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6 **IN THE INTEREST ARBITRATION PROCEEDINGS**

7 **BETWEEN THE PARTIES**

8 **PURSUANT THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO**

9 INTERNATIONAL FEDERATION OF
10 PROFESSIONAL AND TECHNICAL
11 ENGINEERS, LOCAL 21,

12 Union,

13 and

14 CITY & COUNTY OF SAN FRANCISCO,

15 Employer.

16 (2019 Negotiations)

Case No.: IA-632-2018

DECISION AND AWARD

INTRODUCTION

17 This matter arises from the 2019 contract negotiations between International Federation
18 of Professional and Technical Engineers, Local 21 ("Local 21" or "Union") and the City and
19 County of San Francisco ("CCSF," "City" or "Employer"). Pursuant to the CCSF Charter
20 Section A8.409-4(b), the parties selected the undersigned Arbitrator to serve as the neutral
21 Arbitration Board chairperson and final decision-maker in this case. Timothy Mathews served as
22 the Union's Board member and Steve Kawa served as the Employer's Board member.
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24 The matter came for hearing in San Francisco, on April 15, 16, and 17, 2019. The parties
25 submitted this matter to the Arbitrator after presentation of evidence and written briefs.
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APPEARANCES

For the Union:

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For the Employer:

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ISSUES

At the outset of mediation, there were nineteen (19) Employer proposals and thirty-seven (37) Union proposals to be resolved. After many successful mediation sessions and an illuminating hearing in which both sides called witnesses and experts, the parties were able to resolve all but two of the open issues from bargaining.

The two remaining issues in dispute are:

1. A base wage increase for all engineering classifications; and
2. A base wage increase for human resource classifications.

RELEVANT CHARTER PROVISIONS

A8.409-4 IMPASSE RESOLUTION PROCEDURES

(d) In the event no agreement is reached prior to the conclusion of the arbitration hearings, the Board shall direct each of the parties to submit, within such time limit as the Board may establish, a last offer of settlement on each of the remaining issues in dispute. The Board shall decide each issue by majority vote by selecting whichever last offer of settlement on that issue it finds by a preponderance of the evidence presented during the arbitration most nearly conforms to those factors traditionally taken into consideration in the determination of wages, hours, benefits and terms and conditions of public and private employment, including, but not limited to: **changes in the average consumer**

1 price index for goods and services; the wages, hours, benefits and terms and
2 conditions of employment of employees performing similar services; the wages,
3 hours, benefits and terms and conditions of employment of other employees in the
4 City and County of San Francisco; health and safety of employees; the financial
5 resources of the City and County of San Francisco, including a joint report to be
6 issued annually on the City's financial condition for the next three fiscal years from
7 the Controller, the Mayor's budget analyst and the budget analyst for the Board of
8 Supervisors; other demands on the City and County's resources including
9 limitations on the amount and use of revenues and expenditures; revenue
10 projections; the power to levy taxes and raise revenue by enhancements or other
11 means; budgetary reserves; and the City's ability to meet the costs of the decision of
12 the Arbitration Board. In addition, the Board shall issue written findings on each and
13 every one of the above factors as they may be applicable to each and every issue
14 determined in the award. Compliance with the above provisions shall be mandatory.

(emphasis added)

12 DISCUSSION

13 ENGINEERING CLASSIFICATIONS EQUITY

14 The first issue that remains in dispute is Union Proposal 22 concerning equity
15 adjustments for certain Engineering classifications, modified by the Union's Last, Best and Final
16 Offer ("LBFO") made April 29, 2019. Union's Post Arbitration Brief, p. 7. The Union's LBFO is
17 a proposal to increase the base wage rate during the term of the agreement for affected
18 classifications of 1% (July 1, 2019), 1% (January 1, 2020), 1% (July 1, 2020) and 1% (July 1,
19 2021). This LBFO reflects substantial movement from the Union's original position of a
20 combined 10% increase over the term of the agreement to the affected classifications.
21

22 The Employer's LBFO proposes to provide base wage rate increases of 1% (July 1, 2019)
23 and 1% (July 1, 2020) to the listed classifications. City's Last, Best, Final Offer, p. 1.
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1 Consumer Price Index

2 The parties presented evidence about the Consumer Price Index as it related to their
3 general, across-the-board wage increase proposals. The general wage increase issue has been
4 settled by the parties, and both classification groups discussed herein (engineering and human
5 resources classifications) will benefit from the overall wage and benefit package.
6

7 Wages, Hours, Benefits and Terms and Conditions of Employment of Employees Performing
8 Similar Services

9 The parties presented conflicting evidence about the wages of employees performing
10 similar services in other jurisdictions. In an absence of agreement between the parties about
11 which jurisdictions are actually comparable when reviewing the wages, hours, benefits and terms
12 and conditions of employment of employees performing similar services, the Board is obligated
13 to review all available information admitted at hearing. The parties elected to present only salary
14 information about these classifications, which the Board relies on to evaluate the proposals. The
15 parties also elected to focus on the 5207 Associate Engineering classification as the benchmark
16 for comparison.
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19 The table below reflects all of the jurisdictions identified by either party as having similar
20 classifications (Engineering with a PE license) to the 5207 Associate Engineer. Union Exhibit 7,
21 p. 10; City Exhibit 11, p. 14. The jurisdictions which are in shaded boxes are those which both
22 parties agree are comparable classifications performing work in geographic regions which the
23 City employees might be likely to seek employment. The Average Salary (\$125,925) was
24 derived from the salaries of all listed classifications. Notably, the average salary of the shaded
25 jurisdictions is \$125,183.
26

Jurisdiction	Classification	Salary	
Alameda County	Associate Civil Engineer	\$ 130,042.00	
Berkeley City	Assistant Civil Engineer	\$ 127,548.00	
Concord City	Associate Civil Engineer	\$ 133,286.00	
Contra Costa County	Associate Civil Engineer	\$ 117,804.00	
Daly City	Civil Engineer II	\$ 108,516.00	
Fairfield City	Associate Civil Engineer	\$ 110,958.00	
Fremont City	Associate Engineer – Civil	\$ 130,119.00	
Hayward City	Associate Civil Engineer	\$ 119,517.00	
Marin County	Associate Civil Engineer	\$ 122,117.00	
Napa County	Associate Civil Engineer	\$ 115,565.00	
Oakland City	Engineer, Civil (Office)	\$ 118,898.00	
Richmond City	Associate Civil Engineer	\$ 108,576.00	
San Jose City	Associate Engineer	\$ 115,128.00	
San Mateo County	Associate Civil Engineer	\$ 132,496.00	
Santa Clara City	Associate Engineer (Civil)	\$ 132,948.00	
Santa Clara County	Associate Civil Engineer	\$ 129,742.00	
Santa Cruz County	Associate Civil Engineer	\$ 119,549.00	
Solano County	Civil Engineer	\$ 121,575.00	
Sonoma County	Engineer	\$ 110,116.00	
Sunnyvale City	Civil Engineer	\$ 122,125.00	
Vallejo City	Associate (Civil) Engineer	\$ 93,587.00	
Port of Oakland	Associate Engineer	\$ 150,348.00	
Contra Costa Sanitation District	Associate Engineer	\$ 149,497.00	
Santa Clara Valley Water District	Associate Engineer	\$ 146,182.00	
San Jose Airport	Senior Engineer	\$ 145,148.00	
East Bay MUD	Associate Engineer	\$ 142,632.00	
City of San Jose	Senior Engineer	\$ 138,236.00	
Marin Municipal Water District	Associate Civil Engineer	\$ 133,656.00	
	Average	\$ 125,925.39	
CCSF	5207 Associate Engineer	\$ 131,456.00	
	Difference	\$ 5,531.00	4.3% higher

Overall the 5207 Associate Engineer classification is 4.3% higher than the average salary of similar employees in comparable jurisdictions.

1 The Union notes that engineering work is the type of work that the City contracts out to
2 non-city workers, particularly on large-scale capital projects, and that “escalation factors” for
3 projects are budgeted at a rate that exceeds the City Workers Wage Escalation rate. For example,
4 the Union cites an SFMTA Project Management Bulletin that communicated a “new escalation
5 factor of 6.0% for Calendar Year 2019,” to be applied to capital project budgets. Union Exhibit
6 5, p. 3.

8 This bulletin is illustrative of the cost escalation associated with projects at SFMTA but
9 cannot be used to draw conclusions about wage increases for contract workers on capital projects
10 in San Francisco or whether the cost escalation relates to employees performing similar services.

11 Wages, Hours, and Terms and Conditions of Employment of Other Employees in San Francisco

13 According to the Department of Human Resources, “9,789 Permanent Civil Service
14 (PSC) full-time City employees live in San Francisco and have an average annual base wage of
15 \$94,095.” City Exhibit 11, p. 9. Of the employees who are Local 21 bargaining unit members,
16 2,121 (42.11%) live in San Francisco. Id., p. 10. The median income of Local 21 members (as of
17 July 2, 2017) is \$107,744, while the median income in San Francisco is \$68,500. Id, p. 11.

19 Health and Safety of Employees

20 Neither party presented evidence about the impact of this proposal on the health and
21 safety of the employees in the bargaining unit.

22 The Financial Resources of the City

24 The City has not made an “inability to pay” argument during this process. As the Union
25 argues in its Brief, “the City’s proposal to provide equity adjustments to both the engineer and
26 HR classifications demonstrates that both parties agree that equity adjustments are warranted vis-

1 à-vis the labor market. The sole remaining issue is: how much?" Union's Post Arbitration Brief,
2 p. 6, fn. 2. The City believes that the 1%/1% increases for the engineering classifications that
3 they have proposed are appropriate under the circumstances, and that the evidence demonstrates
4 that Local 21 members generally, and Engineers specifically, are highly compensated compared
5 to other City employees and City residents.
6

7 The Union put on evidence that while there are Local 21 classifications which appear to
8 be highly compensated, the high cost of living and the high cost of housing mean that, in
9 absolute terms, the salaries of these employees are not sufficient to maintain a middle class
10 standard of living in the Bay Area.
11

12 It is undisputed that the cost of living in the San Francisco Bay Area exceeds that of
13 many other parts of the country, and that this high cost of living has raised the bar for what might
14 be considered middle class in the City. That said, the cost of living issue applies equally to all
15 bargaining unit members, and in fact all City employees, and is not borne solely by the
16 Engineering classifications. The base wage rate increases the parties already agreed to are better
17 tailored to address that issue. There is not sufficient evidence presented to support the conclusion
18 that the Union's proposed 4% increase to the Engineering classifications substantially affects the
19 overall standard of living for the bargaining unit.
20

21 This is an equity issue, not a cost of living or financial ability issue. Based on the analysis
22 of the 5207 Associate Engineering classification and its comparable positions, there is not
23 enough evidence to support the assertion that the classifications in this Series suffer from
24 economic inequities beyond what exists for all other similarly situated employees. The
25 Employer's proposal does mitigate the cost of living issues somewhat and acknowledges the
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1 value the engineers have to the City's work at a more reasonable cost than the one proposed by
2 the Union.

3 Before the next contract negotiations, the parties would be well-served by an agreement
4 about which job classifications in which other jurisdictions most closely match the work
5 performed by the classifications which the Union contends suffer from inequities to ensure that
6 the comparison is apples-to-apples. The parties might consider which jurisdictions engage in
7 similar work, have similar benefits and are within a geographic range where City employees
8 might reasonably seek employment. With such an agreement, the parties might reach resolution
9 more easily in the future about equity disputes.
10

11 **HUMAN RESOURCE CLASSIFICATIONS EQUITY**

12 The second issue that remains in dispute are dueling proposals from each party about how
13 to address admitted equity concerns that have arisen in the Human Resources Analyst Series.
14 The Union initially identified concerns among employees in 1244 Senior Human Resources
15 Analyst positions who have a Labor Relations special condition who sought to receive a 15%
16 premium for employee relations and/or labor relations duties. Union's Post Arbitration Brief, p.
17 13. During bargaining, the Employer investigated the Union's concerns and concluded that a
18 larger group of employees in the Human Resource Analyst Series were under-market by -.76%.
19 City's LBFO, p. 5.
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21 Consumer Price Index

22 See above.
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1 Wages, Hours, Benefits and Terms and Conditions of Employment of Employees Performing
2 Similar Services

3 The City demonstrated that "journey level HR analysts in other Bay Area jurisdictions
4 are compensated 0.76% more than City analysts performing similar duties." LBFO, p. 4. The
5 Union does not contest this but notes that the Union proposal only seeks a narrower
6 compensation for *duties assigned as a work assignment*, rather than as an overall increase for the
7 class series.
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9 Wages, Hours, and Terms and Conditions of Employment of Other Employees in San Francisco

10 See above.
11

12 Health and Safety of Employees

13 Neither party presented evidence about the impact of this proposal on the health and
14 safety of the employees in the bargaining unit.

15 The Financial Resources of the City

16 As notes above, the City does not make an inability to pay argument. With respect to the
17 Human Resource Analyst Series, the City seeks to increase wages for a larger group of people by
18 a smaller amount of money, whereas the Union seeks to increase (potential) income for a smaller
19 number of employees.
20

21 The City has demonstrated by a preponderance of the evidence that an inequity exists
22 between employees in the Human Resources Analyst Series and employees performing similar
23 work in other jurisdictions. The Union did not present evidence as to why an increase should be
24 so narrowly tailored to a subset of an employees, even if the increase would have a greater
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1 economic impact on that share of the classification. For these reasons, a majority of the Board
2 adopts the City's proposal on Human Resource Analyst Series.

3 **DECISION AND AWARD**

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5 Based on a review of the City Charter criteria as well as the evidence at hearing and
6 arguments of the parties, a majority of the Board adopts the following proposals:

7 1. Engineering Classification Equity

8 III.B Additional Compensation

9 212.a. Effective July 1, 2019, the base wage for the classifications set forth below shall
10 be increased by one percent (1.0%).

11 Effective July 1, 2020, the base wage for the classifications set forth below shall be
12 increased by one percent (1.0%).

- 13 • 5201 Junior Engineer
- 14 • 5203 Assistant Engineer
- 15 • 5207 Associate Engineer
- 16 • 5241 Engineer
- 17 • 5211 Senior Engineer/Architect/Landscape Architect
- 18 • 5212 Principal Engineer/Architect/Landscape Architect
- 19 • 5209 Industrial Engineer
- 20 • 5214 Building Plans Engineer
- 21 • 5218 Structural Engineer
- 22 • 5219 Senior Structural Engineer
- 23 • 5174 Administrative Engineer
- 24 • 5502 Project Manager 1
- 25 • 5204 Project Manager II
- 26 • 5506 Project Manager III
- 5508 Project Manager IV

22 2. Human Resource Analyst Series:

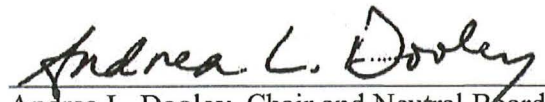
23 246a. Employees in classifications 1249, 1241, 1244 and 1246 shall receive the following
24 base wage adjustments:

25 Effective July 1, 2020: 0.5%

26 Effective July 1, 2021: 0.5%

1 The Decision and Award of the Board are issued pursuant to Charter Section A8.409-4(d)
2 and adopts the City's LBFO on both issues. All matters raised by the parties are hereby settled by
3 agreement of the parties or addressed in this Award.
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5 Dated: April 30, 2019.
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8 Andrea L. Dooley, Chair and Neutral Board
9 Member

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13 Steve Kawa/Carol Isen
14 City Appointed Board Member
15 Concur Dissent

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19 Timothy Mathews
20 Union Appointed Board Member
21 ~~Concur~~ ~~Dissent~~

22 See opinions below
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APPENDIX 1: HEARING EXHIBITS

1. Agreement Between and For the City and County of San Francisco and IFPTE Local 21, AFL-CIO, For Fiscal Years 2014-2019, Joint Exhibit 1.
2. Charter Sections A-F, City Exhibit 1.
3. Declaration of Michelle Allersma (A-E), City Exhibit 2.
4. Declaration of Kelly Kirkpatrick (A-B), City Exhibit 3.
5. "California Coffers to Swell When Billion-Dollar Firms Premiere on Wall Street," by Carolyn Said, San Francisco Chronicle, April 7, 2019, City Exhibit 4.
6. Total General Fund Revenue Variances, City Exhibit 6.
7. Beacon v. City Revenue Projections, City Exhibit 7.
8. Sample Letter and Notice to Exempt Appointee, City Exhibit 8.
9. IFPTE Local 21 Regular Hours Worked by Appointment Type (Packet), City Exhibit 9.
10. Union Proposal 37.02 Out of Class Pay, April 2, 2019, City Exhibit 10.
11. General Wage Increases vs. Consumer Price Index – Urban, March 5, 2019 (Packet), City Exhibit 11.
12. City and County of San Francisco Comprehensive Annual Financial Report, Year Ended June 30, 2018 ("CAFR"), Union Exhibit 1.
13. Revenue Forecast for San Francisco City, April 2019, Beacon Economics (Thornberg), Union Exhibit 2.
14. IFPTE Local 21, Arbitration Fiscal Analysis, April 15, 2019 (Brownstein), Union Exhibit 3.
15. USC Dornsife Research Update: State and County-Level Estimates of Revenue Gains from Changes to California's System of Assessing Commercial Real Estate, January 2018, Union Exhibit 4.
16. IFPTE Local 21, Arbitration Overview, April 15, 2019, Union Exhibit 5.
17. General Fund Set-Asides Placed on Ballot by then Supervisor London Breed, then Adopted by Voters, Union Exhibit 6.
18. Local 21 Bargaining 2019 Engineering Equity Adjustment, April 16, 2019, Union Exhibit 7.
19. Unrestricted Fund Balance, Department of Finance website, Union Exhibit 8.
20. Housing Development Snapshot, 2018 Q4 Housing Development Pipeline, April 17, 2019, SF Planning website, Union Exhibit 9.
21. 2018 Maximum Income by Household Size, San Francisco Mayor's Office of Housing and Community Development, effective date April 1, 2018, Union Exhibit 10.
22. SFMTA and IFPTE Local 21 (V. Chow, Acting Assignment Pay), July 25, 2018, decision by Arbitrator Alexander Cohn, Union Exhibit 11.
23. November 21, 2018, email from Andrew Kukis to Timothy Mathews, Union Exhibit 12.
24. OneSF 2019 Annual Infrastructure Construction Cost Inflation Estimate, October 22, 2018. Union Exhibit 13.
25. Local 21 – City provided Costing Sheet, Union Exhibit 14.
26. Geotechnical Engineer evidence: May 9, 2003 letter from Robert Beck to Andrea Gourdine and February 11, 2019 letter from Kit Tung to Tedman Lee, Union Exhibit 15.

1 **Dissent, by Panelist Mathews:**

2 I dissent from the majority ruling rejecting Union Proposal 22 – Engineering Equity.

3 It is clear to the Union that the majority's award will not sufficiently address the pressures of
4 attracting and retaining the best and the brightest Engineers to serve the public interest of San
5 Francisco. Over the next 10 years more than \$35 billion worth of capital improvement work will
6 be done by the City and County. Instead of remedying compensation issues facing the Engineer
7 classifications in the proper manner, the award makes it likely – that going forward due to
8 staffing constraints – City funds will be misspent on outside contractors that are costlier than in-
9 house employees.

9 The Union clearly demonstrated how the City's salary survey was severely flawed in at least
10 three ways:

- 11 1) in its selection of incomparable jurisdictions;
12 2) in its inappropriate selections of comparable classifications, particularly using those
13 comparators without Professional Engineer (PE) licensure, and;
14 3) in its use of outdated salary data resulting in a depressed average salary.

15 During the Arbitration hearing, the employer did its best to diminish the complexity of work
16 and downplay the essential contributions of the nearly 1,000 women and men in engineering
17 titles across San Francisco – and unfortunately was successful. Alternatively, to be a truly world
18 class city, San Francisco should be investing in retaining and strengthening its dedicated
19 Engineer workforce.

19 The Union will continue its advocacy to ensure that our members receive just compensation
20 and workplace protections and that the residents of San Francisco continue to receive the highest
21 quality services and most reliable infrastructure possible.

22 **Concurring Opinion by Panelist Mathews:**

23 I concur with the unanimous ruling rejecting Union Proposal 42 - 1244 Senior Human
24 Resources Analyst Premium and accepting the City's Counterproposal.

25 The Union welcomes and supports correcting inequities that exist in the City's pay scales and
26 structures.

1 The Union conducts a democratic process when culling bargaining demands. A group of
2 Senior Human Resources Analyst put forth a premium proposal and their Chapter-structure
3 moved it to the Union's Bargaining Team. This proposal was based on their research and
4 testimony shared at the bargaining table and buttressed with assurances from the City and
5 County's Compensation Director Steven Ponder, that the employer would grant the premium if
6 requested.

7 The facts presented by the City, during confidential Mediation/Arbitration, regarding a salary
8 inequity were not known to the Union. Ultimately, the majority ruling will do the most good, for
9 the largest number of workers – and the Union wholly endorses this award.

10 Finally, the Union looks forward to investigating and remedying other existing compensation
11 inequities throughout our bargaining unit through the Union/City Relations Committee during
12 the term of the upcoming agreement. The Union presumes the City is equally committed to
13 eliminating salary disparities, especially those that disproportionately impact those workers
14 within protected classes of employment.
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