

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
FAX (415) 252-0461

April 5, 2019

TO: Budget and Finance Committee

FROM: Budget and Legislative Analyst



SUBJECT: April 10, 2019 Budget and Finance Committee Meeting

TABLE OF CONTENTS

Item	File		Page
1	19-0325	Hearing - Release of Reserved Funds - Office of City Administrator - Hall of Justice Exit - \$13,034,310	1
5	19-0309	Appropriating \$398,561 in Fire Service Fees - De-Appropriation and Re-Appropriation - Expenditures of \$5,750,492 - Supporting Increased Overtime and Professional Services Expenditures - FY2018-2019	7

<p>Item 1 File 19-0325</p>	<p>Department: City Administrator's Office District Attorney's Office, Adult Probation Department</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the Hall of Justice (HOJ) relocation. The funding would be used for tenant improvements and Furniture, Fixtures, and Equipment (FF&E) for the relocation of the District Attorney's Office to 350 Rhode Island Street and the Adult Probation Department to 945 Bryant Street, with approximately \$6,051,014 allocated to 350 Rhode Island and approximately \$7,283,296 allocated to 945 Bryant Street. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> The Board of Supervisors previously approved leases for the District Attorney's Office to move to 350 Rhode Island Street and for the Adult Probation Department to move to 945 Bryant Street as part of the HOJ relocation. Tenant improvements to 350 Rhode Island Street have begun. The District Attorney's Office is expected to be relocated to 350 Rhode Island Street by spring 2019. Tenant improvements for the relocation to 945 Bryant Street are expected to be completed in FY 2019-20, and all 158 Adult Probation Department staff will be able to move to 945 Bryant Street at the completion of tenant improvements. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> The costs of relocating from the Hall of Justice to 350 Rhode Island Street and 945 Bryant Street have increased from the original estimates presented to the Board of Supervisors in 2017 and 2018. The increases in the amounts for FF&E and tenant improvement work at 350 Rhode Island Street are due to more detailed information on the scope of work and department operational requirements. The tenant improvement work for the Adult Probation Department is in the preliminary design stages. Because design is not finalized and cost estimates are not yet available for the tenant improvement work, Capital Planning provided an estimate of work based the tenant improvement work for 350 Rhode Island Street. Because this work consists of reconfiguring an existing commercial kitchen, while the tenant improvement work at 945 Bryant Street consists of reconfiguring existing office space, we do not consider this estimate to be sufficiently reflective of actual costs. Therefore, the Budget and Legislative Analyst recommends reducing the requested release of reserves allocated specifically to tenant improvements at 945 Bryant Street from \$5,796,134 (see Table 1 below) to \$2,898,067. This recommendation would allow the Adult Probation Department and Capital Planning sufficient funds to complete the design and cost estimates, and begin construction of the tenant improvement work. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> Release \$10,436,243 of the requested \$13,334,310, and retain \$2,898,067 on Budget and Finance Committee reserve, pending submission of the detailed tenant improvement budget for 945 Bryant Street. 	

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors' approval. The practice of the Board of Supervisors is for the Budget and Finance Committee to approve release of funds placed on reserve by the Committee, without further Board of Supervisors' approval.

BACKGROUND

The Hall of Justice (HOJ), located at 850 Bryant Street, was constructed in 1958 and is seismically deficient. Due to aging infrastructure, the HOJ has serious health, safety, and working condition problems, requiring significant renovation and capital investment. In October 2017, the Board of Supervisors approved the following two leases¹ to allow City departments to relocate from the HOJ:

1. 350 Rhode Island Street, for the District Attorney's Office and the Police Investigations Unit, for a term of 15 years, from July 2018 through June 2033, with a five-year option to extend, and initial annual base rent of \$4,319,445 (File 17-1109, Resolution 388-17);
2. 945 Bryant Street, for the Adult Probation Department, for a term of 20 years, from July 2018 through June 2038, and initial annual base rent of \$1,763,968 (File 17-1111, Resolution 390-17).

The Board of Supervisors previously appropriated \$13,334,310 in the City Administrator's Office's FY 2018-19 budget, and placed these funds on Budget and Finance Committee reserve pending submission of a detailed budget for the HOJ relocation. Of this total, \$7,934,310 is allocated to the Justice Facilities Improvement Program for tenant improvements, and \$5,400,000 is for furniture, fixtures, and equipment related for the two lease locations.

DETAILS OF PROPOSED LEGISLATION

The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the HOJ relocation. The funding would be used for tenant improvements and Furniture, Fixtures, and Equipment (FF&E) for the relocation of the District Attorney's Office to 350 Rhode Island Street and the Adult Probation Department to 945 Bryant Street, with approximately \$6,051,014 allocated to 350 Rhode Island Street and approximately \$7,283,296 allocated to 945 Bryant Street.

¹ A third lease was also approved at 777 Brannan Street, for the San Francisco Police Department's Property Control Unit for evidence storage (File 17-1110, Resolution 389-17). According to Ms. Green, additional funding will be requested in the FY 2019-20 budget for that relocation.

Relocation from Hall of Justice to Leased Space**945 Bryant Street**

The relocation of the Adult Probation Department to 945 Bryant Street was planned for three phases in FY 2018-19 and FY 2019-20. According to Ms. Heather Green, City Administrator's Office Capital Planning Director, an architect is currently working on the space plans and schematic design for 945 Bryant Street. Tenant improvements for the relocation to 945 Bryant Street are expected to be completed in FY 2019-20, and all 158 Adult Probation Department staff will be able to move to 945 Bryant Street after the completion of tenant improvements.

350 Rhode Island Street

The relocation of the District Attorney's Office and the Police Investigations Unit to 350 Rhode Island Street was planned in two phases, with the District Attorney relocating in FY 2018-19 and the Police Investigations Unit relocating in FY 2019-20. According to Ms. Green, tenant improvements to 350 Rhode Island Street have begun. The District Attorney's Office is expected to be relocated to 350 Rhode Island Street by spring 2019.

According to Ms. Green, the Police Investigations Unit will no longer be moving to 350 Rhode Island, as existing tenants have exercised options to extend their leases. The premises have been reduced from 125,122 square feet to 97,795 square feet, leaving no additional space for Police Investigations Unit at this time. According to Ms. Green, Capital Planning, the Real Estate Division, and Police Department are working together to identify the best future space for the Investigations Unit and other units at HOJ. Spaces under consideration include 777 Brannan Street, the Courts side of HOJ, and potentially sites acquired through the HOJ Exit Projects Certificates of Participation per the FY 2020-2029 Capital Plan.

FISCAL IMPACT

The proposed hearing is to request the release of \$13,334,310 on Budget and Finance Committee reserve for the HOJ relocation. The total cost of the 350 Rhode Island Street and 945 Bryant Street relocations is approximately \$31,779,321. The sources and uses of funds are shown in Table 1 below.

Table 1: Sources and Uses of Funds for 350 Rhode Island and 945 Bryant Relocations

Sources	350 Rhode Island	945 Bryant	Total
FY 2017-18 Capital Budget	\$8,001,545	-	\$8,001,545
FY 2018-19 Capital Budget (On Reserve)	2,138,176	5,796,134	7,934,310
FY 2019-20 Capital Budget	-	2,159,866	2,159,866
Landlord Contribution (see below)	7,823,600	-	7,823,600
Furniture, Fixtures, and Equipment (On Reserve)	3,912,838	1,487,162	5,400,000
Committee on Information Technology (COIT)	316,000	144,000	460,000
Total Sources	\$22,192,159	\$9,587,162	\$31,779,321

Uses	350 Rhode Island	945 Bryant	Total
Tenant Improvements	\$16,068,854	6,900,000	\$22,968,854
Furniture, Fixtures, and Equipment (FF&E)	3,912,838	1,487,162	5,400,000
Information Technology	1,610,467	1,000,000	2,610,467
Moving Expenses	600,000	200,000	800,000
Total Uses	\$22,192,159	\$9,587,162	\$31,779,321

350 Rhode Island Street

Tenant Improvement Budget: \$16,068,854

Landlord Contribution

The lease between the City and Lexington Lion San Francisco LP, the owner of 350 Rhode Island Street, provided for the landlord to contribute \$80 per square foot for tenant improvements. The landlord's contribution is \$80 per square foot for 97,795 square feet, totaling \$7,832,600.

City Costs

The tenant improvement budget for 350 Rhode Island Street is \$16,068,854. According to the Budget and Legislative Analyst's report to the October 26, 2017 Budget and Finance Committee, the City's costs for tenant improvements to 350 Rhode Island Street were expected to be \$20 per square foot. The City's tenant improvement costs have increased to \$84 per square foot for 97,795 square feet, totaling \$8,245,254. According to Ms. Green, the more than 60 percent increase in total tenant improvement costs from \$100 per square foot (of which the landlord paid \$80 per square foot and the City paid \$20 per square foot) to \$164 per square foot (of which the landlord paid \$80 per square foot and the City paid \$84 per square foot) is due to more detailed tenant improvement plans prepared by the Revel Architecture & Design on behalf of Lexington Lion San Francisco LP, which includes reconfiguration of the existing commercial kitchen space to be used by the District Attorney's Office as office space, construction of storage space, and installation of plumbing and electricity that meet LEED v4 requirements.²

² LEED v4 sets standards and a scorecard defining the level of improvements to meet LEED v4 standards, including building and office materials, including volatile wood.

According to Ms. Green, three competitive bids were received for the tenant improvements at 250 Rhode Island. Real Estate staff reviewed all three bids and vetted those bids informed by a cost analysis from Lincoln Properties.

Furniture, Fixtures & Equipment: \$3,912,838

According to the Budget and Legislative Analyst's report to the October 26, 2017 Budget and Finance Committee, the estimated costs for Furniture, Fixtures & Equipment (FF&E) for the relocation to 350 Rhode Island Street was \$10 per square foot, or approximately \$1.25 million.³ The FF&E budget has increased to \$3.9 million, an increase of 3.5 times the original estimate, as shown in Table 2 below.

Table 2: FF&E Budget for 350 Rhode Island

Item	Phase I Move	Phase II Move	Total
Audio/Visual – 2 nd & 3 rd Floors	\$38,000	\$16,049	\$54,049
UPS System	71,000	29,987	100,987
Compact Shelving	240,000	101,364	341,364
Microbiz Security	140,000	59,129	199,129
Ancillary Furniture	594,000	250,875	844,875
On City Contract Office & WS Furniture	1,667,970	704,465	2,372,435
Total	\$2,750,970	\$1,161,868	\$3,912,838

According to Ms. Green, the proposed budget for 350 Rhode Island Street provides for new furniture and equipment for all employees to conform to LEED Gold v4 standards, as required by the Environment Code.

945 Bryant Street

Tenant Improvement Costs: \$6,900,000

According to the Budget and Legislative Analyst's report to the May 17, 2018 Budget and Finance Committee, estimated tenant improvement costs to 945 Bryant Street were \$1,252,350. The budget for tenant improvements has increased more than fivefold to \$6,900,000. According to Ms. Green, more intensive tenant improvements than originally estimated are necessary to meet Adult Probation Department programming, safety, and security requirements. Examples of the additional tenant improvements include construction of 14 interview rooms, a secure firearm storage area, and a secure evidence storage room.

According to Ms. Green, a detailed budget for tenant improvements to 945 Bryant Street has not yet been developed; the estimated tenant improvement costs of \$6,900,000 are based on the costs of tenant improvements for 350 Rhode Island Street of \$164 per square foot.

Furniture, Fixtures, and Equipment: \$1,487,162

According to Ms. Green, detailed estimates of FF&E costs have not yet been developed for the relocation of the Adult Probation Department to 945 Bryant Street. The FF&E budget for 945 Bryant Street is based on the 350 Rhode Island Street budget.

³ The actual leased space has been reduced to 97,795 square feet, which would reduce the initial FF&E estimate to \$977,950.

FY 2019-20 Funds on Reserve for HOJ Relocation

According to Ms. Green, the funds that would be released from Budget and Finance Committee reserve would be fully expended by August 2019. Previously appropriated funds for the Justice Facilities Improvement Program total \$8,001,545. Those funds have been used to support planning, tenant improvements, and purchase orders for 350 Rhode Island, as well as planning for 945 Bryant.

The Board of Supervisors also previously appropriated \$8,000,000 in the City Administrator's Office's FY 2019-20 budget, and placed these funds on Budget and Finance Committee reserve pending submission of a detailed budget for the HOJ relocation. According to Ms. Green, the funds would be used on the 777 Brannan Street and 945 Bryant Street relocations. These funds are not the subject of the proposed release of reserves and therefore would require separate approval for the Budget and Finance Committee approval for their release.

POLICY CONSIDERATION

The tenant improvement work for the Adult Probation Department to relocate to 945 Bryant Street is in the preliminary design stages. Because design is not finalized and cost estimates are not yet available for the tenant improvement work, Capital Planning provided an estimate of work based on a cost of \$164 per square foot, which is the amount of the tenant improvement work for 350 Rhode Island Street. Because the tenant improvement work at 350 Rhode Island Street consists of reconfiguring an existing commercial kitchen, while the tenant improvement work at 945 Bryant Street consists of reconfiguring existing office space, we do not consider \$164 per square foot for work at 945 Bryant Street to be sufficiently reflective of actual costs. Therefore, the Budget and Legislative Analyst recommends reducing the requested release of reserves allocated specifically to tenant improvements at 945 Bryant Street from \$5,796,134 (see Table 1 above) to \$2,898,067. This recommendation would allow the Adult Probation Department and Capital Planning sufficient funds to complete the design and cost estimates, and begin construction of the tenant improvement work.

We recommend releasing \$10,436,243 of the requested \$13,334,310, and retaining \$2,898,067, pending submission of the detailed tenant improvement budget for 945 Bryant Street.

RECOMMENDATION

Release \$10,436,243 of the requested \$13,334,310, and retain \$2,898,067 on Budget and Finance Committee reserve, pending submission of the detailed tenant improvement budget for 945 Bryant Street.

<p>Item 5 File 19-0309</p>	<p>Departments: Sheriff, Public Utilities Commission, Fire</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <p>The proposed amended ordinance appropriates fee revenues and re-appropriates surplus funds in FY 2018-19, totaling \$6,149,053 to (a) overtime and professional services in the Sheriff’s Department (b) overtime in the San Francisco Public Utilities Commission (SFPUC), and (c) overtime in the Fire Department. Approval of the proposed appropriation of overtime and professional services in the Sheriff’s Department requires a two-thirds vote of all members of the Board of Supervisors pursuant to Charter Section 9.113(c).</p> <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The Sheriff’s Department has (a) \$4,450,000 in surplus salaries, fringe benefits, capital projects and facilities maintenance due to a staffing deficit and to delays in hiring; and (b) projected excess overtime expenditures of \$4,000,000 due to new requirements established by the Principled Policing goals, Proposition 63, and an increase in court-ordered electronic monitoring case load. The department is also requesting an additional \$450,000 for professional services for an existing contract with Leaders in Community Alternatives, Inc. to administer the department’s court-ordered electronic monitoring program. • The Fire Department has (a) \$398,561 in overtime service fee revenues that exceed budgeted revenues in the Fire Department’s FY 2018-19 budget; and (b) projected excess overtime expenditures of \$398,561 due to a higher than anticipated level of activity because of an increase in special events and requests for expedited and off-hours inspections for permits needed for construction. • The San Francisco Public Utilities Commission (SFPUC) has (a) \$1,300,492 in surplus salaries due to vacant positions; and (b) projected excess overtime expenditures of \$1,300,492 due to staffing shortages impacting the ability of the Water Enterprise division to meet minimum operating staffing levels and respond to emergencies, as well as planning and preparation efforts to minimize flooding due to the rainy season. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed ordinance. 	

MANDATE STATEMENT

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

Administrative Code Section 3.17 requires that the Annual Appropriation Ordinance contain a separate overtime appropriation within the Airport, Emergency Management, Fire, 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 nine identified City departments must first obtain Board of Supervisors supplemental appropriation approval prior to the expenditure of additional overtime if their overtime expenditures are proposed to be greater than the amount of overtime previously appropriated by the Board of Supervisors in the department's budget.

Charter Section 9.113(c) states that, in the event the Mayor or a member of the Board of Supervisors recommends a supplemental appropriation ordinance after the adoption of the budget and prior to the end to the budget year that contains any item rejected by the Mayor or the Board of Supervisors in the original budget appropriation, the supplemental appropriation can only be approved by a two-thirds vote of the Board of Supervisors.

DETAILS OF PROPOSED LEGISLATION

The proposed amended ordinance appropriates fee revenues and re-appropriates surplus funds in FY 2018-19, totaling \$6,149,053 to (a) overtime and professional services in the Sheriff's Department (b) overtime in the San Francisco Public Utilities Commission (SFPUC), and (c) overtime in the Fire Department. Approval of the proposed appropriation of overtime and professional services in the Sheriff's Department requires a two-thirds vote of all members of the Board of Supervisors pursuant to Charter Section 9.113(c).

Table 1 below summarizes the proposed amended appropriation of \$6,149,053 by department.

Table 1: Appropriation of \$6,149,053 by Department

	Sheriff	SFPUC	Fire	Total
Sources				
Fire Overtime Service Fees			398,561	398,561
<u>De-appropriation</u>				
Salaries	\$1,800,000	\$1,300,492		\$3,100,492
Fringe Benefits	600,000			600,000
Capital Projects	1,935,512			1,935,512
Facilities Maintenance	114,488			114,488
Total Sources	\$4,450,000	\$1,300,492	\$398,561	\$6,149,053
Uses				
<u>Appropriation</u>				
Overtime	4,000,000	\$1,300,492	\$398,561	\$5,699,053
Professional Services	450,000			\$450,000
Total Uses	\$4,450,000	\$1,300,492	\$398,561	\$6,149,053

FISCAL IMPACT**Sheriff's Department: \$4,450,000**

The proposed ordinance de-appropriates \$4,450,000 in surplus salaries, fringe benefits, capital projects and facilities maintenance in the Sheriff's Department's FY 2018-19 budget to pay for \$4,000,000 in overtime expenditures and \$450,000 in professional services, as shown in Table 2 below.

Table 2: Sheriff's Department Appropriation to Overtime¹

Sources	
<u>De-appropriation</u>	
Permanent Salaries	\$1,800,000
Fringe Benefits	600,000
Capital Projects ²	1,935,512
Facilities Maintenance	114,488
Total Sources	\$4,450,000
Uses	
<u>Appropriation</u>	
Overtime	4,000,000
Professional Services	450,000
Total Uses	\$4,450,000

¹ De-appropriated salaries come from County Jail 5 (located at 1 Moreland Drive in San Bruno). The re-appropriated overtime and professional services will be used at Jail 5.

² De-appropriated capital project funds come from Count Jail #2 renovation projects.

According to Mr. Crispin Hollings, Sheriff's Department Chief Financial Officer, although the Sheriff's Department has hired 236 sworn officers in the last three years, there were still salary and fringe benefit savings due starting at a staffing deficit and to delays in hiring. The Sheriff's Department plans to replace capital project funds, which are needed for the County Jail #2 kitchen renovation, and facilities maintenance funding in the FY 2019-20 budget process.

Sheriff Overtime

New requirements established by the Principled Policing goals³, Proposition 63⁴, and an increase in court-ordered electronic monitoring case load led to an increase in overtime. In support of Principled Policing goals, the department's annual training requirement increased by 20 percent to include subjects such as crisis intervention, gender awareness, and prevention of harassment and racial profiling. According to Mr. Hollings, staff training is funded with overtime dollars. In addition, the department implemented a firearms surrender program in 2018, as required by Proposition 63, wherein deputies now serve 30 domestic violence restraining orders and seize 3 firearms per month. Finally, in January 2018, an appellate court decision resulted in the number of court-ordered electronic monitoring participants⁵ increasing three-fold, from approximately 100 participants per month to 300 per month, as previously reported to the Board of Supervisors (File 19-0203). According to Mr. Hollings, most of the overtime is for uniformed staff.

The Sheriff's Department has filled nearly all of the vacancies it has had in the three prior years. According to Mr. Hollings, a preliminary report by the City Services Auditor report from the Controller's Office notes that "the increase in hiring did not keep pace with the increase in the amount of work the Sheriff staff performs."

Sheriff Professional Services

In addition to the \$4,000,000 for overtime, the Sheriff's Department is requesting an additional \$450,000 for professional services. In April 2019, the Board of Supervisors approved a third contract amendment to the existing contract with Leaders in Community Alternatives, Inc. to administer the Sheriff's Department's court-ordered electronic monitoring program. The amendment, in part, increases the total not to exceed amount by \$465,000, from \$2,000,000 to \$2,465,000 (File 19-0203). The increased cost of the contract was due to increased costs of the program due to an increase in the number of court-ordered electronic monitoring participants (see above) and, at the same time, Sheriff Hennessy's decision to eliminate fees for sentenced electronic monitoring participants. According to Mr. Hollings, the department has been able to pay for some of the additional cost through savings. However, because the Professional Services budget was modified by the Board during the FY 2018-19 budget process, the department will need a two-thirds vote of the Board of Supervisors to re-allocate funds from capital projects to professional services in order to comply with Charter Section 9.113(c).

³ Principled Policing goals were promulgated by the Community Oriented Policing Services of the U.S. Department of Justice, which made specific recommendations to the Police Department on training on cultural competency, procedural justice, and explicit/implicit bias.

⁴ Proposition 63, approved by California voters in 2016, requires background checks for ammunition purchases.

⁵ Since the early 2000s, the Sheriff's Department has funded an electronic monitoring program as a court-ordered alternative to incarceration..

The Sheriff’s Department’s budget for non-work order overtime⁶ in FY 2018-19 is \$17,149,444. As of the March 8, 2019 pay period, the Sheriff’s Department’s actual non work order overtime expenditures were \$14,606,697. Projected overtime spending through June 30, 2019 is approximately \$21,150,000. The requested re-appropriation of \$4,000,000 would increase the non-work order overtime budget from \$17,149,444 to \$21,149,444, an increase of 23.3 percent.

The total non-work order overtime budget (original budget and the requested appropriation) of \$21,149,444 million is approximately \$1,792,304 million or 8 percent less than the Sheriff’s Department’s total non-work order overtime expenditures of \$22,941,748 in FY 2017-18.

Fire Department: \$398,561

The proposed ordinance appropriates \$398,561 in overtime service fee revenues that exceed budgeted revenues in the Fire Department’s FY 2018-19 budget to pay for \$398,561 in overtime, as shown in Table X below.

Table 3: Fire Department Appropriation to Overtime

Sources	
Fire Overtime Service Fees	\$398,561
Total Sources	\$398,561
Uses	
<u>Appropriation</u>	
Overtime	\$398,561

According to Mr. Mark Corso, Fire Department’s Deputy Director of Finance and Planning, the department is requesting an overtime supplement for the Bureau of Fire Prevention, which handles services such as fire inspections, permits and licenses. The Bureau of Fire Prevention is predominantly funded by fee revenues generated from services. Overtime services at the Bureau are at the request of customers and include activities such as after-hours inspections and plan reviews or additional services outside the regular scope of work during business hours. According to Mr. Corso, the department budgeted \$2 million for anticipated overtime services in FY 2018-19 based partly on the \$1.97 million in actual expenditures from FY 2017-18. However, the department anticipates exceeding this amount in this fiscal year given a higher than anticipated level of activity due to an increase in special events and requests for expedited and off-hours inspections for permits needed for construction. Mr. Corso states that in order to offset the costs for additional overtime, the department is projecting a corresponding level of fee revenues associated with the overtime services⁷.

The Fire Department’s budget for non-work order overtime in FY 2018-19 is \$33,580,464. As of the March 8, 2019 pay period, the Fire Department’s actual non work order overtime expenditures were \$24,386,383. The requested re-appropriation of \$398,561 would increase the non-work order overtime budget from \$33,580,464 to \$33,979,025, an increase of 1.2

⁶ Per the Administrative Code 3.17, the annual appropriations ordinance shall contain a separate appropriation within the annual operating funds for overtime. General fund work orders are not an annual operating fund.

⁷ Fees are collected prior to services being provided.

percent. The total non-work order overtime budget (original budget and the requested appropriation) of \$33,979,025 is approximately \$3,236,783 or 10.5 percent more than the Fire Department's total overtime expenditures of \$30,742,242 in FY 2017-18.

Public Utilities Commission: \$1,300,492

The proposed ordinance de-appropriates \$1,300,492 in surplus salaries in the Public Utilities' FY 2018-19 budget to pay for \$1,300,492 in overtime expenditures, as shown in Table 4 below.

Table 4: Public Utilities Commission Appropriation to Overtime

	Bureaus	Water	Wastewater	Hetch Hetchy	Total
Sources – De-Appropriation					
Miscellaneous Salaries	\$10,563	\$694,775	\$461,022	\$134,132	\$1,300,492
Uses					
Overtime	\$10,563	\$694,775	\$461,022	\$134,132	\$1,300,492

According to Mr. Carlos Jacobo, SFPUC's Budget Director, the savings in salaries are due primarily to vacant positions. As of March 2019, the SFPUC's Water Enterprise⁸ division had 108 vacancies, and the Wastewater Enterprise⁹ division had 80 vacancies.

According to Mr. Jacobo, staffing shortages as a result of vacancies¹⁰ are contributing to increased overtime and impacting the ability of the Water Enterprise division to meet minimum operating staffing levels, as well as respond to emergencies such as water main breaks. Mr. Jacobo also states that staffing shortages, as well as planning and preparation efforts to minimize flooding due to the rainy season, contributed to increased overtime at the Wastewater Enterprise division. These efforts include temporary flood barrier installations during heavy rains, increased operations of the North Point Wet Weather Facility (NPF)¹¹ and nighttime inspections of Combined Sewer Discharge (CSD) infrastructure required under National Pollutant Discharge Elimination System (NPDES) permits.

The SFPUC's budget for non-work order overtime in FY 2018-19 is \$4,963,517. As of the March 8, 2019 pay period, the SFPUC's actual non work order overtime expenditures were \$4,291,191.

⁸ The Water Enterprise is responsible for collecting, treating and distributing about 200 million gallons of water per day to 2.7 million people, including retail customers in the City, and 27 wholesale customers located in San Mateo, Santa Clara, and Alameda Counties.

⁹ The Wastewater Enterprise collects, transports, treats, and discharges sanitary and stormwater runoff generated within the City, Treasure Island and Yerba Buena Island.

¹⁰ According to SFPUC, the shortage of positions that use overtime to fill shifts and respond to emergencies include the following: Stationary Engineers (6 vacancies of 12 positions), Gatemen and Foremen (5 vacancies of 24 positions), Utility Plumber (11 vacancies of 64 positions) and Utility Plumber Supervisor II (1 vacant of 4 positions).

¹¹ According to SFPUC, the North Point Wet Weather Facility (NPF) has discharged 68 percent more effluent to San Francisco Bay and operated more frequently in the July through January period than the comparable period in FY 2017-18. Data has not been publicly submitted yet for February or March, however the same trend has continued. Required minimum staffing levels dictate that NPF has three certified operators onsite when the National Oceanic and Atmospheric Administration (NOAA) forecasts a 30 percent or greater probability of precipitation. These personnel are typically on overtime as the facility is only staffed at these levels during wet weather events.

The requested re-appropriation of \$1,300,492 would increase the non-work order overtime budget from \$4,963,517 to \$6,264,009, an increase of 26.2 percent. According to Mr. Jacobo, \$650,492 of the requested amount is to compensate the Fair Labor Standards Act (FLSA)¹² settlement for SFPUC employees. The total non-work order overtime budget (original budget and the requested appropriation) of \$6,264,009 is approximately \$1,286,033 or 25.8 percent more than the SFPUC's total overtime expenditures of \$4,977,976 in FY 2017-18.

RECOMMENDATION

Approve the proposed ordinance.

¹² The Fair Labor Standards Act (FLSA) requires that covered, non-exempt employees must receive one-and-one-half times their regular rate of pay for all hours worked over forty in a workweek.