



LOCAL UNION 6

## *International Brotherhood of Electrical Workers*

55 FILLMORE STREET • SAN FRANCISCO, CA. 94117 • (415) 861-5752 • FAX (415) 861-0734

July 31, 2020

### **Update for Public Sector Members**

#### **City and County of San Francisco and SFMTA**

As you may be aware, there is a Public Employees Committee “PEC” that meets regularly to discuss topics of mutual concern amongst the Public Employee Labor Unions. This committee does not speak for any one particular Union, but on occasion the participating Unions work together to coordinate their communication.

Local Union 6 has received unsubstantiated questions regarding the PEC “cutting deals”. We can assure you that Local Union 6 speaks for itself on matters that affect our bargaining agreements. On occasion, when there is consensus amongst the participating Unions, the Committee will send out communications on behalf of the PEC member Unions.

Having broad consensus amongst labor, which provides an opportunity to speak as the nearly 30,000 City Employees, we began communicating with DHR and Mayoral staff regarding Labors position on any rumored staffing reductions or concessions that the City may desire. To that end, on June 11, in response to Mayor Breeds budget instructions, a coordinated letter (attached) from the PEC Unions which includes Local Union 6, was sent from the PEC to Mayor Breed.

On June 17, we met virtually with Mayor Breed, DHR, and the Controller’s office. During this meeting, the City held a position that if concessions were not made, staffing reductions would be necessary. Labor continued to express strong opposition to any concessions made by City Employees and demanded that the City look further into eliminating contracted out services that can and should be performed by City employees, among other cost savings measures. We further communicated that a large number of unfilled vacant positions provide the City with cost savings versus what is budgeted. Finally, we argue that reserve funds were set up for a “rainy day”, and this appeared to be just such a day.

On June 25, Mayor Breed sent a letter (attached) to the PEC proposing a two-year deferral of any scheduled wage increases for fiscal years ’20-21 and ’21-22.

On July 9, a response letter to Mayor Breed (attached) was sent from the PEC Chair, John Stead-Mendez, which stated “In addition to reviewing opportunities for insourcing, we hope that we can impress upon the administration the need to adopt a bolder plan for use of reserve funds over the next two fiscal years that is consistent with the intent of the funds and meets the moment we are in.”

On July 16, PEC leaders met virtually with DHR, the City Controller's office, and Mayoral staff for budget presentations regarding the predicted budget deficit. The Mayor's office continued to take the position that City Employees should agree to defer their contractually negotiated wage increases.

Today, in her brief budget presentation, Mayor Breed called out the PEC Unions as failing to agree to any cost savings that she says she needs to avoid any layoffs or service cuts. No specific details came from the Mayor's presentation, so we will review whatever written documentation we can get a hold of and get back to you all.

Local Union 6, along with the other Labor leaders of the PEC, continues to communicate our position that these wage increases are essential for our members, that they are the result of a legally binding arbitration process, and that we believe the City has plenty of options for trimming their Budget without threatening layoffs or wage freezes. Please check the Local's website for updates at <https://ibew6.org/>.

### **SFUSD**

Negotiations are ongoing. We have met with SFUSD Labor Relations team and have additional negotiations sessions currently scheduled. We will remain in communications with bargaining unit members regarding updates as they become available.

### **City College**

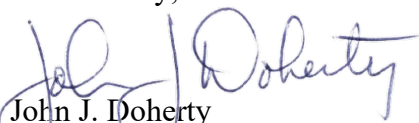
June 2, 2020 City College of SF notified the San Francisco Building Trades that due to Covid-19 they were proposing, in an attempt to "minimize additional layoffs", to not only delay wage increases but to also cut the wages in effect on 12/4/19 by 10%. The proposal was to delay implementation of the July 1, 2020 base wage increase, to reduce salaries by 10% based on the salaries in effect on 12/4/2019, and to eliminate any longevity increases scheduled for FY 20/21.

We, as Building Trades representatives, met with the District to discuss why it not only makes no sense to propose to reduce the wages, as the District currently understaffed in the crafts. We were successful in communicating our position to the District, and they have taken these proposals off the table and are taking the proposed budget to the full board for FY 20/21 without any reductions to the bargaining unit.

### **UCSF**

Negotiations are ongoing. We, as Building Trades representatives, have met with University Labor Relations team and have additional negotiations sessions currently scheduled. We will remain in communications with bargaining unit members regarding updates as they become available.

In Solidarity,



John J. Doherty  
Business Manager – Financial Secretary



**Educate. Empower.**

**Executive Director**  
Rudy Gonzalez

**President**  
Mike Casey  
Unite Here 2

**Secretary Treasurer**  
Olga Miranda  
SEIU 87

**Trustees**  
Ron Lewis, IBEW 6  
David Williams, SEIU 1021  
Claire Zvanski, FORUM

June 11, 2020

Mayor London N. Breed  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

**VP for Affiliate Support**  
Larry Mazzola, Jr.  
Plumbers 38

**VP for Community Activities**  
Conny Ford  
OPEIU 29

**VP for Political Activities**  
Alisa Messer  
AFT 2121

**Sergeant at Arms**  
Hene Kelly  
CARA

Dear Mayor Breed,

The Public Employees Committee (PEC) of the San Francisco Labor Council wishes to express in the strongest possible terms our opposition to the service and staffing cuts demanded by your office in response to projected budget shortfalls. Such cuts are not necessary and would have a devastating impact on San Francisco residents, our local economy, and city departments.

Much credit is due to your administration for working closely with Labor to meet the challenges presented by the coronavirus pandemic. These past months have shown that when San Francisco is faced with crisis we can rise to the challenge, together, to protect our residents and keep city government, and the vital services we provide, running. Do not inflict undue pain on the residents of San Francisco while turning your back on the tens of thousands of city employees whose service and sacrifice have been the backbone of the pandemic response that has saved lives and garnered national praise.

San Francisco's full recovery depends on our affiliated unions and your administration rising to the challenge together. To that end, we hope to engage with you and the administration over the coming weeks to secure your commitment to the following recovery framework.

**1. No Service Cuts, No Furloughs, No Layoffs**

City departments were woefully understaffed before the pandemic and, as our analysis shows, investment in the city workforce as a percentage of the budget never recovered from the last downturn. Staffing across City departments should be bolstered not reduced. We can accomplish that by spending down reserves and curtailing the proliferation of personal service contracts and other forms of contracting out.

**2. Utilize Rainy Day and Reserve Funds as they were Designed**

Shortfall predictions and your administration's demand for 15% reductions inexplicably excludes any plan for utilizing the statutory maximums of the City's various General Fund contingency reserves, of which at least \$887 million is eligible for use in FY2020-21. The administration must adopt an aggressive plan for investing these funds into your budget proposal, while the parties work collaboratively on revenue and other targeted responses.

**3. Review and Curtail the Use of Contracting- and Granting-Out**

Now more than ever we need to shine a bright light on the contracting and granting out practices of the City and reinvest in the City workforce. Additionally, we can work together

to identify – from the hundreds of millions of dollars – of encumbered projects, which can be insourced and completed by city workers.

**4. New Revenue**

While we are confident that we can meet the immediate challenges with existing resources, we believe that the administration ought to work with our movement to secure new revenues to meet challenges in the future. We call on the administration to use its considerable influence and stature within the San Francisco business community to ensure that corporate wealth is contributing its fair share to our collective recovery.

San Francisco is uniquely situated to meet the economic challenges ahead. We call on you to walk the road to recovery with us and not against us.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Stead-Mendez', with a stylized, cursive script.

John Stead-Mendez, Chair  
Public Employees Committee



June 25, 2020

Mr. John Stead-Mendez  
Chair, Public Employee Committee  
San Francisco Labor Council  
1188 Franklin St., Suite 203  
San Francisco, CA 94109

Dear Mr. Stead-Mendez,

Thank you for your June 11<sup>th</sup> letter and our subsequent meeting with the members of the Public Employee Committee (PEC) on June 17<sup>th</sup>. As I expressed in our meeting, the COVID-19 pandemic has created a crisis unlike any our City has experienced in recent memory, and the fiscal impacts have been devastating.

I agree with many of the statements made in your letter and those reiterated by PEC members during our conversation. The City, as an employer, is an important part of our local economy, and our employees deliver critical services for our residents. Maintaining and expanding services and employment are also critical elements in our response to limit the medical, social, and financial impacts of COVID-19.

I must find a way to close our estimated \$1.5 billion shortfall and deliver a balanced budget to the Board of Supervisors by August 1<sup>st</sup>. My goal in delivering this budget is to protect as many services and jobs as possible. I only want to resort to those cuts if I don't have other viable alternatives.

Part of closing that shortfall requires looking at new revenue, using our reserves, and department reductions. As I explained, I do not believe it will be possible to both achieve our shared goals of preventing service and employment impacts, and fund the promised wage increases for fiscal years 2020-21 and 2021-22. The City is therefore proposing a two-year deferral of any scheduled wage increases for these two fiscal years.

I have instructed my staff to convene detailed budget workshops for the PEC, so we can explain how we have arrived at this conclusion, and consider any alternatives the PEC would like us to pursue. We want to work collaboratively with labor to address this unprecedented financial challenge.

You listed three specific strategies in your June 11<sup>th</sup> letter, which I will address below:

- 1) "Utilize Rainy Day Reserve Funds as they were Designed." The March update to the Joint Report projects a \$1.5 billion shortfall for the upcoming two-year budget. This projection has not improved since we held the PEC Joint Report briefing in April. As you suggest in your letter, I plan to fully utilize the City's Rainy-Day Reserves. My budget plans will spend down the full \$500 million balance of the of the Rainy Day and Economic Stabilization reserve balances over the next three fiscal years, in accordance with the Charter and Administrative Code. In addition, I

utilized the maximum permissible balance from the City's General Reserve to close the City's current \$250 million shortfall.

The City does maintain other reserves, and I intend to repurpose some of these to guard against the historic uncertainty that faces us as a City in the coming years. These risks include the possibility of a second public health surge, a slower recovery than anticipated, premature loss of federal reimbursements to offset our public health costs, and loss of tens of millions of dollars of State revenue. We believe this plan represents an aggressive use of the reserves while still guarding against risk that could further destabilize the City's ability to maintain services and jobs in the near term.

- 2) "Review and Curtail Use of Contracting and Granting-Out." I have instructed my Acting Budget Director, Ashley Groffenberger, to review departmental contracting and granting practices for possible savings and in-sourcing. However, as you know, the major contracted services supported by the General Fund are supplied by community-based organizations that provide health, social services, job training, and the host of activities which are critical to supporting the needs of our residents.
- 3) "New Revenue." I am committed to a balanced approach to meet our historic budget challenges, and concur with your suggestion that new revenue needs to be part of the solution. I have proposed a business tax measure for the November election that, if supported by the voters, would provide approximately \$300 million to help close the City's projected budget shortfall. Additionally, I have endorsed the statewide Split Roll ballot measure that the voters will consider this November. While this measure would not take effect for several years, it would provide hundreds of millions of dollars to help support the City's budget as we work to meet the financial challenges the City will face in future years. I remain committed to conversations with the Board of Supervisors and labor on revenue measures pending for this November's ballot.

Preserving services, and the workforce that provides those services during this challenging time is a priority. However, doing so will involve a set of difficult choices and creative solutions. As I have outlined above, the severity of the budget challenge will require using our reserves, seeking voter approval of new revenues, making department budget reductions, implementing other citywide cost savings, and renegotiating our labor contracts to defer raises until better times. And even these solutions, taken together, will not be enough. We estimate that the remaining unsolved shortfall will be well in excess of \$100 million, with great uncertainty remaining as I work to balance the budget in the coming weeks. I look forward to working with you on this budget, and would invite you to spend time with my team to review our ideas and to discuss your own.

Sincerely,



London N. Breed  
Mayor



**Educate. Empower.**

**Executive Director**  
Rudy Gonzalez

**President**  
Mike Casey  
Unite Here 2

**Secretary Treasurer**  
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July 9, 2020

Mayor London N. Breed  
City Hall, Room 200  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

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Larry Mazzola, Jr.  
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**Sergeant at Arms**  
Hene Kelly  
CARA

Dear Mayor Breed,

Thank you for your response to our letter – both in person and in writing. We appreciate your recognition of the role that our members play in providing critical services to San Francisco's residents and the important role they and the city play in supporting the local economy.

The public health crisis caused by coronavirus continues to grip our state, our nation and, despite an enormous effort by so many, our city is experiencing a resurgence of new cases. Our nurses, firefighters, social workers, health care workers, laborers, planners, public defenders, janitors, mechanics, plumbers and librarians were struggling to thrive before coronavirus. Now, like the residents they serve, many frontline workers are dealing with school and childcare closures, household income loss and the fear of exposing loved ones to the virus.

The classifications we represent in the city are too numerous to list, but they are all essential to the future of this city. We are depending on these frontline workers to meet the daunting public health challenges ahead and still, our working-class members, who could hardly afford it, have already contributed nearly \$50M in savings to the city for FY20-21. If the 2021 Joint report predicts a deficit that exceeds \$200M, they have agreed to contribute even more. Therefore, our affiliated unions do not support additional deferrals.

We are interested in working more closely with your administration on alternatives through joint budget workshops. We believe we can do good work there and, at least, develop a common understanding of the challenges and the policy responses available. In addition to reviewing opportunities for insourcing, we hope that we can impress upon the administration the need to adopt a bolder plan for use of reserve funds over the next two fiscal years that is consistent with the intent of the funds and meets the moment we are in.

We look forward to working with your administration through the budget process to achieve a budget that reflects a commitment to expanding public services for San Francisco residents.

Sincerely,

John Stead-Mendez, Chair  
Public Employees Committee

Cc: Larry Mazzola Jr., Vice Chair, Public Employees Committee  
Rudy Gonzales, Executive Director, SF Labor Council  
Affiliated Local Unions  
SF Board of Supervisors