



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

August 26, 2013

Ms. Angela Calvillo
Clerk of the Board of Supervisors
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: File Numbers 130762 and 130763: Amendments to the Memorandum of Understanding (MOU) with the San Francisco Police Officers Association

Dear Ms. Calvillo,

In accordance with Ordinance 92-94, I am submitting a cost analysis of the MOU between the City and County of San Francisco and the San Francisco Police Officers Association. The amendments apply to the period commencing July 1, 2013 through June 30, 2018, affecting 2,502 authorized positions with a salary base of approximately \$310.8 million and an overall pay and benefits base of approximately \$415.1 million.

Our analysis finds that from FY 2013-14 through FY 2017-18 the amendments to the MOU achieve savings of approximately \$22.0 million for the term of the MOU as a result of reducing entry pay levels by 10%. These savings are offset by increased costs of approximately \$32.4 million for the term of the MOU primarily as a result of three annual wage increases of 1%, 2%, and 2% in FY 2015-16 through FY 2017-18, respectively. Together these provisions result in a net cost increase of \$12.4 million during the term of the MOU. On an annual basis, our analysis concludes that the ordinance will result in savings of approximately \$0.7 million in FY 2013-14, \$2.0 million in FY 2014-15, and \$0.4 million in 2015-16, and cost increases of \$4.8 million in FY 2016-17, and \$8.8 million in FY 2017-18.

Our analysis does not include costs related to the continuation of the wellness incentive program for the term of the agreement which is projected to cost \$3.8 million annually. An end date for the program was not included in the agreements prior to the current extension which explicitly ends the program on June 30, 2018. Our projections of costs related to wage increases in FY 2015-16 through FY 2017-18 are dependent on the number of officer retirements during those years, if fewer officers than expected retire costs associated with wage increases during those years will rise.

If you have additional questions or concerns please contact me at 554-7500 or Drew Murrell of my staff at 554-7647.

Sincerely,


Ben Rosenfield
Controller

cc: Martin Gran, ERD
Harvey Rose, Budget Analyst

Attachment A

**Amendment No. 5 to the Memorandum of Understanding from July 1, 2007- June 30, 2018
 San Francisco Police Officers' Association; Units P-1 and P-2A
 Controller's Office Estimate of Costs/(Savings) FY 2014 - FY 2018**

	<u>FY 2013-2014</u>	<u>FY 2014-2015</u>	<u>FY 2015-2016</u>	<u>FY 2016-2017</u>	<u>FY 2017-2018</u>
<u>Annual Costs/(Savings)</u>					
Wages & Wage-Related Fringe Benefits					
Effective July 1, 2013 for Police Officer I (Q2, Q3, and Q4), for employees hired on or after July 1, 2013 there shall be two new steps, at 5% below and 10% below the current entry step that is applicable, and the current entry step shall become step 3 in the step plan.	\$ (727,000)	\$ (2,037,000)	\$ (3,978,000)	\$ (6,015,000)	\$ (9,233,000)
1% Wage increase effective July 1, 2015, followed by 2% wage increases on July 1, 2016, and July 1, 2017 for all employees.	\$ -	\$ -	\$ 3,604,000	\$ 10,811,000	\$ 18,019,000
Other					
Effective June 30, 2013, officers will no longer receive bonuses for recruiting candidates who successfully complete the Police Academy	\$ (7,000)	\$ (7,000)	\$ (7,000)	\$ (7,000)	\$ (7,000)
Annual Amount Increase/(Decrease)	<u>\$ (734,000)</u>	<u>\$ (2,044,000)</u>	<u>\$ (381,000)</u>	<u>\$ 4,789,000</u>	<u>\$ 8,779,000</u>