements. For example, the MOU between the City and Stationary Engineers Local 39 provides acting assignment pay for 15 cumulative days within a rolling 12-month period, and the MOU between the City and Deputy Probation Officers provides acting assignment pay after 5 days.

**Table 1**  
**City Department Expenditures for Lead Worker Pay**  
**FY 2009-10**

<b>Department</b>	<b>FY 2009-10 Expenditures</b>	<b>Percent</b>	<b>FY 2009-10 Number of Employees</b>	<b>Percent</b>
Public Health	\$1,843,689	56.1%	1,609	38.5%
Municipal Transportation Agency	517,587	15.7%	1,129	27.0%
Public Works	208,310	6.3%	316	7.6%
Public Utilities Commission	206,728	6.3%	248	5.9%
Airport	181,285	5.5%	221	5.3%
Subtotal	2,957,598	89.9%	3,523	84.3%
Other City Departments	330,876	10.1%	654	15.7%
<b>Total</b>	<b>\$3,288,474</b>	<b>100.0%</b>	<b>4,177</b>	<b>100.0%</b>

Source: City Payroll System

The City has no Citywide policies governing lead worker assignments other than the provisions contained in the MOUs between the City and employee unions, although most MOU provisions are not sufficiently specific to serve as effective guidelines. MOUs covering craft workers provide for lead assignments “when required to plan, design, sketch, layout, detail, estimate, or order material *or* (emphasis added) take the lead on any job when at least two employees in the same class are assigned”. Managers or supervisors generally assign a lead worker whenever two employees of the same classification are assigned to the crew. For example, the PUC’s Water Supply and Treatment Division pays lead worker pay to all utility plumbers in crews of at least two utility plumbers, although a utility plumber supervisor is on shift. According to PUC staff, because one Plumbing Supervisor II oversees three or more crews working at different sites, assigning a lead plumber to each site is appropriate. PUC staff acknowledged that the current practice assigns more lead plumbers than is necessary. However, not all departments provide lead worker pay in these instances. The SFMTA Safety, Training, Security and Enforcement Division only assigns a transit fare inspector as lead worker when a supervisor is not available.

Managers assign lead worker pay to employees who are considered to “plan, design, sketch, layout, detail, estimate, or order material” even when they have no lead responsibility for another employee. For example, the PUC’s Hetch Hetchy Enterprise assigns lead worker pay to a plumber to “plan, design, sketch, layout detail, estimate, and order materials”, although this position does not have lead responsibilities for other employees because he is the division’s only plumber and does not have a direct supervisor. While the MOU does provide for lead pay to plan, design, sketch, layout detail, estimate, and order materials, these are core job functions. For example, the job description for the 7347 Plumber lists job duties that includes “advising on selection, ordering and storing of plumbing supplies and equipment”. The job description also requires the “ability to: interpret and work from blueprints, sketches and drawings; plan and lay out details of work; work well with others; estimate materials and labor costs for plumbing jobs”.

**Many lead worker assignments are rotated among all or most of the employees in a classification without adequate distinction between the lead employee and other employees within the classification.** For example, all Department of Public Works plumbers and steamfitters and nine of ten Municipal Transportation Agency carpenters have earned lead worker pay during FY 2010-11.

**While some City departments clearly define the role of lead workers, other departments designate lead worker assignments without written descriptions of the lead work to be performed or qualifications required by lead workers.** For example, the San Francisco Municipal Transportation Agency (SFMTA) has assigned a lead worker to oversee track maintenance workers, but does not have criteria for assigning lead workers, other than “willingness and ability” to assume the lead worker responsibilities..

## **Standby Pay**

The Department of Human Resources defines standby pay as follows:

“Employees who, as part of the duties of their positions are required by the appointing officer to stand by when normally off duty to be instantly available on call for immediate emergency service for the performance of their regular duties, shall receive standby pay. When such employees are called on to perform their regular duties in emergencies during the period of such standby service, they shall be paid while engaged in such emergency service the usual rate of pay for such service as provided herein.”

## **Standby Pay Expenditures**

City departments will expend an estimated \$10.2 million for standby pay in FY 2010-11. Over the last three years, Citywide standby pay has been reduced by approximately \$2.3 million, or 18 percent, from \$12.5 million in FY 2008-09 to an estimated \$10.2 million FY 2010-11, as shown in Table 2 below.

**Table 2**  
**Citywide Standby Pay Expenditures by Department**  
**FY 2008-09 through FY 2010-11 (Projected)**

<b>Department</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11 Projected</b>	<b>Increase/ (Decrease) FY 2008-09 to FY 2010- 11</b>
Animal Care and Control	\$29,217	\$28,732	\$27,000	(\$2,217)
Airport	299,091	283,076	271,654	(27,437)
Asian Art Museum		199	0	0
City Attorney	48,910	47,390	42,860	(6,049)
Controller	23,773	27,724	23,967	194
Building Inspection	21,854		0	(21,854)
Emergency Management	63,772	109,639	98,561	34,789
Fire	332,876	246,381	143,161	(189,715)
City Administrator	141,550	165,818	231,024	89,474
Human Services Agency	144,030	146,443	138,638	(5,392)
Municipal Transportation Agency	534,740	776,380	596,962	62,222
Police	5,477,007	4,322,827	4,235,318	(1,241,689)
Public Health	3,157,200	2,804,744	2,308,565	(848,635)
Public Library	43,062	46,774	50,008	6,946
Public Utilities Commission	1,289,699	1,325,115	1,458,971	169,273
Public Works	196,924	175,152	109,636	(87,288)
Recreation and Park	29,803	11,186	7,785	(22,018)
Retirement System	9,782	9,745	9,573	(208)
Sheriff	118,241	128,458	130,051	11,809
Treasurer/Tax Collector	4,929	7494.34	7,039	2,111
Technology	508,850	404,352	324,183	(184,666)
War Memorial	367	464	518	151
<b>Total</b>	<b>\$12,475,676</b>	<b>\$11,068,092</b>	<b>\$10,215,476</b>	<b>(\$2,260,200)</b>

Source: Controller

Three City departments account for more than 78 percent of standby pay expenditures in FY 2010-11:

- The Police Department incurs approximately 41.5 percent of total Citywide standby pay. Most Police Department standby pay is for police officers on standby for court appearances. Subsequent to the Controller's August 2010 audit of the Police Department's management of overtime and premium pay, the Police Department revised their policies and procedures, resulting in reduced court standby costs, from \$5,477,007 in FY 2008-09 to an estimated \$4,235,318 in FY 2010-11, a reduction of \$1,241,689 or 22.7 percent.
- The Department of Public Health incurs approximately 22.6 percent of total Citywide standby pay. The Department of Public Health will spend an estimated \$2.3

million for standby in FY 2010-11, of which approximately \$1.8 million is for clinical services and the remaining \$0.5 million is for information technology, behavioral health or crisis services, and other services.

- The Public Utilities Commission incurs approximately 14.3 percent of total Citywide standby pay. The Public Utilities Commission will spend an estimated \$1.5 million in standby pay in FY 2010-11, primarily for 24-hour coverage of the water system.

### **Operational Need for and Assignment of Standby**

**Although the Department of Human Resources has defined standby as the need to be “instantly available on call for immediate emergency service”, City departments do not have consistent criteria for what constitutes an emergency to qualify for standby pay.** Therefore, City departments may assign standby coverage when it is not necessary. For example, the General Services Agency has assigned standby coverage to media specialists to cover City Hall events but agreed to eliminate standby pay for this class in the FY 2011-12 budget, based on the Budget and Legislative Analyst’s recommendation.

**City departments may assign standby to positions that are not necessary or to more positions than are required to meet emergency incidents.** For example, the Department of Public Works has assigned standby coverage to a plumbing supervisor, and the Public Utilities Commission City Distribution Division has assigned standby to storekeepers, although these positions have not been called back to work in this fiscal year to address after-hours incidents.

**City departments do not have standard practices for when managers rather than non-managers should respond to incidents during non-business hours.** The MOU between the City and the Municipal Executives Association does not provide standby pay for manager classifications, although managers may accrue administrative leave when required to respond to a page or call during non-business hours. Managers should appropriately respond to incidents during non-business hours when management oversight or decision-making rather than direct services are required. However, City departments do not have consistent practices for when managers should respond to incidents during non-business hours. For example, the Department of Public Health assigns both managers, who do not receive standby pay, and non-managers, who do receive standby pay, to after-hours coverage for some mental health services, although the non-management staff serve the same oversight role as the management staff.

City departments that regularly schedule standby coverage need to routinely evaluate the effectiveness of the coverage. For example, the Public Utilities Commission could potentially reduce the total number of crews assigned to standby in the City Distribution Division since, based on a review of standby assignments and responses in January 2011, the number of after-hours incidents may not require two crews to respond.

## Standby Costs

Standby pay can make up a significant portion of an employee's total pay. For example, the Airport's Plumbing Inspector earned an estimated \$42,913 in standby pay in FY 2010-11, which is 40.6 percent of the Plumbing Inspector salary at step 5 of \$105,742. As shown in Table 3 below, 24 employees earned more than \$30,000 in standby pay in FY 2009-10.

**Table 3**  
**24 City Employees Earning More than \$30,000 in Standby Pay**  
**FY 2009-10**

Department	Class	FY 2008-09	FY 2009-10	Projected FY 2010-11
Public Health	Registered Nurse	\$70,832	\$65,477	\$62,060
Fire	Utility Plumber Supervisor I	54,170	57,036	0
Public Health	Registered Nurse	63,598	56,596	49,318
Public Health	Diagnostic Imaging Technologist II	51,550	52,549	45,598
Public Health	Diagnostic Imaging Technologist III	53,248	50,528	42,897
Public Health	Senior Physician Specialist	51,444	48,321	55,653
Hetch Hetchy (PUC)	Electronic Maintenance Technician	63,008	46,618	0
Public Health	Diagnostic Imaging Technologist III	33,299	44,247	32,465
Airport	Plumbing Inspector	50,408	44,112	42,913
Public Health	Diagnostic Imaging Technologist II	32,538	40,617	37,350
Public Health	Physician Assistant	12,286	39,637	43,255
Public Health	Diagnostic Imaging Technologist III	26,884	38,798	45,910
Fire	EMS Captain	31,753	38,632	46,301
Public Health	Buildings Grounds Maintenance Superintendent	37,935	38,561	20,791
Hetch Hetchy (PUC)	Transmission Line Supervisor I	0	37,816	60,836
Public Health	Per Diem Nurse	28,515	35,868	38,706
Airport	Engineer	2,102	35,081	0
Public Health	Diagnostic Imaging Technologist II	39,625	34,870	44,136
SFMTA	IS Engineer-Principal	34,935	34,333	34,459
SFMTA	IS Engineer-Principal	18,940	33,327	31,429
Public Health	Senior Physician Specialist	35,160	33,135	25,732
Public Health	Diagnostic Imaging Technologist II	19,333	32,809	1,324
Public Health	Nurse Practitioner	2,104	30,219	23,310
Sheriff	Stationary Engineer	24,452	30,012	28,711
<b>Total</b>		<b>\$838,119</b>	<b>\$999,198</b>	<b>\$747,267</b>

Source: City Payroll System

**City departments do not always minimize the costs of standby pay.** The Department of Technology, and Animal Care and Control pay employees assigned to standby 25 percent of regular pay as required by the MOU between the City and employee unions for employees who are not provided pagers or cell phones, rather than 10 percent of regular pay for employees who are provided pagers or cell phones, for the standby hours, although these employees have been provided or could be provided pagers or cell phones.

**City departments may assign standby to employees whose job classifications are primarily administrative**, although the MOUs between the City and the employee unions, with the exception of the MOU between the City and the IFPTE Local 21, prohibit standby for administrative employees. For example, the job description for the 7120 Building and Grounds Maintenance Superintendent lists the major job responsibilities as (1) supervising general maintenance and repair responsibilities, (2) planning and directing preventive maintenance programs, (3) making recommendations on personnel matters, (4) preparing annual budget estimates, and (5) other administrative responsibilities. In FY 2010-11, Building and Grounds Maintenance Superintendents in the Department of Public Health, Sheriff's Department, and Public Utilities Commission were assigned to standby.

**City departments do not have consistent procedures for approving when employees assigned to standby are called back to work.** While some departments, or divisions within departments, require managers to approve when employees are called back to work (thus incurring overtime expenditures), other departments allow employees on standby to make the decision to return to work without specific management approval.

### **Standby for Information Technology**

City departments expended \$1.15 million in FY 2009-10 and are projected to expend \$1.05 million in FY 2010-11 on standby pay for information technology staff.

**Calls to information technology staff on standby are not consistently based on emergency situations.** No Citywide criteria exists for assigning information technology staff to standby other than the MOU between the City and IFPTE Local 21, which states that standby pay is allowed for emergencies that relate to the City's information and communication systems. In January and February 2011, SFMTA after-hours calls often were for non-emergency issues, including cancelling a pager, obtaining new cell phones or a Blackberry, repairing cell phone chargers, receiving new printer cartridges, and obtaining Adobe Acrobat and other software updates.

**City departments could reduce information technology standby costs by adjusting the regularly scheduled hours of information technology staff and cross-training information technology staff in network, server, and help desk functions.** Non-business hours calls for information technology support are most frequent from 7:00 a.m. to 8:00 a.m. and 5:00 p.m. to 7:00 p.m. for the SFMTA and the Department of Public Health. These two departments assign information technology staff to standby during these hours, rather than reassigning regularly scheduled information technology staff to eight hour shifts within the twelve hour period from 7:00 a.m. to 7:00 p.m.

The SFMTA, Department of Public Health, and Department of Technology schedule several employees to standby each day to support network, server, or help desk functions. The SFMTA, Department of Public Health, and Department of Technology could save an estimated \$170,600 annually through cross training information technology staff to support multiple functions during standby hours, rather than assigning separate

information technology staff to support the network, server, or help desk functions. This change will require development of a transition plan and time to implement it.

**Highly compensated information technology staff, with responsibility for over-all information technology services rather than technical or direct services, may be assigned to standby.** The MOU with IFPTE Local 21 allows highly compensated managers to receive standby pay. For example, the 1044 IS Principal Engineers, with a salary of \$128,050, in the Department of Technology, Department of Public Health, SFMTA, and Public Utilities Commission, receive standby pay. Management classifications with comparable compensation levels covered by the MOU between the City and the Municipal Executives Association are not eligible for standby pay, although managers accrue administrative leave when required to respond to pagers or calls during non-business hours, and receive call back pay if they return to work.

According to the IS Principal Engineer job description, this classification engages in the highest level of information technology engineer work, whose essential duties include (1) analyzing and evaluating systems software, hardware, and communications strategies, (2) establishing software and hardware standards, (3) developing strategic plans, (4) assisting in budget development, and (5) directing and monitoring technical activities related to complex large systems or networks. This classification has higher-level responsibilities than are needed for standby assignments, which must respond to immediate technical or direct service needs.

### **Standby for Special Operational Needs**

City departments use standby pay not only to provide coverage during non-business hours but also to meet specific operational needs or job requirements.

#### **The SFMTA Emergency Response Unit**

The SFMTA provides special training to Transit Division staff who volunteer to respond to light rail derailments and other incidents. These specially-trained staff, known as the Emergency Response Unit (ERU), respond to light rail incidents in addition to their regular duties. The Transit Division operates day, evening, and night shifts. Because the ERU assignment is voluntary, 15 of the 17 ERU-trained staff work during the day shift and 2 of the 17 ERU-trained staff work during the evening shift. No ERU-trained staff work during the night shift. The SFMTA assigns all ERU-trained staff to standby during all non-working hours to provide 24-hour coverage, with estimated FY 2010-11 costs of \$255,000.

**The SFMTA Transit Division has not evaluated the number of ERU-trained staff needed to respond to light rail vehicle incidents nor developed minimum ERU staffing requirements for the day, evening, and night shift.** The SFMTA states that 24-hour coverage for the Emergency Response Unit is necessary because the light rail vehicles operate 20 to 22 hours per day. By tracking incidents and staff time required to respond to these incidents, the SFMTA could determine the necessary number of ERU-



trained staff to be scheduled to work during the day, evening or night shift. Under the current practice, ERU staffing levels are determined by the number of staff who volunteer for the assignment.

According to SFMTA records, estimated standby hours for the seven-month period from July 2010 to January 2011 are approximately 33,000, while light rail incidents only accounted for 100 hours of response time. As an alternative to assigning standby for Emergency Response Unit coverage, the SFMTA could train staff, and provide a differential for Emergency Response Unit duties. This would require recruiting a sufficient number of ERU-trained staff to work during the day, evening, and night shifts to respond to the expected number of incidents. These individuals would be expected to respond as needed to incidents during their normal shift.

### **Department of Public Health 24-Hour Clinical Responsibility**

**The Department of Public Health assigns more nurse managers and nursing supervisors to 24 hour clinical responsibility than required.** Approximately 51 nursing supervisors and nurse managers receive the 7 percent premium for 24 hour clinical responsibility, either full time or part time. Nurse managers and supervisors assigned to outpatient services and administrative or operational support, as well as inpatient acute and sub-acute care, receive the 24 clinical responsibility premium. Several clinical units have two tiers of 24 hour clinical unit pay assignments, with nurse managers and their direct supervisors both receiving 24 hour clinical unit pay.

According to the Department of Public Health, assigning 24-hour clinical responsibility to these staff is necessary because “many clinical issues at San Francisco General Hospital and Laguna Honda Hospital must be investigated, resolved, and/or reported to regulatory agencies within a 24-hour period.” The Department of Public Health’s Human Resources Director states that the nursing supervisors and nurse managers are regularly paged after hours or called into work. However, the Department of Public Health does not have detailed data on the types of calls received during non-duty hours or the type of response required, and is initiating a verification study.

The Department of Public Health should evaluate the number of nursing supervisors and nurse managers necessary to provide 24 hour clinical coverage. The Department should eliminate 24 hour clinical unit pay when not necessary. The Department should compensate nursing supervisors or nurse managers assigned to outpatient or administrative services with extended hours on-call pay, equal to 4 percent of salaries, rather than 24 hour clinical responsibility pay, equal to 7 percent of salaries, as appropriate.

### **Acting Assignment and Supervisory Differential Pay**

Employees may receive additional pay when (1) acting in a higher classification due to budgeted vacant positions or long term leave (acting assignment), or (2) the supervisor’s

salary range is less than 5 percent above the subordinate's salary range (supervisory differential).

**Employees may be undercompensated if they are performing the full range of duties of the acting assignment for a long period of time.** Although acting assignments are generally for less than one year, 35 of 312, or 31.3 percent of acting assignments in FY 2010-11 extended for more than one year, generally due to delays in offering position exams. Because the 5 percent differential paid to employees for acting assignments is generally less than the position's salary range, the City realizes salary savings for acting assignments. However, if employees are performing the full range of duties of the long term acting assignment, such employees may be undercompensated.

**Some supervisory classifications' salary ranges are not appropriately aligned with the subordinate classifications.** Five of 61 supervisory differentials approved by the Department of Human Resources in FY 2010-11 were because the supervisory class salary range is less than 5 percent higher than the subordinate class. For example, the salary range for the supervisory class, 7229 Transmission Line Supervisor, is less than the subordinate class, 7350 Transmission and Distribution Line Worker, although all 7229 positions in the City supervise 7350 Transmission and Distribution Line Workers.

**Supervisory differential adjustments for executive and other high-level managers compensate these positions above the level of responsibility assumed by the position.** For example, one Manager IV in the Recreation and Park Department received a supervisory differential for supervising another Manager IV. While allowed under the Management Classification and Compensation Plan, assigning one highly-compensated manager to supervise another highly-compensated manager in the same classification is not consistent with the job description, in which the Manager IV functions under "general administrative direction", and "typically manages mid-level staff or line managers".

# Introduction

## Purpose and Scope of the Performance Audit

The purpose of this performance audit was to evaluate City departments' management of standby, lead, acting assignment, and supervisory differential pay, in accordance with Motion 10-0161, approved by the Board of Supervisors on November 9, 2010.

## Audit Methodology

The performance audit was conducted in accordance with Government Auditing Standards, 2007 Revision, issued by the Comptroller General of the United States, U.S. Government Accountability Office. In accordance with these requirements and standard performance audit practices, we performed the following performance audit procedures:

- Reviewed Memoranda of Understanding (MOUs) and other City codes, regulations, policies, and procedures for lead worker, standby, acting assignment, and supervisory differential pay.
- Obtained Citywide data on expenditures for lead worker, standby, acting assignment, and supervisory differential pay.
- Surveyed all City departments with lead worker pay or standby pay expenditures in FY 2010-11, and followed up with City departments on specific lead worker pay or standby pay issues.
- Conducted detailed field work with the Public Utilities Commission (PUC), Department of Public Works, San Francisco Municipal Transportation Agency (SFMTA), and Department of Public Health, which are the four City departments with the highest amounts of lead worker pay and standby pay expenditures. Field work included interviews, site visits, and review of policies and procedures, standby and lead worker schedules, and payroll records.
- Interviewed Department of Human Resources staff and reviewed Department files on acting assignment and supervisory differential pay approvals.
- Prepared a draft report based on analysis of the information and data collected, containing our initial findings, conclusions and recommendations, and submitted the draft report sections pertaining to the respective departments on June 6, 2011.
- Conducted exit conferences with representatives from the Department of Public Works, San Francisco Municipal Transportation Agency, and Department of Public Health, and discussed report findings and recommendations applicable to other City departments with representatives from the respective departments. We revised the

draft report based on exit conference discussions and new information provided by the City departments, and submitted the final draft report to the respective City departments on July 12, 2011. All City departments addressed in the report were provided an opportunity to comment on the draft report. The final report was submitted to the Board of Supervisors on August 3, 2011.

## **Premium Pay Policies**

The City has 33 different MOUs with employee unions and one compensation ordinance covering unrepresented employees. Each of these MOUs has provisions for premium payments when employees assume special duties or responsibilities, including lead worker, standby, acting assignment, and supervisory differential pay. Because of the large number of MOUs, encompassing employees working in 52 City departments, no consistent definition or practice exists for assigning and paying these types of pay.

MOU provisions covering lead pay are discussed in Section 1.1 of this report. Citywide expenditures and practices are discussed in Section 1.2 of this report.

MOU provisions and Citywide expenditures for standby pay are discussed in Section 2.1 of this report. City departments' operational requirements for standby are discussed in Section 2.2; City departments' costs for standby are discussed in Section 2.3; Citywide costs for information technology standby coverage are discussed in Section 2.4; and special standby practices in the Department of Public Health, and San Francisco Municipal Transportation Agency are discussed in Section 2.5.

MOU provisions and Citywide practices for acting assignment and supervisory differential pay are discussed in Section 3.0 of this report.

## **Department Accomplishments**

Citywide annual expenditures for lead worker pay have decreased by approximately \$200,000 or approximately 5.9 percent, from \$3.4 million in FY 2008-09 to an estimated \$3.2 million in FY 2010-11. Citywide annual expenditures for standby pay have decreased by \$2.3 million or approximately 18.4 percent, from \$12.5 million in FY 2008-09 to an estimated \$10.2 million in FY 2010-11. The largest decreases in standby pay have been in the Police Department and Department of Public Health.

### **Department of Public Health**

According to the Department of Public Health, the Department has worked hard to reduce spending for standby pay and overtime. The FY 2010-11 budget submitted by the Department included an initiative to reduce standby pay by \$1 million from the spending level in previous years. According to the Department, the Department of Public Health achieved significant savings in the later months of FY 2009-10, and additional savings in FY 2010-11. As shown in Table 2.2 of this report, the Department of Public Health has

reduced standby pay expenditures by \$848,635 or 22.6 percent, from \$3,157,200 in FY 2008-09 to an estimated \$2,308,565 in FY 2010-11. According to the Department, they have continued to monitor spending for standby pay throughout the FY 2010-11, and have built ongoing savings into the base budget for 2011-12.

According to the Department of Public Health, in an effort to control costs while maintaining adequate nurse staffing and supervision for patient care at San Francisco General Hospital and Laguna Honda Hospital, the Department also asked the City's Department of Human Resources to seek premium pay reductions as part of the requested concessions in recent negotiations with Service Employees International Union (SEIU) Local 1021 Staff and Per Diem Nurses and Teamsters Local 856 Supervising Nurses. SEIU Local 1021 agreed to reduce charge nurse pay from 7.5 percent to 5 percent through June 30, 2012. Teamsters Local 856 agreed to reduce 24 hour clinical responsibility for supervising nurses and nurse managers from 9 percent to 7 percent through June 30, 2012.

### **Police Department**

Police officers receive pay for appearing in court during non-duty hours and standing by for possible court appearances. Under the MOU between the City and the Police Officers Association, police officers receive court appearance premium pay for standby time and time in court.

In order to reduce the costs of court appearance premium pay, the City negotiated revised provisions in the MOU between the City and the Police Officers' Association, which became effective in July 2007. The revised MOU provisions included reducing the rate of court appearance premium pay; and providing that call back pay is *in lieu* of court appearance pay when called back from standby.

In the Controller's August 2010 audit of the Police Department's management of overtime and premium pay, the Controller found that the Police Department does not adequately control court appearance premium pay. The Police Department revised their policies and procedures subsequent to the audit, with new language on cancelled court cases, documentation of court standby, and other provisions.

The number of police officers receiving court appearance premium pay and total premium pay expenditures for standby and time in court has decreased by 202 or 10.2 percent from 1,989 police officers in FY 2008-09 to 1,787 police officers in FY 2010-11. Court appearance premium pay decreased by \$1,241,689 or 22.7 percent, from \$5,477,007 in FY 2008-09 to an estimated \$4,235,318 in FY 2010-11.

## 1.1 Introduction to Lead Worker Pay

Lead worker assignments are intended to provide coverage when a supervisor or manager has a large number of subordinate employees, when the supervisor or manager is not physically located at the worksite, or when an employee is required to perform special responsibilities. City departments have discretion in designating lead worker assignments. Most City departments rely on provisions in the MOUs between the City and employee unions when assigning lead worker responsibilities. Many of these MOUs provide that departments may assign lead duties and pay lead worker pay to one employee in a crew of two or more employees of the same classification, such as plumbers, electricians, mechanics, and laborers. Lead pay provisions are included in 11 of the 33 MOUs between the City and employee unions, as shown in Table 1.1 below.

**Table 1.1**  
**Lead Pay Provisions in MOUs between the City and Employee Unions**

MOU	Approved by:	Lead Duties	Minimum Hours of Lead Assignment	Minimum Number of Staff for Which Lead Worker is Responsible	Lead Pay
Consolidated Crafts Electrical Workers Plumbers <sup>1</sup>	Supervisor or foreman	Plan, design, sketch, layout, detail, estimate, or order material or take the lead	n/a	0 to 1	\$10/ day
Operating Engineers <sup>1</sup>	Supervisor or foreman	Plan, design, sketch, layout, detail, estimate, or order material or take the lead, and not under the direction of a crew supervisor on site	4	0 to 1	\$10/ day
Laborers <sup>1</sup>	Appointing officer or designee	Plan, design, sketch, layout, detail, estimate, or order material or take the lead	4	0 to 1	\$10/ day
Service Employees International Union <sup>1</sup>	Supervisor, approved by appointing officer in writing	Plan, design, sketch, layout, detail, estimate, or order material or take the lead	n/a	0 to 1	\$5/ day
Teamsters Multi-Unit - Parking Meter Repair <sup>1</sup>	Supervisor or foreman	Plan, design, sketch, layout, detail, estimate, or order material or take the lead	n/a	0 to 1	\$5/ day
Teamsters Multi-Unit - Juvenile Hall Senior Counselor	Supervisor	"Officer of the Day" for less than 10 days	n/a	n/a	\$11/ day

**Table 1.1 (Continued)**  
**Lead Pay Provisions in MOUs between the City and Employee Unions**

<b>MOU</b>	<b>Approved by:</b>	<b>Lead Duties</b>	<b>Minimum Hours of Lead Assignment</b>	<b>Minimum Number of Staff for Which Lead Worker is Responsible</b>	<b>Lead Pay</b>
Teamsters Multi-Unit - Deputy Animal Control Officer, Animal Care Attendant, Shelter Service Representative	n/a	Absence of supervisor	one shift	n/a	\$9/ day
Teamsters Multi-Unit - Animal Keepers	n/a	Absence of supervisor	one shift	n/a	\$5.50/ day
Professional and Technical Engineers	Supervisor	Take the lead	n/a	2	\$10/ day
Stationary Engineers	Supervisor	Take the lead - Airport only	n/a	1	\$10/ day
Service Employees International Union - Registered Nurses	n/a	Charge nurse - assumption of specific leadership and patient care duties	4	n/a	5%
Transportation Workers Union - Media Training Specialist, Claims Investigators, and Claims Adjustors	Appointing officer or designee	Designated as a lead	n/a	1	\$1.50/ hour

Source: MOUs between the City and employee unions

<sup>1</sup> Some MOUs permit City departments to pay lead worker premiums to employees who do not have lead responsibilities for other employees if they are considered to “plan, design, sketch, layout, detail, estimate, or order material”.

Under the MOU provisions, lead responsibilities take several forms:

- Departments may assign lead duties and pay lead worker pay to one employee in a crew of two or more employees of the same classification, such as plumbers, electricians, mechanics, and laborers. The MOUs generally do not define what constitutes lead responsibilities, except that the MOU between the City and the Operating Engineers Local 3 specifies that a crew supervisor must not be on site.

- Departments may assign lead pay to an employee who plans, designs, sketches, lays out, details, estimates, or orders material. These employees often have no lead responsibilities for other employees.<sup>1</sup>
- Departments, such as Juvenile Probation or Animal Care and Control, may assign lead responsibilities to employees in the absence of the supervisor.

Lead assignments may be rotating or permanent.

Pay for assuming lead pay duties ranges from \$5 to \$10 per day, except for Juvenile Hall Senior Counselors, who receive \$11 per day when serving as the "Officer of the Day".

The premium for charge nurse is 5 percent, equivalent to approximately \$19 to \$24 per day, based on current salaries for registered nurses. Nurse managers and nursing supervisors may also receive 5 percent lead manager pay for specific leadership and employee management responsibilities, such as hiring, evaluating, and disciplining employees.

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<sup>1</sup> This provision was originally in the City's Salary Standardization Ordinance, and was carried forward into collective bargaining agreements when the voters approved Proposition B in 1991, allowing employee unions to negotiate wages, hours and other benefits through collective bargaining.



## 1.2 Lead Worker Assignment and Pay

- In FY 2009-10, 4,177 City employees were paid charge nurse, lead worker, or other types of lead pay, totaling approximately \$3.3 million.
- The City has no Citywide policies governing lead worker assignments other than provisions in the MOUs between the City and employee unions. MOUs covering craft workers provide for lead assignments “when required to plan, design, sketch, layout, detail, estimate, or order material *or* (emphasis added) take the lead on any job when at least two employees in the same class are assigned”. Managers or supervisors generally assign a lead worker whenever two employees of the same classification are assigned to the crew. For example, the PUC’s Water Supply and Treatment Division pays lead worker pay to all utility plumbers in crews of at least two utility plumbers, although a utility plumber supervisor is on shift. According to PUC staff, because one Plumbing Supervisor II oversees three or more crews working at different sites, assigning a lead plumber to each site is appropriate. PUC staff acknowledged that the current practice assigns more lead plumbers than is necessary. However, not all departments provide lead worker pay in these instances. The SFMTA Safety, Training, Security and Enforcement Division only assigns a transit fare inspector as lead worker when a supervisor is not available.
- Managers also assign lead worker pay to employees who are considered to “plan, design, sketch, layout, detail, estimate, or order material” even when they have no lead responsibility for another employee. For example, the PUC’s Hetch Hetchy Enterprise assigns lead worker pay to a plumber to “plan, design, sketch, layout detail, estimate, and order materials”, even though these are core responsibilities of the position, because he is the division’s only plumber and does not have a direct supervisor.
- Many lead worker assignments are rotated among all or most of the employees in a classification without adequate distinction between the lead and other employees within the classification. For example, all Department of Public Works plumbers and steamfitters and nine of ten Municipal Transportation Agency carpenters have earned lead worker pay during FY 2010-11.
- While some City departments clearly define the role of lead workers, other departments designate lead worker assignments without written descriptions of the lead work to be performed or qualifications sought in lead workers. For example, the SFMTA has assigned a lead worker to oversee track maintenance workers, but does not have criteria for assigning lead workers, other than “willingness and ability” to assume the lead worker responsibilities.

The Department of Human Resources does not have Citywide guidelines nor do most City departments have department-specific guidelines for assigning lead worker responsibilities and paying lead worker premiums. City departments rely on MOU provisions governing lead worker pay, although most MOU provisions are not sufficiently specific to serve as effective guidelines.

City departments generally assign employees as lead workers and pay lead worker premiums in one of three ways:

- (1) On a rotating basis among all or almost all employees in a classification when they are working at a job site with as few as one other employee;
- (2) Compensating employees with ongoing specialized skills; or
- (3) Assisting supervisors whose span of control is too great.

In one instance, one City department paid lead worker premiums to incentivize staff to prepare for a supervisory position.

Lead worker pay is generally set in MOUs at \$10 per day.<sup>1</sup> Registered nurses serving as charge nurses at San Francisco General Hospital or Laguna Honda Hospital receive 5 percent of base pay. As shown in Table 1.2 below, Citywide expenditures for lead worker pay are approximately \$3.3 million per year, with average pay of \$787 per employee serving as a lead worker.

**Table 1.2**  
**Citywide Expenditures for Lead Worker Pay**  
**FY 2007-08 to FY 2009-10**

Type of Premium Pay	FY 2007-08	FY 2008-09	FY 2009-10	Number of Employees FY 2009-10	Average per Employee FY 2009-10
Charge Nurse and Nurse Lead Manager	\$1,881,020	\$1,924,365	\$1,793,627	1,522	\$1,178
Lead Worker Premium	1,351,573	1,394,703	1,378,577	2,493	553
Other Lead Premiums	119,160	114,804	116,270	162	718
<b>Total</b>	<b>\$3,351,754</b>	<b>\$3,433,872</b>	<b>\$3,288,474</b>	<b>4,177</b>	<b>\$787</b>

Source: City Payroll System

In FY 2010-11, Citywide expenditures for lead worker pay are projected to be approximately \$3.2 million.

<sup>1</sup> As shown in Table 1.1 in the *Introduction to Lead Pay*, variations in MOUs include a premium of 5 percent of base pay, 11 percent of base pay, \$1.50 per hour and \$5.00 per day.

Five City departments constituted approximately 90 percent of Citywide expenditures for lead worker pay in FY 2009-10, as shown in Table 1.3 below.

**Table 1.3  
City Department Expenditures for Lead Worker Pay  
FY 2009-10**

<b>Department</b>	<b>FY 2009-10 Expenditures</b>	<b>Percent</b>	<b>FY 2009-10 Number of Employees</b>	<b>Percent</b>
Public Health	\$1,843,689	56.1%	1,609	38.5%
Municipal Transportation Agency	517,587	15.7%	1,129	27.0%
Public Works	208,310	6.3%	316	7.6%
Public Utilities Commission	206,728	6.3%	248	5.9%
Airport	181,285	5.5%	221	5.3%
Subtotal	2,957,598	89.9%	3,523	84.3%
Other City Departments	330,876	10.1%	654	15.7%
<b>Total</b>	<b>\$3,288,474</b>	<b>100.0%</b>	<b>4,177</b>	<b>100.0%</b>

Source: City Payroll System

### **Charge Nurse and Lead Nurse Manager**

The Department of Public Health incurs the highest expenses Citywide for lead worker pay, as shown in Table 1.3. Most lead worker expenditures are for charge nurses overseeing clinical units during evening and night shifts and on weekends.

Charge nurses have specific supervision responsibilities that include monitoring, correcting, and reporting on the clinical knowledge and competency of all nursing staff, and participating in the preparation of employee performance evaluations. According to the MOU between the City and SEIU, charge nurse assignments at Laguna Honda and San Francisco General Hospitals are for evening, night and weekend shifts when management personnel are not present. The premium for charge nurse is 5 percent, equivalent to approximately \$19 to \$24 per day, based on current salaries for registered nurses.

Nurse managers and nursing supervisors may also receive 5 percent lead manager pay for specific leadership and employee management responsibilities, such as hiring, evaluating, and disciplining employees. These assignments are designated by the appointing officer on a fiscal year basis. Laguna Honda Hospital has designated one nurse manager and San Francisco General Hospital has designated four nurse managers and supervisors as lead managers.

## Lead Worker Assignments

The SFMTA, Department of Public Works, PUC, and Airport largely incur costs for lead worker pay for craft workers and other classifications. MOUs between the City and the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions define eligibility for lead worker assignments as follows:

Employees in non-supervisory classes (or classes designated within the specific MOU) *when designated by their supervisor or foreman as a lead worker* (emphasis added) shall be entitled to a \$10 per day premium when required to plan, design, sketch, layout, detail, estimate, or order material or take the lead on any job when at least two employees in the same class are assigned.<sup>2</sup>

The MOU provisions governing lead worker assignments often allow for (1) assignments of short duration (less than one day), (2) assignments that can be rotated among all employees in a unit, (3) assignments with minimal or no supervision of other employees, and (4) assignments that pay lead premiums for basic job functions. According to interviews with City department managers, implementation of lead worker provisions is based both on MOU language and past practice.

### Assignments of Short Duration

The MOUs governing lead worker premiums either do not address the minimum time for a department to assign lead worker responsibilities or set the minimum time at four hours or one shift (see Table 1.1). Therefore, an employee can serve as a lead for less than one day.

### Rotating Assignments

Many lead worker assignments are rotated among all or most of the employees in a classification without adequate distinction between the duties of the lead and other employees within the classification.

#### San Francisco Municipal Transportation Agency

The SFMTA assigns lead worker pay to workers in 38 different classifications. 28 percent of employees in these classifications have received lead worker pay in FY 2011-12. In the past three fiscal years, up to 90 percent of employees in some specific classifications have received lead worker pay. For example, nine of ten carpenters have received lead worker pay in FY 2010-11. Nearly 63 percent of the automotive service workers, approximately one-half of the electrical transit system mechanics and approximately one-third of the electronic maintenance technicians have received lead worker pay this fiscal year, indicating that lead worker pay is rotated widely among employees in these classes and that there are no special job requirements for the lead

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<sup>2</sup> Beginning January 2011, the MOU between the City and the Laborers International Union Local 261 requires the appointing officer (generally, the department director) to approve the lead assignment.

assignment. To date this fiscal year these classifications have employed 432 people, of whom 211 have received lead worker pay at some time during the year.

#### Department of Public Works

65 percent of Department of Public Works employees in classes for which the lead worker premium is paid have earned the premium this year. In some classifications, the proportion is even higher. For example, 100 percent of the plumbers and steamfitters, 83 of the 94 general laborers and 11 of 13 asphalt workers in the Department of Public Works received lead worker premiums for some period of time between July 2010 and January 2011.

Some of the 83 general laborers receiving lead worker premiums to oversee CalWorks or General Assistance clients or Project 20 or SWAP crews who have been assigned to the Department of Public Works<sup>3</sup>. The Department of Public Works does not maintain electronic records of these assignments, but a one week review of daily field reports<sup>4</sup> showed that 16 general laborers oversaw specialized crews during the week. The daily field report for the remaining 12 employees who received lead pay did not show that there were any other individuals on their crew for those days.

#### Airport

The Airport acknowledged that lead worker pay is sometimes rotated among all members of a crew but did not provide information on the span of control (number of leads, number of employees supervised by each lead and the number of supervisors for leads.). The Airport did indicate that in some instances lead assignments are designated based on skills and qualifications but did not provide any indication that these skills and qualifications had been documented.

### **Assignments with Minimal or No Oversight Responsibilities**

Many managers believe there must be a lead anytime a crew member is in the field or maintenance shop, or whenever two employees of the same classification are assigned to the crew. The interpretation that a lead is required anytime there are as few as two employees in the field is not, however, universal. For example, the SFMTA Safety, Training, Security and Enforcement Division only assigns a transit fare inspector as lead worker when a supervisor is not available.<sup>5</sup>

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<sup>3</sup> CalWorks, which is the State's implementation of the federal cash-aid program, Temporary Assistance to Needy Families (TANF), and the City's General Assistance program for low-income adults not eligible for TANF, require participants to engage in education, training, or other work activities. Project 20 is a pretrial diversion program that allows eligible participants to engage in community service rather than pay fines or other penalties. SWAP is the Sheriff's Work Alternative Program that allows sentenced individuals to perform work in lieu of jail time or provides work experience to individuals leaving jail.

<sup>4</sup> For the week of January 10-15, 2011.

<sup>5</sup> According to the MOU between SFMTA and Transport Workers' Union Local 250-A, "employees designated by their supervisor as lead person shall be entitled to 5 1/2 percent of their base hourly rate premium pay when required to take the lead on any job when at least two other persons are assigned".

The size of a lead worker's crews is often quite small, sometimes with more employees assigned lead worker pay than not assigned. The relationship of lead workers to non-lead workers is not consistent. For example:

- In the Department of Public Works, during one week in January, 2011 there were from five to seven leads or supervisors and only two to four non-lead plumbers. In the steamfitting crews there were four to five leads, a supervisor and either none or only one non-lead steamfitter on four separate occasions. Also, among the Department of Public Works' glaziers, on one day there were two leads and five glaziers and on another no leads but seven glaziers.
- The PUC's Water Supply and Treatment Division pays lead worker pay to all utility plumbers in crews of at least two utility plumbers, although a utility plumber supervisor is on shift. According to PUC staff, because one Plumbing Supervisor II oversees three or more crews working at different sites, assigning a lead plumber to each site is appropriate. PUC staff acknowledged that the current practice assigns more lead plumbers than is necessary.

The number of subordinate employees in a lead worker's assignment also varies significantly among City departments. According to interviews with City department managers, the City has no guidelines for the minimum number of subordinate employees in a lead worker's assignment. City departments may assign lead worker premiums at their discretion; in some departments, this assignment is made by first-level supervisors with little direction from senior management.

### **Lead Pay for Basic Job Functions**

Some departments rely on the language of the MOU that calls for employees to receive lead pay when they are required to plan, design, sketch, layout, detail, estimate, or order material rather than because they lead other employees. For example, the Port, PUC and other City departments pay lead worker pay to workers who have no lead responsibilities for other employees based on the MOU provision that allows lead worker pay for employees that plan, design, sketch, layout detail, estimate, or order materials. For its part, the Port pays lead worker premiums to general laborers, gardeners, carpenters, plumbers, electricians, painters, sheet metal workers, ornamental iron workers and pile drivers who lead either no or only one other employee based on this MOU provision.

Similarly, the PUC's Hetch Hetchy Enterprise pays lead worker pay to a plumber to plan, design, sketch, layout detail, estimate, and order materials because he is the only plumber assigned to the division. According to PUC staff, because only one plumber is currently assigned to the division, the plumber does not have regular direct supervision, and therefore, is required to perform the duties normally performed by the supervisor.

While the MOU does provide for lead pay to plan, design, sketch, layout detail, estimate, and order materials, these are core job functions. For example, the job description for the 7347 Plumber lists job duties that includes "advising on selection, ordering and storing of

plumbing supplies and equipment". The job description also requires the "ability to: interpret and work from blueprints, sketches and drawings; plan and lay out details of work; work well with others; estimate materials and labor costs for plumbing jobs".

## **Selection of Employees for Lead Worker Assignments**

There are no written responsibilities for lead worker assignments separate from those of the classification generally, or specific criteria for selection of lead workers. The SFMTA and Department of Public Works managers indicated that seniority, if more than one person indicates a desire to be lead, and a "willingness and ability" to act as lead are the basis of selection<sup>6</sup> of leads. The Port did indicate that supervisors pay lead worker premiums as an incentive to improved performance in the absence of supervisors.

## **Lead Assignments in Lieu of Supervisors**

City departments appropriately assign lead workers, sometimes permanently but usually on a rotating basis, in the absence of a supervisor or to augment existing supervisory staff. For example, the Department of Public Works has assigned two street inspectors as lead workers to replace two vacant senior street inspectors, at a lower salary cost than the former senior street inspector position. The Department of Public Works has also assigned a Communications Dispatcher I as a lead worker to replace a vacant Communications Dispatcher II position.

The SFMTA Safety, Training, Security and Enforcement Division pays lead worker premium to transit fare inspectors on the basis of a specific job description drafted by the Division manager. The job description explicitly assigns lead workers "some of the role and responsibilities normally assigned to a supervisor". Additionally, lead workers receive training in preparation for their responsibilities. In this instance, lead workers are also helping to manage the span of control.

Similarly, in 2005, the Division Manager of Business Services in the Department of Public Works created a five year succession plan to prepare for staff attrition. Part of the succession plan involves specifically designated Accountant IIIs acting as leads to prepare them to take on supervisory roles. Two Accountant IIIs have been assigned lead responsibilities thus far in FY 2010-11. Each leads two to three people. A distinct job description for the lead position has been created.

The Budget and Legislative Analyst did not find other instances in which management established a training curriculum or documented the knowledge, skills and abilities of leads who assumed long term designated lead positions. These practices could be replicated by other departments.

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<sup>6</sup> For example, for automotive service workers, electronic maintenance workers, and electrical transit system mechanics.

## Lack of Written Definitions

In other instances, while specific individuals are designated as lead workers, City departments have neither written descriptions of the lead work to be performed nor qualifications sought in lead workers. City department managers were not always able to articulate the rationale for leads.

For example, the SFMTA has 38 track maintenance workers assigned to shifts, with a total of five supervisors, or a ratio of 7.6 track maintenance workers per supervisor.<sup>7</sup> The SFMTA assigns lead workers because not enough supervisors are always available to oversee each crew. Three employees have received 65 percent of lead worker pay, indicating that these three employees have been specifically selected to act in a lead capacity, reducing the ratio to 4.7 employees to each supervisor or lead. However, the SFMTA does not have a written description of duties of or criteria for assigning lead workers, other than “willingness and ability” to assume the lead worker responsibilities.

The Department of Public Works’ Operations Division has designated three lead workers for 36 truck drivers on the day shift.<sup>8</sup> According to the Bureau Superintendent, the lead workers assist with scheduling, coordinate with the supervisor and “resolve staffing issues”. The lead workers must know all routes and the type of equipment required for each route, be able to adjust schedules as needed, insure equipment is returned to the yard and drive all routes. They in turn are supervised by an Operations Supervisor for whom this span of control would likely be unmanageable without lead workers. However, the Bureau Superintendent has not developed a formal job description for these lead workers.

## Conclusion

City departments generally rely on MOU provisions and past practice to justify lead worker assignments and premium pay. Provisions in MOUs between the City and the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions do not sufficiently define lead worker responsibilities or span of control. As a result, employees covered by these MOUs may receive lead worker pay to perform duties that are within their core job responsibilities or for overseeing one or no employees. Even when lead worker assignments are justified, City departments do not sufficiently document lead worker qualifications or responsibilities.

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<sup>7</sup> The number of supervisors is derived from the Controller’s Budget versus Actual Salary Report.

<sup>8</sup> These three daytime lead worker shifts that are staggered in starting time by 30 minutes from 5:30 to 6:30. There is one night shift lead that works from 11 pm to 7 am who oversees 10 sweepers at night. This lead also goes out on a route.



## **Recommendations**

The Director of Human Resources should:

- 1.1 Negotiate with the respective employee unions to revise MOU provisions, (a) to require that lead workers must lead no fewer than three employees; and (b) that employees must plan, design, sketch, layout, detail, estimate, or order material in addition to leading three or more employees.
- 1.2 Establish guidelines for City departments on lead worker assignments.

## **Costs and Benefits**

Implementation of these recommendations would require Department of Human Resources staff time to meet and confer with employee unions and develop Citywide guidelines. While the meet and confer process could be time-consuming and expensive, the Department of Human Resources could hold these discussions during regularly scheduled labor negotiations.

If the MOUs between the City and the Consolidated Crafts, Electrical Workers, Plumbers and Steamfitters, Laborers, and other employee unions were revised to more specifically define lead worker responsibilities and span of control, the City could achieve cost savings through a reduction in lead worker pay. For example, if requiring lead workers to oversee at least three subordinate employees resulted in a 33 percent reduction in lead worker pay among craft classifications, the City would achieve estimated annual savings of approximately \$450,000 (or 33 percent of \$1.2 million in lead worker pay expenditures for crafts classifications in FY 2009-10).

## 2.1 Introduction to Standby Assignment and Pay

In a December 2010 presentation to City department representatives, the Department of Human Resources defined standby pay as follows:

“Employees who, as part of the duties of their positions are required by the appointing officer to stand by when normally off duty to be instantly available on call for immediate emergency service for the performance of their regular duties, shall receive standby pay. When such employees are called on to perform their regular duties in emergencies during the period of such standby service, they shall be paid while engaged in such emergency service the usual rate of pay for such service as provided herein.”

Standby pay provisions are included in 21 of the 33 MOUs between the City and employee unions, and in the ordinance covering unrepresented employees, as shown in Table 2.1 below.

**Table 2.1**  
**Standby Pay Provisions in MOUs between the City and Employee Unions**

MOU	Conditions for Standby	Pay
Consolidated Crafts District Attorney Investigators Deputy Sheriff's Association (rank and file) Deputy Sheriff's Association (management) Electrical Workers Laborers Operating Engineers Service Employees International Union Local 1021 - Miscellaneous Employees Transportation Workers Union Local 200	Required to be available for "immediate emergency service"	25% pay if not provided pager or cell phone  10% pay if provided pager or cell phone
Plumbers	Required to be available for "immediate emergency service"	20% pay
Institutional Police Officers Unrepresented	Required to be available for "immediate emergency service"	10% pay with department providing pager or cell phone
Deputy Probation Officers	Required to be "instantly available"	25% pay if not provided pager or cell phone  10% pay if provided pager or cell phone
Firefighters (rank and file) Firefighters (management) Police (rank and file)	Required to be "instantly available"	Pay equal to 2 hours of pay on regularly scheduled work day and 3 hours of pay on regularly scheduled day off

*Budget and Legislative Analyst's Office*

**Table 2.1 (Continued)**  
**Standby Pay Provisions in MOUs between the City and Employee Unions**

MOU	Conditions for Standby	Pay
Stationary Engineers Local 39	Called in for "immediate emergency service"	Federal minimum wage
Teamsters Multi Unit	Assigned to be "instantly available"	Federal minimum wage
International Federation of Professional and Technical Engineers Local 21	Standby when "normally off duty"	25% pay if not provided pager or cell phone 10% if provided pager or cell phone
Service Employees International Union - Staff and Per Diem Nurses	Standby when "normally off duty"	50% of pay
Union of American Physicians and Dentists	Necessary to "meet service needs"	\$9 per hour (\$15 per hour for Laguna Honda Hospital psychiatrists)

Source: MOUs between the City and employee unions

As shown in Table 2.1, the provision for assigning standby varies among the different MOUs. While 11 MOUs, and the ordinance covering unrepresented employees, provide for standby pay when the appointing officer requires an employee to be "available for immediate emergency service", other MOUs state only that the employee must be "instantly available" or "normally off duty".

Some classifications or departments have specific standby pay provisions:

- Registered nurses and diagnostic imaging technicians covered by the MOU between the City and SEIU receive 50 percent of pay when designated by the appointing officer to be "constantly available for immediate service".
- PUC employees covered by the MOUs between the City and the 15 unions comprising the "Consolidated Crafts", the Electrical Workers (International Brotherhood of Electrical Workers, or IBEW), and the Laborers (Laborers International Union) receive 20 percent rather than 10 percent of pay when assigned stand by.
- The District Attorney's Office has one District Attorney Investigator on standby during all non-duty hours as part of the "Officer Involved Shooting Team". This District Attorney Investigator, in conjunction with an Assistant District Attorney, and a Supervising District Attorney Investigator are called by the affected agency (generally the San Francisco Police Department) when an officer involved shooting or in-custody death occurs. Under the MOU between the City and the District Attorney Investigator's Association, the employee is paid 18 hours of regular pay for being on standby during all non-duty hours from 8 a.m. Monday until 8 a.m. the following Monday. The MOU between the City and Transportation Workers Union

(TWU) Local 200 has similar provisions for Senior Investigators in the Office of Citizens Complaints.

## Standby Pay Expenditures

Over the last three years, standby pay has been reduced by approximately \$2.3 million, or 18 percent, from \$12.5 million in FY 2008-09 to an estimated \$10.2 million FY 2010-11, as shown in Table 2.2 below.

**Table 2.2**  
**Citywide Standby Pay Expenditures by Department**  
**FY 2008-09 through FY 2010-11 (Projected)**

<b>Department</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11 Projected</b>	<b>Increase/ (Decrease) FY 2008-09 to FY 2010- 11</b>
Animal Care and Control	\$29,217	\$28,732	\$27,000	(\$2,217)
Airport	299,091	283,076	271,654	(27,437)
Asian Art Museum		199	0	0
City Attorney	48,910	47,390	42,860	(6,049)
Controller	23,773	27,724	23,967	194
Building Inspection	21,854		0	(21,854)
Emergency Management	63,772	109,639	98,561	34,789
Fire	332,876	246,381	143,161	(189,715)
City Administrator	141,550	165,818	231,024	89,474
Human Services Agency	144,030	146,443	138,638	(5,392)
Municipal Transportation Agency	534,740	776,380	596,962	62,222
Police	5,477,007	4,322,827	4,235,318	(1,241,689)
Public Health	3,157,200	2,804,744	2,308,565	(848,635)
Public Library	43,062	46,774	50,008	6,946
Public Utilities Commission	1,289,699	1,325,115	1,458,971	169,273
Public Works	196,924	175,152	109,636	(87,288)
Recreation and Park	29,803	11,186	7,785	(22,018)
Retirement System	9,782	9,745	9,573	(208)
Sheriff	118,241	128,458	130,051	11,809
Treasurer/Tax Collector	4,929	7494.34	7,039	2,111
Technology	508,850	404,352	324,183	(184,666)
War Memorial	367	464	518	151
<b>Total</b>	<b>\$12,475,676</b>	<b>\$11,068,092</b>	<b>\$10,215,476</b>	<b>(2,260,200)</b>

Source: City Payroll System

As shown in Table 2.3 below, three City departments account for more than 78 percent of standby pay expenditures in FY 2010-11:

- The Police Department incurs the largest amount of standby pay Citywide, with estimated expenditures of \$4.2 million in FY 2010-11 for police officers on standby for court appearances, or approximately 41.5 percent of Citywide standby pay.
- The Department of Public Health will spend an estimated \$2.3 million for standby in FY 2010-11, of which approximately \$1.8 million is for clinical services and the remaining \$0.5 million is for information technology, behavioral health or crisis services, and other services.
- The PUC will spend an estimated \$1.5 million in standby pay in FY 2010-11, or approximately 14.3 percent of Citywide standby. Most PUC standby is for 24-hour coverage of the water system.

**Table 2.3**  
**Citywide Standby Pay Expenditures by Type of Standby**  
**FY 2008-09 through FY 2010-11 (Projected)**

Type of Standby	FY 2008-09	FY 2009-10	FY 2010-11 Projected	Increase/ (Decrease) FY 2008-09 to FY 2010- 11
Police court appearance	\$5,477,007	\$4,320,461	\$4,232,515	(\$1,244,492)
Miscellaneous	2,332,067	2,365,107	2,027,915	(304,152)
Nurses, physicians and other clinical	2,485,180	2,170,336	1,804,498	(680,681)
Public Utilities Commission	1,072,579	1,060,649	1,105,078	32,499
Information technology	1,108,843	1,151,539	1,045,470	(63,373)
<b>Total</b>	<b>\$12,475,676</b>	<b>\$11,068,092</b>	<b>\$10,215,476</b>	<b>(\$2,260,200)</b>

Source: City Payroll System

### Overtime Costs

When employees on standby are called into work, they are generally paid overtime. The type and amount of pay varies, depending on the MOU. Because overtime paid to employees called into work while on standby is not recorded separately in the City's payroll system from other types of overtime, City departments cannot readily track the actual costs of assigning standby and paying overtime.

## 2.2 Operational Need for and Assignment of Standby

- Although the Department of Human Resources has defined standby as the need to be “instantly available on call for immediate emergency service”, City departments do not have standard criteria for what constitutes an emergency. Therefore, City departments may assign standby coverage when it is not necessary. For example, the General Services Agency has assigned standby coverage to media specialists to cover City Hall events but agreed to eliminate standby pay for this class in the FY 2011-12 budget.
- City departments also assign standby to positions that are not required to meet emergency incidents. For example, the Department of Public Works has assigned standby coverage to a plumbing supervisor, and the PUC’s City Distribution Division has assigned standby to storekeepers, though these positions are seldom called back to work to address after-hours incidents.
- The MOU between the City and the Municipal Executives Association does not provide standby pay for manager classifications, although managers may accrue administrative leave when required to respond to a page or call during non-business hours. Managers should appropriately respond to incidents during non-business hours when management oversight or decision-making rather than direct services are required. However, City departments lack standard practices for when managers rather than non-managers should respond to incidents during non-business hours. For example, Department of Public Health managers, who do not receive standby pay, and non-managers, who do receive standby pay, provide after-hours coverage for some mental health services, although the non-management staff serve the same oversight role as the management staff.
- City departments that regularly schedule standby coverage need to routinely evaluate the effectiveness of the coverage. For example, the PUC could potentially reduce the total number of crews assigned to standby in the City Distribution Division because, based on a review of standby assignments and responses in January 2011, the number of after-hours incidents may not require two crews to respond.

Standby pay is provided to employees to ensure that they are available to deal with urgent situations outside their regular work hours. In some instances, State or other regulations require 24-hour coverage for certain services. In most instances, assigning employees to standby is at the discretion of department management and allows departments to meet operational requirements to respond to threats to public health and safety, vital public services or interruptions in information technology systems.

## **City Departments' Standby Requirements**

Twenty City departments have assigned standby to provide service coverage during non-business hours with estimated standby pay costs of \$10.2 million in FY 2010-11, as shown in Table 2.2. City departments may schedule standby hours to provide coverage for mandated services or to meet contractual obligations, to minimize operational risks during non-business hours, or to meet City policy objectives.

### **Standby for Mandated Services and Contractual Obligations**

#### Human Services Agency and Department of Public Health

California mandates 24-hour coverage for some health, adult protective, and child protective services. For example:

- The Human Services Agency assigns standby to provide 24 hour, seven day coverage for child and adult protective services. The California Welfare and Institution Code requires counties to provide 24 hour, seven day coverage to respond to child abuse emergencies. State Assembly Bill 2199 requires counties to provide 24 hour, seven day coverage for adult protective services.
- The Department of Public Health assigns standby coverage to provide 24 hour, seven day coverage for adult and child crisis services in accordance with the State MediCal Mental Health Plan.

Both the Human Services Agency and Department of Public Health assign social workers, mental health workers, child or adult protective services workers, and their respective supervisors to standby coverage during non-business hours. Generally, a manager, who is not eligible for standby pay, is also available.

#### The Public Utilities Commission Hetch Hetchy Enterprise

The PUC's Hetch Hetchy Enterprise, which operates the City's water and power facilities in Tuolumne, Stanislaus, San Joaquin, and Alameda Counties, has a contractual agreement with other utility companies to provide staff coverage in the event that power or water lines need to be located. Under this agreement, construction companies or utilities can call a central number to locate power and water lines in the region during power outages or to meet construction requirements. The Hetch Hetchy Enterprise

designates one staff person to be on standby during non-business hours in accordance with this agreement.

### **Standby to Meet Operational Need**

City departments most often assign standby coverage to meet operational requirements or minimize operational risks. Because no Citywide criteria exists to identify operational risks, City departments have discretion when assigning standby coverage. For example:

- The PUC's City Distribution Division assigns standby coverage to crews to respond to water main leaks and other issues during non-business hours. The PUC's Water Supply and Treatment Division assigns a chief stationary engineer to standby during non-business hours to oversee water treatment plant operations, and utility plumbers and electrical maintenance technicians to provide coverage for the water system infrastructure extending from the San Joaquin Valley to the Peninsula. The Water Quality Division assigns standby during the weekend and after hours to investigate and respond to water quality emergencies, conduct regulatory-required sampling and inspection, and provide emergency or urgent regulatory laboratory services. The Hetch Hetchy Enterprise assigns standby coverage as part of the emergency response team to respond to hazardous materials and other incidents.
- The Department of Public Health uses standby to provide 24-hour coverage for emergency or trauma services, such as the Rape Treatment Center and the Cardiac Catheter Laboratory at San Francisco General Hospital. According to San Francisco General Hospital's Chief Nursing Officer, the Department found that assigning standby coverage for rape treatment, which is a State-mandated service, is cost-effective compared to staffing the Rape Treatment Center 24 hours, seven days per week. Additionally, San Francisco General Hospital has used standby to provide 24 hour, seven day per week coverage for the Cardiac Catheter Laboratory to back fill vacant positions.

The operational need for standby assignments varies significantly among the 20 departments that assigned standby in FY 2010-11. Several City departments assigned standby to provide support to information technology systems during non-business hours, as discussed in Section 2.4. Additionally, City departments assigned standby to provide supervisory coverage for non-business hours operations, stationary engineer and building maintenance services for department facilities, and emergency, public safety, or investigative response to after-hours incidents.

### **Standby to Meet City Policy Objectives**

City departments may also assign standby to provide enhanced services or to meet City policy objectives although no specific operational need exists. For example, the Department of Public Health established Crisis Response Services in 2006 to provide immediate crisis care and follow-up case management to family members of homicide victims. Two Crisis Response Services staff are on standby each weekday from 7 p.m. to



7 a.m. and each weekend. One Crisis Response Services staff member on standby is a City employee and the other staff member is an employee of a non-profit organization.

City departments may also use standby pay to meet City policy objectives, although the use of standby is not necessarily required. For example, the Human Services Agency assigns standby to an employee to serve as a first responder as part of the City's Emergency Response Plan. Under the Emergency Response Plan, the Human Services Agency is the coordinating department for meeting mass care, housing, and human services needs when an emergency is declared by the Mayor. This includes coordinating the provision of shelter, water and food, and assisting the American Red Cross with family welfare inquiries. Although coordinating an emergency response on this scale would be performed more appropriately by management or executive management staff, the Human Services Agency assigns standby to one staff person, at an annual cost of approximately \$21,000.

### **Determining the Need for and Staffing of Standby Coverage**

City departments lack standard criteria for determining the need for standby coverage during non-business hours or measures to determine if standby coverage is effective.

### **Service Outcomes**

City departments cannot consistently provide data on service outcomes as a measure of the effectiveness of assigning standby coverage. For example, according to interviews with Crisis Response Services staff, the Department of Public Health had not conducted a formal evaluation of the effectiveness of the program in aiding family members of homicide victims. From July 2010 through March 2011, the Crisis Response Services staff received 125 calls during non-business hours and responded in the field to 50 of these calls (or 5 to 6 calls per month during the nine-month period). According to Crisis Response Services staff, staff on standby provided "psychological first aid" during these field visits. After the initial contact, Crisis Response Services staff connect family members to victim services provided by various City or non-profit agencies. The effectiveness of assigning 24-hour, seven day standby coverage is part of the evaluation of the program's effectiveness as a whole.

Also, City departments do not consistently define the service to be provided by the standby assignment, and therefore, cannot measure the effectiveness of the service. For example, although the Human Services Agency assigns a staff person to serve as the first responder as part of the City's Emergency Response Plan, as noted above, the Human Services Agency has not specifically defined the role. Under the City's Emergency Response Plan, City departments must prepare a response when the Mayor declares an emergency. However, the Human Services Agency does not have policies or criteria for responding to smaller events.

The Department of Human Resources has defined standby as the need to be "instantly available on call for immediate emergency service". Each City department that regularly

assigns staff to standby coverage should (1) define the emergency situations requiring standby and the impact of not providing standby coverage to respond to the emergency situation, and (2) establish criteria for assigning standby to respond to emergency situations.

### **Management Coverage**

The MOU between the City and the Municipal Executives Association does not provide standby pay for manager classifications, although managers may accrue administrative leave when required to respond to a page or call during off-duty hours. Managers should appropriately respond to after hours incidents when management oversight or decision-making rather than direct services are required. However, City departments lack standard practices for when managers rather than non-managers should respond to incidents during non-duty hours.

For example, the Department of Public Health's Crisis Response Services assigns three staff to standby during all non-business hours, including two team members and one manager or supervisor to serve as a "consultant". Two managers, who do not receive standby pay, and one supervisor, who does receive standby pay, rotate the consultant assignment.

In comparison, in the Department of Public Health's ACT (Assertive Community Treatment) Program, which provides after-hours service for the seriously mentally ill or high end user of services, one staff member is assigned to standby during non-business hours and one manager, who does not receive standby pay, provides management oversight. Additionally, in order to reduce standby costs, the Department of Public Health's SF First Program, which provides services to homeless individuals with mental illness, eliminated standby assignments after State funding was reduced, assigning these responsibilities to a manager.

Each City department that regularly assigns staff to standby coverage should (1) evaluate the role of managers and non-management staff in responding to urgent operational or emergency incidents after normal business hours, and (2) establish criteria for assigning non-management staff to standby coverage. Such criteria would include the frequency and urgency of after hours' incidents, as well as the appropriate level of staff to respond to such incidents.

### **Levels of Service**

City departments sometimes assign more staff to standby coverage than is necessary to meet departments' service objectives. Some City departments have recently evaluated or reduced the number of staff assigned to standby.

- Airport maintenance managers have reduced the number of individuals receiving standby pay over the past three years.

- The Fire Department reduced the number of positions eligible for standby assignments.
- The Department of Public Works analyzed its standby usage in FY 2009-10 and precluded some classifications from receiving standby, on the basis that the results of not having these classifications on standby was within acceptable bounds. Employees in classifications such as locksmith or carpenter are no longer assigned to standby.. There are opportunities to continue this review. For example, the 7239 Plumbing Supervisor II in the Department's Bureau of Building Repair has been called during standby on only two occasions during the current fiscal year, even though the incumbent was paid nearly \$5,000 in standby pay through December 2010.

City departments have also reported eliminating or considering elimination of specific standby assignments.

- The General Services Agency has assigned media specialists to standby coverage during City Hall events, but agreed to eliminate standby pay for this class in the FY 2011-12 budget.
- The Emergency Communications Division within the Department of Emergency Management eliminated standby assignments for supervisory staff who acted in the capacity of executive management when executive managers were not available through the implementation of new procedures and adjustment of schedules.

City departments have also reported combining standby assignments, thus maintaining standby coverage while reducing the number of staff assigned to standby.

- During the course of the audit, the Department of Public Health's Children's Crisis Services agreed to combine standby assignments for Children's Crisis Services and the Multi-System Therapy team (which provides services to youth in the juvenile probation system).

While other departments reported evaluating standby assignments, the departments did not reduce or eliminate the assignments, generally stating that standby coverage was necessary to meet the department's operational requirements.

#### Evaluating Service Levels

City departments need further evaluation of standby coverage. Departments may assign more staff to standby coverage than is necessary to meet the operational need.

For example, the PUC's City Distribution Division (which operates water treatment plants and water mains within the City limits) assigns two crews to standby for water main leaks and other water infrastructure incidents during non-business hours. Each crew consists of one supervisor and two utility plumbers or one utility plumber and utility plumber apprentice. In addition, the City Distribution Division has assigned one

**INTRODUCTION FORM**

By a member of the Board of Supervisors or the Mayor

Time Stamp or  
Meeting Date

I hereby submit the following item for introduction:

- 1. For reference to Committee: Government Audit and Oversight  
An ordinance, resolution, motion, or charter amendment
- 2. Request for next printed agenda without reference to Committee
- 3. Request for hearing on a subject matter at Committee: \_\_\_\_\_
- 4. Request for letter beginning "Supervisor \_\_\_\_\_ inquires..."
- 5. City Attorney request
- 6. Call file from Committee
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File Nos.
- 9. Request for Closed Session
- 10. Board to Sit as A Committee of the Whole
- 11. Question(s) submitted for Mayoral Appearance before the BOS on \_\_\_\_\_

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a different form.]**

**Sponsor(s):** Campos

**Subject:** Hearing on the Budget and Legislative Analyst's Performance Audit of San Francisco's Lead Worker, Standby, Acting Assignment, and Supervisory Differential Pay Practices

The text is listed below or attached:

Attached: Budget and Legislative Analyst's Performance Audit of San Francisco's Lead Worker, Standby, Acting Assignment, and Supervisory Differential Pay Practices

Signature of Sponsoring Supervisor: \_\_\_\_\_



**For Clerk's Use Only:**

111058

