



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

June 12, 2014

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

RE: File Numbers 140551, 140552, 140603, and 140604: Memoranda of Understanding (MOU) between the City and County of San Francisco and San Francisco Firefighters and the Municipal Executive Associations for Police and Fire

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of 4 MOUs between the City and County of San Francisco and the collective bargaining units listed above. The amendments apply to MOUs for the period commencing July 1, 2014 through June 30, 2018, affecting 1,744 authorized positions with a salary base of \$217.4 million and an overall pay and benefits base of approximately \$269.8 million.

Our analysis finds that the amendments to the MOUs result in cost savings to the City of approximately \$0.3 million, \$1.3 million, and cost increases to the City of approximately \$0.1 million, \$4.7 million, and \$9.9 million during the contract period from Fiscal Year 2013-14 through Fiscal Year 2017-18, respectively. As a percentage of Fiscal Year 2014-15 base wage and fringe costs these represent cost decreases of 0.1% and 0.5% during the first two years of the contract period, less than 0.0% change in the third year of the contract period, and cost increases of 1.7% and 3.7% during the final two years of the contract period.

Increased costs are driven by general wage increases to all of the 1,744 authorized positions, in addition to other various other provisions affecting terms and conditions of employment, employer paid health benefits and special pay for members of the collective bargaining units. See Attachments A and B for a detailed listing and analysis of the costs for the affected MOUs.

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

Sincerely,

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, 2013 - June 30, 2018
 Controller's Office Estimate of Total Costs/(Savings) FY 2013-14, FY2014-15, FY 2015-16, FY 2016-17 and FY 2017-18

Citywide Provisions

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015 - 16</u>	<u>FY 2016 - 17</u>	<u>FY 2017-18</u>
Wages					
1.00% Effective July 1, 2015	\$ -	\$ -	\$ 2,360,000	\$ 2,360,000	\$ 2,360,000
2.00% Effective July 1, 2016	\$ -	\$ -	\$ -	\$ 4,750,000	\$ 4,750,000
2.00% Effective July 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ 4,790,000
	\$ -	\$ -	\$ 2,360,000	\$ 7,110,000	\$ 11,900,000
Wage-Related Fringe Increases					
1.00% Effective July 1, 2015	\$ -	\$ -	\$ 440,000	\$ 440,000	\$ 440,000
2.00% Effective July 1, 2016	\$ -	\$ -	\$ -	\$ 900,000	\$ 900,000
2.00% Effective July 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ 910,000
	\$ -	\$ -	\$ 440,000	\$ 1,340,000	\$ 2,250,000
Wage and Wage-Related Fringe Increases	\$ -	\$ -	\$ 2,800,000	\$ 8,450,000	\$ 14,150,000
Wages - Parity/Step Adjustments	\$ (280,000)	\$ (1,060,000)	\$ (2,400,000)	\$ (3,200,000)	\$ (3,580,000)
Wage - Related Fringe Increases - Parity/Step Adjustments	\$ (40,000)	\$ (180,000)	\$ (380,000)	\$ (530,000)	\$ (590,000)
Premiums	\$ (20,000)	\$ (100,000)	\$ (180,000)	\$ (240,000)	\$ (300,000)
Health	\$ -	\$ 90,000	\$ 260,000	\$ 240,000	\$ 210,000
Annual Amount Increase (Decrease)	\$ (340,000)	\$ (1,250,000)	\$ 100,000	\$ 4,720,000	\$ 9,890,000
Percent of FY 2014-15 Salary and Fringe	-0.1%	-0.5%	0.0%	1.7%	3.7%

(detail by union on next page)

Union Detail

<u>File Number</u>	<u>Union</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015 - 16</u>	<u>FY 2016 - 17</u>	<u>FY 2017 - 18</u>
140603	Municipal Executives' Association Fire	\$ -	\$ -	\$ 20,000	\$ 70,000	\$ 120,000
	Percent of FY 2014-15 Salary and Fringe			0.8%	2.9%	4.9%
	Wages	\$ -	\$ -	\$ 20,000	\$ 60,000	\$ 100,000
	Wage-Related Fringe Increases/(Decreases)	\$ -	\$ -	\$ -	\$ 10,000	\$ 20,000
140604	Municipal Executives' Association Police	\$ -	\$ -	\$ 20,000	\$ 60,000	\$ 100,000
	Percent of FY 2014-15 Salary and Fringe			1.0%	2.9%	4.9%
	Wages	\$ -	\$ -	\$ 20,000	\$ 50,000	\$ 80,000
	Wage-Related Fringe Increases/(Decreases)	\$ -	\$ -	\$ -	\$ 10,000	\$ 20,000
140551/140552	Fire Fighters Association	\$ (340,000)	\$ (1,250,000)	\$ 60,000	\$ 4,590,000	\$ 9,670,000
	Percent of FY 2014-15 Salary and Fringe	-0.1%	-0.5%	0.0%	1.7%	3.6%
	Wages	\$ -	\$ -	\$ 2,320,000	\$ 7,000,000	\$ 11,720,000
	Wage-Related Fringe Increases/(Decreases)	\$ -	\$ -	\$ 440,000	\$ 1,320,000	\$ 2,210,000
	New Step Schedule for H-2 and H-3 job classes	\$ (420,000)	\$ (1,320,000)	\$ (2,780,000)	\$ (3,700,000)	\$ (4,070,000)
	H-3 Reclassifications and entry into H-2 Academies	\$ 100,000	\$ 80,000	\$ -	\$ (30,000)	\$ (100,000)
	Premium Increases/(Decreases)	\$ (20,000)	\$ (100,000)	\$ (180,000)	\$ (240,000)	\$ (300,000)
	Health Contribution Model Changed to 93/93/83	\$ -	\$ 90,000	\$ 260,000	\$ 240,000	\$ 210,000
	Annual Amount Increase (Decrease)	\$ (340,000)	\$ (1,250,000)	\$ 100,000	\$ 4,720,000	\$ 9,890,000

ATTACHMENT B

In accordance with Ordinance 92-94, the Office of the Controller conducted a cost analysis of 4 MOUs between the City and County of San Francisco and various employee collective bargaining units. The attached analysis reviews the MOUs listed by file number below.

File Numbers 140551 & 140552 - Firefighters Union Local 798, IAFF, AFL-CIO Units 1 & 2

The amendment applies to the period commencing July 1, 2013 through June 30, 2018, affecting 1,730 authorized positions with a salary base of approximately \$213.8 million and an overall pay and benefits base of approximately \$265.3 million.

Based on our analysis, the ordinance will result in cost savings of \$0.3 million in FY 2013-14 and \$1.3 million in FY 2014-15, and cost increases of \$0.1 million in FY 2015-16, \$4.6 million in FY 2016-17 and \$9.7 million in FY 2017-18. Cost increases are driven by wage increases of 1% effective July 1, 2015, 2% effective July 1, 2016, and 2% effective July 1, 2017, wage-related fringe cost increases, and health insurance premium increases.

These cost increases are offset by premium and lower entry step cost savings. Changes to eligibility rules for Training and Education Achievement Premium pay result in projected savings of \$0.8 million during the contract period. The introduction of two lower entry steps for Firefighter (H2) and EMT/ Paramedic/ Firefighter (H3) job classes result in savings of \$0.3 million in FY 2013-14, \$1.2 million in FY 2014-15, \$2.8 million in FY 2015-16, \$3.7 million in FY 2016-17, and \$4.2 million in FY 2017-18. Savings estimates for new hires assume implementation of hiring plans for two new academies for Firefighters (H2) in FY 2013-14 and one annually thereafter, and incorporate provisions agreed to during negotiations that stipulate how many in each class will be promoted internally from EMT/ Paramedic/ Firefighter (H3) job classes.

File Number 140603 - Municipal Executives' Association Fire

The amendment applies to the period commencing July 1, 2014 through June 30, 2018, affecting 8 authorized positions with a salary base of approximately \$2.0 million and an overall pay and benefits base of approximately \$2.5 million.

Based on our analysis, the ordinance will result in cost increases of less than \$0.1 million in FY 2015-16, \$0.1 million in FY 2016-17 and FY 2017-18. These increases are driven by wage and wage-related fringe increases based upon the wage increase schedule of 1% effective July 1, 2015, 2% effective July 1, 2016, and 2% effective July 1, 2017. Adjustments to the flexible benefit plan premium contribution model of 65%, 75%, and 83% for employee only, employee plus one, and employee plus two or more, respectively, result in costs of less than \$5,000 per year.

File Number 140604 - Municipal Executives' Association Police

The amendment applies to the period commencing July 1, 2014 through June 30, 2018, affecting 6 authorized positions with a salary base of approximately \$1.7 million and an overall pay and benefits base of approximately \$2.1 million.

Based on our analysis, the ordinance will result in cost increases of less than \$0.1 million in FY 2015-16, \$0.1 million in FY 2016-17 and FY 2017-18. These increases are driven by wage increases of 1% effective July 1, 2015, 2% effective July 1, 2016, and 2% effective July 1, 2017, as well as related wage-related fringe benefit increases. Adjustments to the flexible benefit plan premium contribution model of 65%, 75%, and 83% for employee only, employee plus one, and employee plus two or more, respectively, result in costs of less than \$5,000 per year.