



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

October 8, 2013

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Numbers 130914, 130915, 130917, 130918, 130921, 130922, 130923, 130924, 130925, 130928, 130929, 130930, 130932, 130934, 130935, and 130936: Various amendments to Memoranda of Understanding (MOU) to change the City's contribution on medical premiums effective January 1, 2015

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of 16 amendments to MOUs between the City and County of San Francisco and various employee unions, see Attachment A for a detailed listing of affected groups. The amendments apply to MOUs for the period commencing July 1, 2012 through June 30, 2014, effecting 6,509 authorized positions with a salary base of approximately \$800.5 million and an overall pay and benefits base of approximately \$1,149.0 million.

Our analysis finds that from FY 2014-15 through FY 2015-16 the amendments to the MOUs result in increased costs to the City of approximately \$0.9 million in FY 2014-15 and \$1.6 million in FY 2015-16. These costs are exclusively the result of an increase to the employer share of costs for health plan premiums. The changes to employer share of costs are intended to stabilize plan membership in order to preserve competition in rate setting amongst insurers, resulting in savings to net employee and employer health contributions beginning in 2016.

In addition to the costs listed above and detailed in Attachment A, a provision in the recently approved MOU with the San Francisco Police Officer's Association (POA) extends the increase in employer share of health premium costs to POA members at a savings of approximately \$17,000 in FY 2014-15 and \$250,000 in FY 2015-16.

Note that all of the amended MOUs conclude June 30, 2014, six months before the rates become effective. However, they include language indicating that the parties agree to not negotiate on the rates during the next round of contract negotiations. Also, in order to convert health plan costs which are calculated on a calendar year basis to fiscal year costs our analysis assumes that the rate structure for calendar year 2016 remains consistent with the rates agreed on for 2015 in the current amendments.

To develop costs our analysis uses Health Service System (HSS) projected rate amounts for 2014 – 2016 and HSS enrollment numbers for calendar year 2013. Our analysis does not include changes in enrollment number as a result of migration, separation, or new hires.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Rosenfield', written over a faint dotted line.

Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

Attachment A

Amendments to the Memoranda of Understanding of listed units from July 1, 2012 - June 30, 2014
 Controller's Office Estimate of Costs/(Savings) FY 2014 2015 and FY 2015-2016

| Annual Costs/(Savings) | File Number | Union | FY 2014-2015 | FY 2015 - 2016 |
|---|--------------|--|-------------------|---------------------|
| Benefits | | | | |
| Effective January 1, 2015, the contribution model for employee health insurance premiums will be based on the City's contribution of a percentage of those premiums and the employees payment of the balance (Percentage-Based Contribution Model), as described below: | | | | |
| For medically single employees the City shall contribute 93% of the total premium, provided however, that the City's contribution shall be capped at 93% of the employee only premium of the second highest cost plan. | 130921 | LOCAL 21, PROFESSIONAL AND TECHNICAL ENG | \$ 347,000 | \$ 625,000 |
| | 130922 | SFIPOA, INSTITUTIONAL POLICE OFFIC ASSOC | \$ - | \$ 1,000 |
| | 130923 | MUNICIPAL ATTORNEYS ASSOCIATION | \$ 103,000 | \$ 195,000 |
| | 130924 | SF SHERIFFS MANAGERS and SUPERVISRS ASSN | \$ 26,000 | \$ 53,000 |
| | 130925 | LOCAL 3, OPERATING ENGINEERS | \$ 7,000 | \$ 13,000 |
| | 130928 | LOCAL 38, PLUMBERS | \$ 75,000 | \$ 149,000 |
| For employees with one dependent the City shall contribute 93% of the total premium, provided however, that the City's contribution shall be capped at 93% of the employee plus one premium of the second highest cost plan. | 130929 | LOCAL 39, STATIONARY ENGINEERS | \$ 51,000 | \$ 105,000 |
| | 130930 | SUPERVISING PROBATION OFFICERS | \$ 3,000 | \$ 7,000 |
| | 130932 | LOCAL 856, TEAMSTERS - MULTI-UNIT | \$ 7,000 | \$ 14,000 |
| | 130934 | TWU LOCAL 200, SEAM, TWU - SEAM | \$ 2,000 | \$ 5,000 |
| For employees with two or more dependents the City shall contribute 83% of the total premium, provided however, that the City's contribution shall be capped at 83% of the employee plus two or more premium of the second highest cost plan. | 130935 | UAPD, UNION OF AMER PHYS & DEN 11-AA | \$ 5,000 | \$ 8,000 |
| | 130936 | UAPD, UNION OF AMER PHYS & DEN 8-CC | \$ 39,000 | \$ 72,000 |
| | Total | | \$ 855,000 | \$ 1,624,000 |
| Amendment 5 to the MOU with the Police Officer's Association contained a provision automatically adopting any Percentage-Based Contribution Model agreed to by the City and the Public Employee Committee (PEC) of the San Francisco Labor Council before July 1, 2014. | n/a | POLICE OFFICERS ASSOCIATION | \$ (17,000) | \$ (250,000) |

