



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

July 16, 2014

Ms. Angela Calvillo  
Clerk of the Board of Supervisors  
1 Dr. Carlton B. Goodlett Place Room 244  
San Francisco, CA 94102-4689

RE: File 140687 – Motion regarding minimum wage ordinance to be submitted to the voters

Dear Ms. Calvillo,

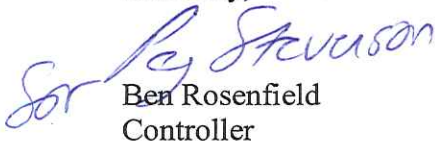
Should the proposed motion be submitted and the ordinance placed on the ballot and approved by the voters, in my opinion, it would have a significant impact on the cost of government.

The ordinance increases the City's minimum wage to \$12.25 per hour in 2015 and requires specified annual increases until reaching a \$15 per hour rate by 2018. Annual cost-of-living increases would then apply for years after 2018. The measure would apply to both private and public employers in the City, with narrow exceptions outlined in the ordinance.

The Controller's Office estimates that the ordinance will increase City government costs by approximately \$12.8 million in fiscal year (FY) 2015-16, \$23.9 million in FY 2016-17, \$39.4 million in FY 2017-18 and \$56.3 million in FY 2018-19, with cost increases continuing at the rate of the Consumer Price Index thereafter. The majority of these costs are attributable to higher wages required for non-profit social services organizations that contract with the City. These costs may be reduced in future years if the State determines that some of these costs are reimbursable under State guidelines.

This statement does not address the impact of the proposed ordinance on the private economy. The Controller's Office of Economic Analysis will provide an analysis and report on the measure's overall economic impact to the Board of Supervisors.

Sincerely,

  
Ben Rosenfield  
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.