



June 12, 2014

Eric Williams

President, Transport Workers Union, Local 250-A

1508 Fillmore Street, Suite 211

San Francisco, CA 94115

Dear Mr. Williams:

This letter is intended to review the current situation regarding a potential successor labor agreement (MOU) to follow the current MOU between the SFMTA and the Transport Workers Union (TWU), Local 250-A, covering the 9163 Transit Operators, which expires June 30, 2014. I write with the aim of being able to achieve timely resolution of outstanding issues within the framework of the Charter collective bargaining process so that we can enter into a new MOU to fairly compensate Transit Operators, effective July 1, 2014.

The SFMTA greatly values the Transit Operators, and very much wants to be able to recognize their service through a wage and benefit increase. The wage increase to which the SFMTA already has agreed through the Charter impasse resolution process would make the Transit Operators among the highest paid in the country. Further, the increase in retirement benefits Operators would be eligible to receive as a result of the mediation process would provide for enhanced long-term security. We believe the challenging but good work the Operators do to provide service to the people of the City and County of San Francisco merits such a compensation package.

We are therefore extremely disappointed that the union has refused to continue with the City Charter's impasse resolution process, with the neutral mediator-arbitrator, selected by TWU Local 250-A and accepted by the City, serving as Chair of the mediation-arbitration board. We reiterate our agreement that the standard and burden of proof under Charter Section 8A.104, to which TWU Local 250-A has objected, and which are on appeal, will not apply to this impasse resolution procedure. We urge you to return to that process, as you said you would in your letter dated June 9, 2014, so that we can achieve a contract that is fair for both parties, in time to be able to implement a pay increase and enhanced retirement benefits in the upcoming fiscal year.

The SFMTA and the Union engaged in negotiations for the successor MOU from February 18 to May 7, 2014, meeting for 19 separate negotiation sessions during that time. The parties declared impasse on May 7, but were able to reach agreement on May 8 while engaged in the Charter mediation-arbitration process, on terms proposed by the neutral mediator-arbitrator. The ratification vote on the agreement was long delayed, and taken on May 30 only after a negative campaign by the Union against the agreement it had approved on May 8.

The focus of the Union's negative campaign was the "swap" through which the Transit Operators would commence pick-up of their full employee retirement contribution, in return for a wage increase that is cost neutral to the SFMTA: Under that agreement reached in mediation, the SFMTA would continue to pick up the employer portion of the retirement contribution, which is currently in excess of 20%. Operators picking up the 7.5% employee contribution currently being paid by the City would receive a 5.05% wage increase, which significantly offsets the impact of the employee pick-up. Even though this "swap" gives the Operators increased wages, and builds the base upon which their retirement benefits would be calculated, the agreement was not ratified. It appears that in voting on the agreement, the Operators may not have had complete, accurate information about the retirement benefit that the "swap" would provide, even for Operators not yet close to retirement. The SFMTA employees represented by TWU Local 250-A remain the

last employees in the City not to pay their employee retirement contribution – every other union representing city employees has agreed to similar “swaps”, recognizing the long-term benefits to their members. Failure to implement a swap in the coming year will significantly disadvantage Union members who may be planning to retire in the near future.

Now the Union has refused to continue with the mandatory Charter mediation-arbitration process. As you know, the Charter provides that a labor contract that is not submitted in time to be integrated into the SFMTA’s budget for FY 14-15, cannot be implemented in FY 14-15 if it results in any net increase in cost to the City over the prior fiscal year.

On June 13, 2014, the SFMTA intends to file with the SFMTA Board an MOU that conforms to the terms of the agreement proposed by the neutral mediator-arbitrator, to which the SFMTA and the Union previously agreed. This action will at least allow the possibility that an agreement could be reached, through the Charter’s mediation-arbitration process, and approved by the SFMTA Board.

We urge you, again, to return to the mediation-arbitration process to achieve a resolution of the successor MOU. We stand ready to immediately engage in that process, and the neutral mediator-arbitrator has indicated his willingness to make himself very available if the Union returns to the process. This path, besides being that which is mandated by the Charter, represents the only path towards reaching an MOU that will economically benefit the Transit Operators, and that can take effect in the next fiscal year. The Union would be free to make its case for whatever positions it chooses in this process, and the mediation-arbitration board could award contract terms different than those contained in the agreement to be filed on June 13, 2014, but the arbitration would have to take place soon. We ask that it be set on or before June 24, 2014, the date which all parties have said is available, and which the arbitrator has reserved.

In the absence of a timely approved MOU, the economic terms of the current MOU would remain in place for the next fiscal year, meaning the SFMTA would not be able to provide any wage increase nor the changes in the health premium structure that the union sought. I understand that in such an event some of the contract terms will lapse, typically including contract terms agreeing to arbitration of grievances and collection of union dues. We do not anticipate agreeing to continue such terms after the contract expires.

We hope the Union will reconsider its refusal to participate in the mediation-arbitration process and will instead move forward to achieve a timely contract that will reward the Transit Operators with wage increases and other important benefits, of which they are very deserving. Please respond at your earliest convenience.

Sincerely,



Edward D. Reiskin
Director of Transportation

cc: Ken Absalom
Sallie Gibson
Carl Martin
Andrew Simmons
Terrence Hall
Vitus Leung