

**AMENDMENT No. 1
TO THE 2014-2017 MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
OPERATING ENGINEERS LOCAL UNION NO. 3
OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS, AFL-CIO**

The parties hereby agree to amend the Memorandum of Understanding as follows, subject to approval by the San Francisco Board of Supervisors:

ARTICLE III. A. WAGES

Represented employees will receive the following base wage increases:

Effective October 11, 2014: 3%

Effective October 10, 2015: 3.25%

Effective July 1, 2016, represented employees will receive a base wage increase between 2.25% and 3.25%, depending on inflation, and calculated as $(2.00\% \leq \text{CPI-U} \leq 3.00\%) + 0.25\%$, which is equivalent to the CPI-U, but no less than 2% and no greater than 3%, plus 0.25%.

In calculating CPI-U, the Controller's Office shall use the Consumer Price Index – All Urban Consumers (CPI-U), as reported by the Bureau of Labor Statistics for the San Francisco Metropolitan Statistical Area. The growth rate shall be calculated using the percentage change in price index from February 2015 to February 2016.

Effective July 1, 2017, represented employees will receive a base wage increase of 3%.

Effective July 1, 2018, represented employees will receive a base wage increase of 3% unless the March 2018 Joint Report, prepared by the Controller, the Mayor's Budget Director and the Board of Supervisors' Budget Analyst, projects a budget deficit for fiscal year 2018-2019 that exceeds \$200 million, in which case the base wage adjustment of 3% due on July 1, 2018, will be delayed by six (6) months until the pay period including January 1, 2019.

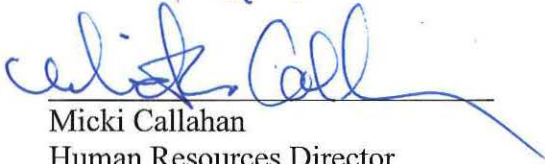
All base wage calculations shall be rounded to the nearest **whole dollar, bi-weekly** salary grade.

ARTICLE VI.C. DURATION OF AGREEMENT

This Agreement shall be effective July 1, 2014 and shall remain in full force and effect through June 30, 2017 **2019**.

FOR THE CITY

Date: 1/19/17



Micki Callahan
Human Resources Director

FOR THE UNION

Date: _____

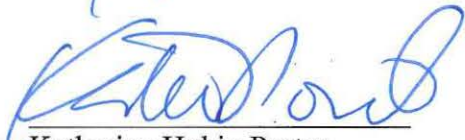
Jennifer Bills
Business Representative

Date: 01-19-17


Suzanne R. Mason
Employee Relations Director

APPROVED AS TO FORM:

Date: 1/19/17


Katharine Hobin Porter
Chief Labor Attorney