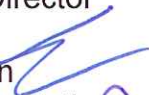
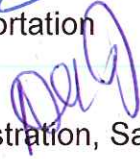


MEMORANDUM

DATE: June 5, 2012

TO: SFMTA Board of Directors
Tom Nolan, Chairman
Cheryl Brinkman, Vice-Chairman
Leona Bridges, Director
Malcolm Heinicke, Director
Jerry Lee, Director
Joél Ramos, Director

THROUGH: Edward D. Reiskin 
Director of Transportation

FROM: Debra A. Johnson 
Director of Administration, Safety and Training

SUBJECT: Amended Memorandum of Understanding (MOU) between the San Francisco Municipal Transportation Agency (SFMTA) and the Machinists' Union, Local 1414

Charter Section 8A.104 gives the SFMTA authority to negotiate labor agreements covering wages, hours, working conditions and benefits with labor organizations representing employees at SFMTA in service critical classifications.

The SFMTA Board of Directors approved the terms of the prior MOU between the SFMTA and the Machinists' Union, Local 1414 in June 2008. That MOU expires on June 20, 3012.

The SFMTA and Machinists' Union, Local 1414 representatives reached a tentative agreement (TA) on a successor MOU that provided for: two additional floating holidays in FY13; one percent wage increases effective July 1, 2013, January 4, 2014 and March 29, 2014; changes to the Health Plan for medically single employees effective January 1, 2013; modification to the Sunday premium language; a \$50 increase to the tool allowance and the elimination of the Attendance/Performance Incentive premium.

When in comparison to the current contract, the agreements listed above represent the agreed upon changes to the current MOU. In the current MOU, members received 12 furlough days represented by a 4.62 percent wage reduction. In the successor MOU, the 4.62 percent reduction will be restored, one percent wage increases will

take effect on the dates mentioned in the above paragraph and employees will receive two additional floating holidays for FY13. Currently, the City and County of San Francisco's Health Service System (HSS) covers 100 percent of the cost of any health plan for medically single employees. Beginning July 1, 2014, SFMTA's contribution to health insurance for medically single employees will be reduced to 90 percent of the cost of the second highest cost health plan, with the employee covering the remaining 10 percent. (Employees who choose the highest cost plan will receive a slightly higher percentage during a six month transition period.) In exchange for the additional floating holidays and wage increases, the SFMTA eliminated the Attendance Incentive Premium which cost the SFMTA \$67,855 a year, the Performance Incentive Premium which cost the SFMTA \$30,272 a year and changed the structure of the Sunday Premium. The current Sunday Premium pays all employees working on Sundays an additional 94 percent of one-half of their base rate per hour. The tentative agreement language changes the premium percentage to 12.5 percent an hour, saving the SFMTA \$185,037 per year. Lastly, the SFMTA agreed to increase the tool allowance for each employee to \$550 a year, up \$50 from the current contract.

The MOU between the SFMTA and the Machinists' Union, Local 1414 is expected to result in a potential \$107,236 savings for FY13 and \$5,830 savings in FY14 for a total net savings of \$113,066 over the course of the two-year contract.

Attachments: Proposed CBA between the SFMTA and IAM Local 1414
Cost Analysis

IAM LOCAL 1414 LABOR COST ANALYSIS
Effective July 1, 2012

Row	Contract Change	FY2012-2013	FY2013-2014	Total
1	Wages Wage increases as follows: <ul style="list-style-type: none"> • 1% effective 7/1/2013 • 1% effective 1/4/2014 • 1% effective 3/29/2014 	\$0	(\$266,484)	(\$266,484)
2	Eliminate Attendance Incentive Premium	\$67,855	\$67,855	\$135,710
3	Eliminated Performance Incentive Premium	\$30,272	\$30,272	\$60,544
4	Two Additional Floating Holidays	(\$165,078)	\$0	(\$165,078)
5	Sunday Premium <ul style="list-style-type: none"> • Employee will receive 12.5% premium when working on Sundays 	\$185,037	\$185,037	\$370,074
6	Increase in tool allowance \$50 for 217 employees	(\$10,850)	(\$10,850)	(\$21,700)
7	Total Savings	\$107,236	\$5,830	\$113,066