File No. 120284

Committee Item No. 6
Board Item No. 2

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Sub-Committee **Date:** April 18, 2012

Board of Supervisors Meeting **Date** 5/1/2012

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OTHER (Use back side if additional space is needed)

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Completed by: Victor Young **Date:** April 12, 2012
Completed by: Victor Young **Date:** 4-19-12

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

Amendment of the Whole
in Committee. 4/18/12

FILE NO. 120284 ORDINANCE NO.

RO#12026
SA#26

[De-appropriating ~~$3,000,000~~ *$2,525,468* in Fringe Benefits and Re-Appropriating to Overtime in the Police Department for FY2011-2012]

Ordinance de-appropriating ~~$3,000,000~~ *$2,525,468* in fringe benefits in the Police Department's operating budget and re-appropriating ~~$3,000,000~~ *$2,525,468* to overtime in order to support the department's projected increases in overtime as required per Ordinance 194-11.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The uses of funding outlined below are herein de-appropriated to reflect the funding available for Fiscal Year 2011-2012.

Uses De-appropriation

Fund	Index/Project Code	Subobject	Description	Amount
1G AGF AAA	385036	01303	Retirement – City	~~$2,800,000~~
GF-Non Project			Uniform (Police &	*$2,399,304*
Controlled			Fire	

Fund	Index/Project Code	Subobject	Description	Amount
5A AAA AAA SFIA – Operating – Non Project Controlled	38AIRP	01303	Retirement – City Uniform (Police & Fire)	~~$200,000~~ *$126,164*
Total USES De-appropriation				~~$3,000,000~~ *$2,525,468*

Section 2. The uses of funding outlined below are herein re-appropriated in Subobject 01102 (Salaries - Overtime - Uniform) and Subobject 01101 (Salaries – Overtime – Misc), and reflect the projected uses of funding to support the increases in overtime spending in the Police Department for Fiscal Year 2011-2012.

USES Re-appropriation

Fund	Index/Project Code	Subobject	Description	Amount
1G AGF AAA GF-Non Project Controlled	385036	01102	Salaries – Overtime – Uniform	~~$2,800,000~~ *$2,399,304*
5A AAA AAA SFIA – Operating – Non Project Controlled	38AIRP	01101	Salaries – Overtime – Miscellaneous	~~$200,000~~ *$126,164*
Total USES Re-appropriation				~~$3,000,000~~ *$2,525,468*

Section 3. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this Ordinance as necessary to conform with Generally Accepted Accounting Principles.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: _____

Date: ~~March 19, 2012~~
April 18, 2012

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors

FROM: for Mayor Edwin M. Lee

RE: De-appropriating $3,000,000 in fringe benefits and re-appropriating to overtime in the Police Department for Fiscal Year 2011-2012

DATE:

Attached for introduction to the Board of Supervisors is the ordinance de-appropriating $3,000,000 in fringe benefits in the Police Department's operating budget and re-appropriating $3,000,000 to overtime in order to support the department's projected increases in overtime as required per Ordinance 194-11.

I request that this item be calendared in Budget and Finance Sub-Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2012 MAR 20 PM 3:23
BY: AK

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

120284

Item 6 File 12-0284	Department: Police

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed ordinance would (a) de-appropriate $3,000,000 of fringe benefits, and (b) re-appropriate $3,000,000 for overtime in the Police Department's FY 2011-12 budget, including $2,800,000 for General Fund Overtime expenditures and $200,000 of Airport Enterprise Fund Overtime expenditures, in order to resolve the Department's projected FY 2011-12 budgetary shortfall in Overtime as required in accordance with Administrative Code Section 3.17.

Key Points

- Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate overtime appropriation for the Police Department, and the Police Department must request a supplemental appropriation ordinance, subject to Board of Supervisors approval, if their Overtime expenditures are proposed to be greater than the amount of overtime appropriated in the Annual Appropriation Ordinance.
- The total FY 2011-12 approved Police Department Overtime budget is $24,175,450, including $8,367,780 funded from General Fund revenues and $1,607,670 funded from Airport Enterprise Fund revenues.
- The two primary reasons for the requested additional General Fund Overtime expenditures are additional Police Officers were assigned to (a) Occupy San Francisco, and (b) over a dozen dignitary visits, including visits from the President, Vice President and First Lady. The increased Airport Overtime expenditures are being requested because additional 9209 Airport Police Services Aide positions were assigned to Airport security, due to the opening of the new Terminal 2 at the Airport.

Fiscal Impact

- The requested additional $3,000,000 of Overtime would increase the Police Department's (a) General Fund Overtime budget by $2,800,000 from $8,367,780 to $11,167,780, a 33.5 percent increase, and (b) Airport Enterprise Overtime budget by $200,000 from $1,607,670 to $1,807,670, a 12.4 percent increase.
- Based on the Budget and Legislative Analyst's projections for FY 2011-12, the Police Department is estimated to need a total of (a) $10,767,085 of General Fund Overtime, which is $400,696 less than the total $11,167,781 of General Fund Overtime expenditures requested, and (b) $1,733,834 of Airport Enterprise Overtime, or $73,836 less than the total $1,807,670 of Airport Overtime expenditures requested.
- Therefore, the requested supplemental appropriation should be reduced by a total of $474,532.

Recommendations

- Amend the proposed supplemental appropriation to reduce the requested $3,000,000 supplemental appropriation by a total of $474,532 to $2,525,468, as detailed in Table 5.
- Approve the proposed ordinance, as amended.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 provides that any amendments to the Annual Appropriation Ordinance be approved by ordinance by the Board of Supervisors, after the Controller certifies the availability of funds.

Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate overtime appropriation within the Airport, Emergency Management, Police, Public Health, Public Utilities, Public Works, Recreation and Park and Sheriff Departments' operating budgets. In accordance with Administrative Code Section 3.17(b), these eight identified City departments must also request a supplemental appropriation ordinance, which is subject to Board of Supervisors approval, if their Overtime expenditures are proposed to be greater than the amount of overtime appropriated in the Annual Appropriation Ordinance.

Background

The FY 2011-12 Annual Appropriation Ordinance, previously approved by the Board of Supervisors in July of 2011, contains a total budget of $461,807,191 for the Police Department, including $407,327,860 of General Fund expenditures. Table 1 below identifies the actual Overtime expenditures incurred by the Police Department in FY 2008-09 through FY 2010-11 and the budgeted Overtime expenditures for FY 2011-12. As shown in Table 1 below, the total FY 2011-12 approved Police Department Overtime budget is $24,175,450, including $8,367,780 funded from General Fund revenues and $1,607,670 funded from Airport Enterprise Fund revenues.

Table 1: Actual Police Department Overtime Expenditures from FY 2008-09 Through FY 2010-11 and Budgeted Overtime Expenditures for FY 2011-12

Police Overtime Fund	Actual FY 2008-09	Actual FY 2009-2010	Actual FY 2010-11	Budgeted FY 2011-12
General Fund	$20,000,000	$13,800,000	$13,100,000	$8,367,780
Airport Enterprise Fund	2,000,000	1,700,000	1,400,000	1,607,670
Other*	10,700,000	11,400,000	10,100,000	14,200,000
Total	$32,700,000	$26,900,000	$24,600,000	$24,175,450

* Other includes Administrative Code Section 10B Special Law Enforcement funded Overtime, Grant funded Overtime, and non- General Fund Workordered Overtime.

On March 8, 2012, the Controller's Office issued the FY 2011-12 Six-Month Overtime Report, which identifies City department overtime budgets, year to date expenditures, and annualized overtime projections by department. As shown in the Attachment, this Six-Month Overtime Report found that, based on actual Police Overtime expenditures incurred through January 20,

2012, the Police Department's Overtime expenditures are projected to total approximately $27,200,000, which would exceed the Police Department's FY 2011-12 approved total Overtime budget appropriation of approximately $24,200,000 by $3,000,000.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would (a) de-appropriate $3,000,000 of surplus retirement funds budgeted as part of mandatory fringe benefits in the Police Department's FY 2011-12 budget, and (b) re-appropriate the $3,000,000 for additional Overtime expenditures in the Police Department's FY 2011-12 budget, in order to resolve the Department's projected FY 2011-12 budgetary shortfall in Overtime in accordance with Administrative Code Section 3.17, as detailed in Table 2 below.

Table 2: De-appropriation and Re-appropriation of Proposed Supplemental Appropriation

De-appropriation from Surplus Retirement:		
General Fund	Retirement-Uniform	$2,800,000
Airport Enterprise Fund	Retirement-Uniform	200,000
Total		**$3,000,000**
Re-appropriation for Overtime:		
General Fund	Overtime-Uniform	2,800,000
Airport Enterprise Fund	Overtime-Miscellaneous	200,000
Total		**$3,000,000**

As shown in Table 2 above, of the total $3,000,000 (a) $2,800,000 would be de-appropriated from the General Fund budgeted for retirement expenditures for Police uniform positions and re-appropriated for additional General Fund Overtime expenditures for Police uniform positions, and (b) $200,000 would be de-appropriated from available Airport Enterprise Funds budgeted for retirement expenditures for Police uniform positions and re-appropriated for additional Airport Overtime expenditures for Police miscellaneous civilian positions.

According to Ms. Carolyn Welch, Budget Manager at the Police Department, the two primary reasons for the requested additional General Fund Overtime expenditures are additional Police Officers assigned to (a) Occupy San Francisco, and (b) over a dozen dignitary visits during FY

2011-12, including visits from the President, Vice President and First Lady. Ms. Welch advises that the increased Airport Overtime expenditures are being requested because additional 9209 Airport Police Services Aide positions were assigned to Airport security, due to the opening of the new Terminal 2 at the Airport.

FISCAL IMPACTS

As shown in Table 3 below, the requested additional $3,000,000 of Overtime would increase the Police Department's (a) General Fund Overtime budget by $2,800,000 from $8,367,781 to $11,167,781, a 33.5 percent increase, and (b) Airport Enterprise Overtime budget by $200,000 from $1,607,670 to $1,807,670, a 12.4 percent increase. Other Overtime funds totaling $14,200,000 would not increase, such that the Police Department's overall Overtime budget would increase by $3,000,000 from $24,175,450 to $27,175,450, a 12.4 percent increase.

Table 3: Budgeted and Requested Overtime Funds

Police Overtime Fund	Budgeted FY 2011-12	Requested Additional Overtime Funds	Total Overtime Funds	Percentage Increase
General Fund	$8,367,780	$2,800,000	$11,167,780	33.5%
Airport Enterprise Fund	1,607,670	200,000	1,807,670	12.4%
Other*	14,200,000	0	14,200,000	0%
Total	$24,175,450	$3,000,000	$27,175,450	12.4%

* Other includes Administrative Code Section 10B Special Law Enforcement funded Overtime, Grant funded Overtime, and non- General Fund Workordered Overtime.

As shown in Table 1 above, in FY 2010-11 the Police Department expended a total of $24,600,000 on Overtime expenditures, such that the requested total Overtime expenditures of $27,175,450 for FY 2011-12 reflects an annual increase of $2,575,450 or 10.5 percent, as compared to FY 2010-11.

Regarding the proposed de-appropriation of $3,000,000 from surplus uniform retirement funds in the Police Department's FY 2011-12 budget, the Controller's Office estimates that there is approximately $8,900,000 of surplus fringe benefits in the Police Department's FY 2011-12 budget. This approximately $8,900,000 savings resulted because on September 20, 2011, the Board of Supervisors approved Amendment 4 to the Memorandum of Understanding (MOU) between the City and the San Francisco Police Officers' Association, which among other changes, (a) increased Police uniform salaries by three percent on July 1, 2011 and an additional two percent on March 31, 2012, and (b) increased Police uniform employee retirement contributions to three percent in FY 2011-12 (File 11-0849; Ordinance No. 187-11).

However, because this MOU was approved by the Board of Supervisors on September 20, 2011, subsequent to the FY 2011-12 budget being fully adopted by the Board of Supervisors in July of 2011, the Police Department's FY 2011-12 budget was not subsequently adjusted to reflect these MOU changes. As a result, (a) due to wage increases approved in the MOU, the Police Department's FY 2011-12 budget was estimated to be underbudgeted for salaries by approximately $5,000,000, and (b) due to increases in employee retirement contributions approved in the MOU, the Police Department's FY 2011-12 budget was estimated to be overbudgeted for fringe benefits by approximately $8,900,000. As noted above, the proposed $3,000,000 supplemental appropriation is requested to be fully funded from a portion of the $8,900,000 overbudgeted fringe benefits in the current FY 2011-12 budget. The Budget and Legislative Analyst also note that the wage increases in the MOU contributes to the increased cost of Overtime expenditures by the Police Department.

Table 4 below identifies the actual Overtime expenditures incurred by the Police Department for General Fund and Airport Enterprise Funds from July 1, 2011 through March 31, 2012 and projects the required Overtime expenditures for the balance of FY 2011-12.

Table 4: Actual Overtime Expenses Incurred Through March, 2012 and Projected Need for FY 2011-12

Monthly Overtime Expenses	General Fund	Airport Enterprise
July, 2011	$631,570	$89,936
August	679,353	164,518
September	851,436	123,967
October	1,028,258	130,006
November	2,007,483	182,386
December	1,112,145	194,476
January	967,489	130,027
February	961,766	109,675
March	820,853	177,045
Subtotal	$9,060,353	$1,302,036
Budget and Legislative Analyst's Projected Need for FY 2011-12 Based on Actuals Through March, 2012, less $1,313,386 for Occupy SF Overtime Expenditures, and Straight Line Projections	*10,767,085*	*1,733,834*
Requested Total Amount for FY 2011-12 (see Table 3)	11,167,781	1,807,670
Amount Not Needed as Projected by the Budget and Legislative Analyst	***$400,696***	***$73,836***

As shown above in Table 4, based on straight line projections, the Police Department is estimated to need a total of $1,733,834 of Airport Enterprise Overtime in FY 2011-12, which is $73,836 less than the total $1,807,670 of Airport Overtime expenditures requested.

In addition, as shown above in Table 4, a significantly higher level of General Fund Overtime expenses were incurred in October, November and December of 2011 partly due to the Occupy San Francisco protests. Ms. Welch reports that a total of $1,313,386 of the Overtime expenditures are directly attributable to the Occupy protests. In order to not artificially skew the Overtime projections for the balance of FY 2011-12, the Budget and Legislative Analyst subtracted the $1,313,386 Overtime amount directly attributable to the Occupy protests and conducted a straight line projection on the remaining Overtime expenditures incurred. As shown in Table 4 above, based on the Budget and Legislative Analyst's projections, the Police Department is estimated to need a total of $10,767,085 of General Fund Overtime in FY 2011-12, which is $400,696 less than the total $11,167,781 of General Fund Overtime expenditures requested.

As detailed in Table 3 and identified in Table 4 above, the Police Department is requesting a total of $11,167,781 of General Fund Overtime and $1,807,670 of Airport Enterprise Overtime funding in FY 2011-12. Therefore, based on the Budget and Legislative Analyst's projections, the requested supplemental appropriation should be reduced by a total of $474,532, as follows:

Table 5: Requested and Recommended Overtime for FY 2011-12

Police Overtime Fund	Requested Additional Overtime Funds	Budget and Legislative Analyst's Recommended Reductions	Budget and Legislative Analyst's Recommended Additional Overtime
General Fund	$2,800,000	$400,696	$2,399,304
Airport Enterprise Fund	200,000	73,836	126,164
Total	$3,000,000	$474,532	$2,525,468

RECOMMENDATIONS

1. Amend the proposed supplemental appropriation to reduce the requested $3,000,000 supplemental appropriation by a total of $474,532 to $2,525,468, as detailed in Table 5 above.
2. Approve the proposed ordinance, as amended.

Appendix A-1

Appendix Table A-1 Overtime Spending by Department ($ Millions)

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12					
								FY 12 Projection Change from Prior Year Actuals	
Fund/Service Area	Actual	Actual	Actual	Adj. Revised Budget*	Pay Period Ending 1/20/12 Actual	Straight Line Projection	Surplus/ (Deficit)	$ Million	Percent
MTA									
Municipal Railway	$ 42.6	$ 45.6	52.2	$ 32.0	$ 32.5	$ 58.1	$ (26.2)	$ 5.9	11.3%
Parking & Traffic	1.6	2.3	2.1		1.4	$ 2.4	(2.4)	0.4	17.0%
Subtotal - MTA	44.2	47.9	54.3	32.0	33.9	60.6	(28.6)	6.3	11.5%
Police									
General Fund Operations	20.0	13.8	13.1	8.4	6.3	11.2	(2.8)	(1.9)	-14.2%
Special Law Enforcement Services (10B)*	9.4	10.5	8.6	11.6	6.5	11.6	-	3.0	34.8%
Grants & Other Non-10B Special Revenues	1.3	0.9	1.5	2.5	1.4	2.5	-	1.0	68.5%
Airport	2.0	1.7	1.4	1.6	1.0	1.8	(0.2)	0.4	29.9%
Subtotal - Police**	32.7	26.9	24.6	24.2	15.2	27.2	(3.0)	2.6	10.5%
Public Health									
All Other Non-Hospital Operations	0.8	0.8	0.8	0.8	0.8	1.4	(0.7)	0.7	86.5%
Grants & Other Special Revenues	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	1.4%
SF General	4.7	2.9	4.2	4.5	2.9	5.1	(0.6)	1.0	23.5%
Laguna Honda Hospital	4.2	5.1	5.6	4.8	3.3	5.8	(1.0)	0.2	3.3%
Subtotal - Public Health	9.7	8.9	10.6	10.2	7.0	12.5	(2.2)	1.8	17.3%
Fire									
General Fund Operations	24.7	21.0	27.7	26.3	19.3	34.4	(8.2)	6.7	24.2%
Grants & Other Special Revenues	0.2	0.0	-	-	-	-	-	-	0.0%
Airport	2.7	2.2	2.5	2.5	1.6	2.9	(0.4)	0.4	15.3%
Port	0.2	0.2	0.3	0.3	0.1	0.3	0.0	(0.1)	-22.6%
Subtotal - Fire***	27.9	23.5	30.5	29.0	21.0	37.6	(8.5)	7.0	23.0%
Sheriff	12.1	7.1	5.8	9.7	5.3	9.5	0.2	3.7	64.5%
Subtotal - Top 5	126.6	114.3	125.8	105.1	82.4	147.3	(42.2)	21.4	17.0%
Public Utilities Commission	4.5	5.3	5.9	3.9	3.5	6.2	(2.4)	0.4	6.2%
Recreation & Park	1.5	1.4	1.4	1.3	1.1	2.0	(0.7)	0.6	43.3%
Human Services Agency	0.5	0.5	0.6	0.2	0.4	0.6	(0.4)	0.0	8.5%
Fine Arts Museum	0.7	1.0	0.8	0.7	0.6	1.0	(0.3)	0.2	22.9%
Public Works	1.6	1.5	1.4	1.4	0.9	1.7	(0.3)	0.3	22.5%
Juvenile Probation	1.4	0.8	0.8	1.0	0.6	1.1	(0.1)	0.3	31.8%
Airport Commission	1.5	1.7	2.2	2.4	1.4	2.4	(0.1)	0.2	10.0%
Elections	0.7	0.4	0.4	0.5	0.2	0.3	0.2	(0.1)	-15.2%
Emergency Management	1.2	1.4	1.4	1.9	0.8	1.4	0.6	(0.1)	-5.6%
All Other Departments	2.0	2.0	3.2	1.8	1.8	3.3	(1.5)	0.1	2.0%
Total	142.1	130.0	144.0	120.2	93.6	167.4	(47.2)	23.4	16.2%
Top 5 % of Total	*89.1%*	*87.9%*	*87.4%*	*87.5%*	*88.0%*	*88.0%*			
Change from Prior Year Actual	$ (25.6)	$ (12.0)	$ 14.0	$ (23.8)		$ 23.4			
Total Gross Salaries (Cash Compensation)	$ 2,621.4	$ 2,595.8	$ 2,529.6	$ 2,531.8	$ 1,561.9	$ 2,717.7			
Overtime as a % of Total Gross Salaries	*5.4%*	*5.0%*	*5.7%*	*4.7%*	*6.0%*	*6.2%*			

* Police 10B Revised Budget reflects self-appropriation levels equal to the straight-line projection.

**Actual expenditures for FY 2011-12 do not include $1.5 million for one-time compensatory time payouts for retirements and promotions. These expenses are budgeted in the MOU reserve, and may be for time worked in previous fiscal years.

***Actual expenditures for FY 2011-12 do not include $0.38 million for one-time compensatory time payouts for retirements and promotions. These expenses are budgeted in the MOU reserve, and may be for time worked in previous fiscal years.