

File No. 170581

Committee Item No. N/A

Board Item No. 1

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 18, 2017

Board of Supervisors Meeting

Date 6/6/2017

Cmte Board

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- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date May 12, 2017
 Completed by: Linda Wong Date May 14, 2017

AMENDED IN COMMITTEE

5/11/17

FILE NO. 170581

ORDINANCE NO.

RO#170289
SA#99-289

[Appropriation and De-Appropriation - Fund Balance and Expenditures of \$25,482,258
\$18,982,258 - Supporting Increased Overtime Expenditures - FY2016-2017]

Ordinance appropriating \$300,000 Water Enterprise Fund Balance, de-appropriating
~~\$25,182,258~~ \$18,682,258 from permanent salaries, fringe benefit expenses, and non-
personnel services, and appropriating ~~\$25,482,258~~ \$18,982,258 to overtime in the
Sheriff's Department, Department of Emergency Management, Fire Department,
Department of Public Health, and the Public Utilities Commission, ~~and the Police~~
Department operating budgets in order to support the Departments projected increases
in overtime as required per Ordinance No. 194-11 in FY2016-2017. This Ordinance
requires a two-thirds vote of all members of the Board of Supervisors for approval of
the Department of Public Health and ~~Police Department~~ overtime appropriations,
pursuant to Charter, Section 9.113(c).

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 sources of funding outlined below are herein appropriated to reflect the
projected sources of funding available for FY2016-2017.

Sources Appropriation

| Fund | Index/Project Code | Subobject | Description | Amount |
|------------|--------------------|-----------|--------------|-----------|
| 5W AAA AAA | 470000 | 99999B | Fund Balance | \$300,000 |

1 **Total SOURCES Appropriation**

\$300,000

2
3 Section 2. The uses of funding outlined below are herein appropriated to reflect the
4 projected uses of funding for FY2016-2017.

5
6 **Uses Appropriation**

7

| Fund | Index/Project Code | Subobject | Description | Amount |
|--|--------------------|-----------|-----------------|------------------|
| 5W AAA AAA | 477302 | 01101 | OVERTIME – MISC | \$300,000 |
| SFWD-OPERATING-NON- PROJ-CONTROLLED | | | | |
| Total USES Appropriation | | | | <u>\$300,000</u> |

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14 Section 3. The uses of funding outlined below are herein de-appropriated to reflect the
15 projected funding available for FY2016-2017.

16
17 **Uses De-Appropriation**

18

| Fund | Index/Project Code | Subobject | Description | Amount |
|--------------------------------|--------------------|-----------|----------------------|---------------|
| 1G AGF AAA | 062CJ5 | 00101 | PERMANENT | (\$5,250,000) |
| GF – NON PROJECT CONTROLLED | | | SALARIES-MISC | |
| 1G AGF AAA | 062CJ5 | 00201 | PERMANENT | (\$4,000,000) |
| GF – NON PROJECT CONTROLLED | | | SALARIES- UNIFORM | |

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| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|---------------------------------|--------------------|-----------|------------------|------------------------------|
| 1 | | | | | |
| 2 | 1G AGF AAA | 062CJ5 | 01309 | RETIREMENT NON- | (\$1,300,000) |
| 3 | GF - NON PROJECT | | | CITY (PERS) | |
| 4 | CONTROLLED | | | | |
| 5 | | | | | |
| 6 | 1G AGF AAA | 062CJ5 | 01571 | HEALTH SERVICE - | (\$510,000) |
| 7 | GF - NON PROJECT | | | CITY MATCH | |
| 8 | CONTROLLED | | | | |
| 9 | | | | | |
| 10 | Subtotal - Sheriff's | | | | <u>(\$11,060,000)</u> |
| 11 | Department | | | | |
| 12 | | | | | |
| 13 | 1G AGF AAA | 770211 | 00101 | PERMANENT | (\$654,860) |
| 14 | GF - NON PROJECT | | | SALARIES-MISC | |
| 15 | CONTROLLED | | | | |
| 16 | | | | | |
| 17 | 1G AGF AAA | 770211 | 01301 | RETIRE CITY MISC | (\$218,286) |
| 18 | GF - NON PROJECT | | | | |
| 19 | CONTROLLED | | | | |
| 20 | | | | | |
| 21 | Subtotal - Department of | | | | <u>(\$873,146)</u> |
| 22 | Emergency Management | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|------------------------------------|--------------------|-----------|------------------|-----------------------------|
| 1 | | | | | |
| 2 | 5H AAA AAA | HGH1HUN40061 | 01500 | HEALTH SERVICE - | (\$4,537,000) |
| 3 | SFGH-OPERATING-NON- | | | BUDGET | |
| 4 | PROJ-CONTROLLED | | | | |
| 5 | | | | | |
| 6 | 5L AAA AAA | HLH448811 | 00101 | PERMANENT | (\$750,000) |
| 7 | SFLH-OPERATING-NON- | | | SALARIES-MISC | |
| 8 | PROJ-CONTROLLED | | | | |
| 9 | | | | | |
| 10 | Subtotal - Department of | | | | <u>(\$5,287,000)</u> |
| 11 | Public Health | | | | |
| 12 | | | | | |
| 13 | 5T AAA AAA | 326112 | 00101 | PERMANENT | (\$150,000) |
| 14 | HETCHY OPERATING- | | | SALARIES-MISC | |
| 15 | NON-PROJ-CONTROLLED | | | | |
| 16 | | | | | |
| 17 | 5C AAA AAA | 920401 | 098GR | DESIGNATED FOR | (\$500,000) |
| 18 | CWP-OPERATING-NON- | | | GENERAL | |
| 19 | PROJ-CONTROLLED | | | RESERVE | |
| 20 | | | | | |
| 21 | Subtotal - Public Utilities | | | | <u>(\$650,000)</u> |
| 22 | Commission | | | | |
| 23 | | | | | |
| 24 | | | | | |
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| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|------------------------------------|--------------------|-----------|-----------------|------------------------------|
| 1 | | | | | |
| 2 | 4G AGF AAA | 385036 | 00201 | UNIFORM- | (\$6,000,000) |
| 3 | GF NON PROJECT | | | REGULAR | |
| 4 | CONTROLLED | | | | |
| 5 | | | | | |
| 6 | 4G AGF AAA | 385035 | 02200 | TRAINING- | (\$500,000) |
| 7 | GF NON PROJECT | | | BUDGET | |
| 8 | CONTROLLED | | | | |
| 9 | | | | | |
| 10 | Subtotal - Police | | | | <u>(\$6,500,000)</u> |
| 11 | Department | | | | |
| 12 | | | | | |
| 13 | 5A AAA AAA | 315017 | 00201 | UNIFORM- | (\$649,304) |
| 14 | SFIA-OPERATING-NON- | | | REGULAR | |
| 15 | PROJ-CONTROLLED FD | | | | |
| 16 | | | | | |
| 17 | 5A AAA AAA | 315017 | 01303 | RETIRE CITY | (\$162,808) |
| 18 | SFIA-OPERATING-NON- | | | UNIFORM (POLICE | |
| 19 | PROJ-CONTROLLED FD | | | & FIRE) | |
| 20 | | | | | |
| 21 | Subtotal - Fire Department | | | | <u>(\$812,112)</u> |
| 22 | | | | | |
| 23 | Total USES De-Appropriation | | | | <u>(\$25,482,258)</u> |
| 24 | | | | | <u>(\$18,682,258)</u> |
| 25 | | | | | |

1 Section 4. The uses of funding outlined below are herein appropriated to reflect the
 2 projected use of funding for FY2016-2017.

3
 4 **Uses Re-Appropriation**

| Fund | Index/Project Code | Subobject | Description | Amount |
|--|--------------------|-----------|------------------|----------------------------|
| 1G AGF AAA | 062CJ5 | 01102 | SALARIES | \$11,060,000 |
| GF – NON PROJECT | | | OVERTIME – | |
| CONTROLLED | | | UNIFORM | |
| Subtotal - Sheriff's Department | | | | <u>\$11,060,000</u> |
| 1G AGF AAA | 770211 | 01101 | OVERTIME – MISC | \$873.146 |
| GF – NON PROJECT | | | | |
| CONTROLLED | | | | |
| Subtotal - Department of Emergency Management | | | | <u>\$873,146</u> |
| 5H AAA AAA | HGH1HUN40061 | 01104 | OVERTIME – NURSE | \$4,537,000 |
| SFGH-OPERATING-NON- | | | | |
| PROJ-CONTROLLED | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|------------------------------------|--------------------|-----------|-----------------|---------------------------|
| 1 | | | | | |
| 2 | 5L AAA AAA | HLH448811 | 01101 | OVERTIME - MISC | \$750,000 |
| 3 | SFLH-OPERATING-NON- | | | | |
| 4 | PROJ-CONTROLLED | | | | |
| 5 | | | | | |
| 6 | Subtotal - Department of | | | | <u>\$5,287,000</u> |
| 7 | Public Health | | | | |
| 8 | | | | | |
| 9 | 5T AAA AAA | 326112 | 01101 | OVERTIME - MISC | \$150,000 |
| 10 | HETCHY OPERATING- | | | | |
| 11 | NON-PROJ-CONTROLLED | | | | |
| 12 | FD | | | | |
| 13 | | | | | |
| 14 | 5C AAA AAA | 920401 | 01101 | OVERTIME - MISC | \$500,000 |
| 15 | CWP-OPERATING-NON- | | | | |
| 16 | PROJ-CONTROLLED | | | | |
| 17 | | | | | |
| 18 | Subtotal - Public Utilities | | | | <u>\$650,000</u> |
| 19 | Commission | | | | |
| 20 | | | | | |
| 21 | 1G AGF AAA | 385036 | 01102 | OVERTIME | \$6,000,000 |
| 22 | GF NON PROJECT | | | UNIFORM | |
| 23 | CONTROLLED | | | | |
| 24 | | | | | |
| 25 | | | | | |

| | Fund | Index/Project Code | Subobject | Description | Amount |
|----|------------------------------------|--------------------|-----------|-------------|---------------------|
| 1 | | | | | |
| 2 | 1G AGE AAA | 385035 | 01102 | OVERTIME - | \$500,000 |
| 3 | GF - NON PROJECT | | | UNIFORM | |
| 4 | CONTROLLED | | | | |
| 5 | | | | | |
| 6 | Subtotal - Police | | | | <u>\$6,500,000</u> |
| 7 | Department | | | | |
| 8 | | | | | |
| 9 | 5A AAA AAA | 315017 | 01102 | OVERTIME - | \$812,112 |
| 10 | SFIA-OPERATING-NON- | | | UNIFORM | |
| 11 | PROJ-CONTROLLED FD | | | | |
| 12 | | | | | |
| 13 | Subtotal - Fire Department | | | | <u>\$812,112</u> |
| 14 | | | | | |
| 15 | Total USES Re-Appropriation | | | | <u>\$25,482,258</u> |
| 16 | | | | | <u>\$18,682,258</u> |
| 17 | | | | | |

19 Section 5. The Controller is authorized to record transfers between funds and adjust
20 the accounting treatment of sources and uses appropriated in this Ordinance as necessary to
21 conform with Generally Accepted Accounting Principles.

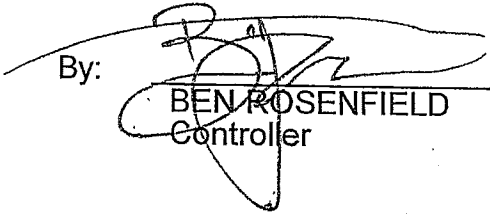
1 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE:
BEN ROSENFELD, Controller

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3 By:


BUCK DELVENTHAL
Deputy City Attorney

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By:


BEN ROSENFELD
Controller

ANALYSIS OF SUPPLEMENTAL APPROPRIATION REQUEST

DEPARTMENT: DEM, DPH, FIR, POL PUC, SHF

DATE: April 24, 2017

S.A.#

ANALYST: Nereida Heller

AMOUNT REQUESTED: \$N/A (net neutral)

POSITIONS REQUESTED: N/A

FUNDING SOURCES: 1G AGF AAA (DEM, SFH, POL); 5A AAA AAA (FIR); 5L AAA AAA and 5H AAA AAA (DPH); 5C AAA AAA, 5T AAA AAA and 5W AAA AAA (PUC)

SUBJECT: The Fire Department (FIR), Department of Emergency Management (DEM), Department of Public Health (DPH), Police Department (POL), Public Utilities Commission (PUC) and Sheriff's Department (SHF) request authority to transfer currently appropriated funds from non-overtime funds for overtime usage.

BACKGROUND:

In September 2011, Ordinance 194-11 amended Section 3.17 of the Administrative Code to require nine City departments to obtain a supplemental if they were to overspend their overtime budgets. Based on department projects, and Mayor's Office and Controller's Office analysis, DEM, DPH, FIR, POL, PUC and SHF project the need for cost neutral overtime supplementals.

- **Sheriff's \$11M request** is driven by staffing shortfalls combined with increased minimum posts at the new General Hospital.
- **Police's \$6.5M request** is driven by increased costs associated with the multi-year hiring plan, particularly increased Academy training, and the costs associated with the additional time needed for new officers in field training to process arrests and investigations.
- **DPH's \$5.3M request** is driven by new workflows and increased utilization of services resulting from the opening of the new ZSFGH, and increased number of patients at Laguna Honda.
- **PUC's \$1M request** is driven by winter storm responses, unusually high vacancy rates, and emergency responses to storm-related damage.
- **DEM's \$0.9M request** is due to high call volumes combined with a staffing shortfall.
- **Fire's \$0.8M request** is driven by a high number of retirements and promotions at the Airport posted positions, which have been slow to fill due to training requirements.

| <u>Departments</u> | <u>Sources</u> | <u>Overtime (Uses)</u> | <u>GF Impact</u> |
|--------------------|-------------------|------------------------|------------------|
| DEM | 873,146 | (873,146) | - |
| DPH | 5,287,000 | (5,287,000) | - |
| FIR | 812,112 | (812,112) | - |
| POL | 6,500,000 | (6,500,000) | - |
| PUC | 950,000 | (950,000) | - |
| SHF | 11,060,000 | (11,060,000) | - |
| Totals | 25,482,258 | (25,482,258) | - |

RECOMMENDATION: Approve

FISCAL IMPACT: This request has no new fiscal impact to the General Fund.

| | |
|--------------------------------------|---|
| Item 3 File 17-0469 | Departments: Sheriff, Emergency Management, Public Health, Public Utilities Commission, Police, Fire |
|--------------------------------------|---|

EXECUTIVE SUMMARY

Legislative Objectives

The proposed ordinance would (1) appropriate \$300,000 of Water Enterprise Fund Balance, (2) de-appropriate \$25,182,258 in surplus expenditures, and (3) appropriate \$25,482,258 to pay for FY 2016-17 overtime expenditures in excess of the originally budgeted FY 2016-17 overtime amounts, resulting in a projected overtime shortfall in the Sheriff’s Department, Department of Emergency Management, Fire Department, Department of Public Health, Public Utilities Commission, and Police Department operating budgets in FY 2016-17.

Fiscal Impact

- The Sheriff’s Department has (a) \$11,060,000 in surplus salaries and related costs due to vacant civilian and uniform positions; and (b) projected excess overtime expenditures of \$11,060,000 due to backfilling vacant positions to meet minimum staffing requirements.
- The Department of Emergency Management has (a) \$873,146 in surplus salaries due to the resignations of 18 permanent staff, and (b) projected excess overtime expenditures of \$873,146 due to increased attrition and lengthy training time for new dispatchers.
- The Department of Public Health has (a) \$5,287,000 in surplus salaries at San Francisco General Hospital and Laguna Honda Hospital due primarily to delays in hiring budgeted positions; and (b) projected excess overtime expenditures of \$5,287,000 due primarily to backfilling additional positions at the new hospital that have not yet been filled.
- The Public Utilities Commission has (a) \$650,000 in surplus salaries and general reserve; (b) a need to appropriate \$300,000 in Water Enterprise Fund Balance; and (c) projected excess overtime expenditures of \$950,000 due primarily to emergency response work in the Water, Wastewater, and Hetch Hetchy Enterprises.
- The Police Department has (a) \$6,500,000 in surplus salaries and other current expenses due primarily to vacant positions; and (b) projected excess overtime expenditures of \$6,500,000 due to primarily to increased overtime for arrests, investigations, and training.
- The Fire Department has (a) \$812,112 in surplus salaries and related costs due to vacant uniform positions at the Airport; and (b) projected excess overtime expenditures of \$812,112 due to delays in hiring new firefighter staff at the Airport.

Recommendations

- The Board of Supervisors should request that departments covered by Administrative Code Section 3.17 consult with the Mayor’s and Controller’s Offices after six-months of each fiscal year to develop (1) projections for overtime in the remaining six months of the year based on known needs, and (2) strategies to reduce the occurrence avoidable overtime. If such projections indicate that additional overtime is warranted for the fiscal year, supplemental appropriations should be submitted to the Board of Supervisors at that time.
- Because the Police Department, Sheriff’s Department, Department of Public Health, and Department of Emergency Management have already incurred overtime expenditures in excess of their previously appropriated budgets, which does not comply with Administrative Code Section 3.17, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

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, which was approved by the Board of Supervisors in September 2011, 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 ordinance would (1) appropriate \$300,000 of Water Enterprise Fund Balance, (2) de-appropriate \$25,182,258 in surplus expenditures, and (3) appropriate \$25,482,258 to pay for FY 2016-17 overtime expenditures in excess of the originally budgeted FY 2016-17 overtime amounts, resulting in a projected overtime shortfall in the Sheriff's Department, Department of Emergency Management, Fire Department, Department of Public Health, Public Utilities Commission, and Police Department operating budgets in FY 2016-17.

The attachment summarizes the proposed appropriation of \$25,482,258 to pay for overtime costs in excess of the originally budgeted overtime amounts, resulting in a projected overtime shortfall in each of the respective six City departments' FY 2016-17 budgets.

FISCAL IMPACT**Sheriff's Department: \$11,060,000**

The proposed ordinance de-appropriates \$11,060,000 in surplus salaries, and employer contributions to retirement and health benefits in the Sheriff's Department's FY 2016-17 budget to pay for \$11,060,000 in overtime expenditures, as shown in Table 1 below.

Table 1: Sheriff's Department Appropriation to Overtime

| Sources | |
|----------------------------------|---------------------|
| <u>De-appropriation</u> | |
| Permanent Salaries Miscellaneous | \$5,250,000 |
| Permanent Salaries Uniform | 4,000,000 |
| Retirement Non-City (PERS) | 1,300,000 |
| Health Service - City Match | 510,000 |
| Total Sources | \$11,060,000 |
| Uses | |
| Overtime - Uniform | \$11,060,000 |
| Total Uses | \$11,060,000 |

According to Mr. Crispin Hollings, Chief Financial Officer of the Sheriff's Department, the FY 2016-17 surplus in miscellaneous and uniform salaries is due primarily to vacant positions. The Sheriff's Department has had a year-to-date average of 26 vacant miscellaneous positions and 46 vacant uniform positions.¹ The increase in FY 2016-17 overtime usage is due primarily to backfilling vacant uniform positions to meet minimum staffing requirements in the jails and to meet increased security needs at Zuckerberg San Francisco General Hospital and City Hall.

The Sheriff's Department General Fund budget for overtime in FY 2016-17 is \$12,194,778, so the requested re-appropriation of \$11,060,000 would increase the overtime budget to \$23,254,778, an increase of 91 percent. The requested total overtime budget of \$23,254,778 in FY 2016-17 is approximately \$4.3 million or 22 percent higher than the department's total General Fund overtime expenditures of \$19.0 million in FY 2015-16. Since FY 2013-14, Sheriff overtime expenditures have increased by approximately \$13.6 million, or 130 percent.

According to Mr. Hollings, between the beginning of FY 2013-14 and the end of FY 2015-16, sworn staff decreased by approximately 50 full-time equivalents (FTEs). Additionally, in FY 2015-16 security needs increased at Zuckerberg San Francisco General Hospital due to the opening of the new building, and at City Hall due to an increase in First Amendment gatherings. As a result, the authorized budget for sworn deputy sheriffs increased from 808 FTEs in FY 2015-16 to 839 FTEs in FY 2016-17. According to Mr. Hollings, between ongoing separations (which average 35 deputies each year) and the new authorized positions, the department is still working to fill some of these positions – a process that takes approximately 18 months for recruitment, full background investigations and training.

Department of Emergency Management: \$873,146

The proposed ordinance de-appropriates \$873,146 in surplus salaries and employer contributions to retirement in the Department of Emergency Management's FY 2016-17 budget to pay for \$873,146 in overtime expenditures, as shown in Table 2 below.

¹ As of March 2017, the Sheriff's Department has 20 vacant miscellaneous positions and 22 vacant uniform positions.

Table 2: Department of Emergency Management Appropriation to Overtime

| Sources | |
|----------------------------------|------------------|
| <u>De-appropriation</u> | |
| Permanent Salaries Miscellaneous | \$654,860 |
| Retirement Miscellaneous | 218,286 |
| Total Sources | \$873,146 |
| Uses | |
| Overtime - Miscellaneous | \$873,146 |
| Total Uses | \$873,146 |

According to Mr. William Lee, Deputy Director of Administration and Support at the Department of Emergency Management, the FY 2016-17 salary surplus is due to the resignations of 18 FTE staff in FY 2016-17. The FY 2016-17 overtime shortfall was due to increased attrition, lengthy training time to replace call center dispatchers, and an increase in emergency and non-emergency calls to the 911 Call Center.

The Department of Emergency Management's budget for overtime in FY 2016-17 is \$3,248,525, so the requested re-appropriation of \$873,146 would increase the overtime budget to \$4,121,671, an increase of 27 percent. The requested total overtime budget of \$4,121,671 is approximately \$0.6 million or 18 percent higher than the Department of Emergency Management's total overtime expenditures of \$3.5 million in FY 2015-16.

Department of Public Health: \$5,287,000

The proposed ordinance de-appropriates \$5,287,000 in surplus salaries and health benefits at San Francisco General Hospital (SFGH) and Laguna Honda Hospital (LHH) in the Department of Public Health's FY 2016-17 budget to pay for \$5,287,000 in SFGH and LHH overtime expenditures, as shown in Table 3 below.

Table 3: Department of Public Health Appropriation to Overtime at SFGH and LHH

| Sources | |
|--|--------------------|
| <u>De-appropriation</u> | |
| Health Service – Budget (SFGH) | \$4,537,000 |
| Permanent Salaries Miscellaneous (LHH) | 750,000 |
| Total Sources | \$5,287,000 |
| Uses | |
| Overtime – Nurses (SFGH) | \$4,537,000 |
| Overtime – Miscellaneous (LHH) | 750,000 |
| Total Uses | \$5,287,000 |

The current FY 2016-17 overtime budget for SFGH and LHH is \$12,538,896, and the requested re-appropriation of \$5,287,000 will increase it to \$17,825,896, an increase of 42 percent. According to Mr. James Alexander, Budget Director for Zuckerberg SFGH, the opening of the new hospital and trauma center at Zuckerberg SFGH resulted in the need for additional Registered Nurse staff. The FY 2016-17 salary surplus is due primarily to backfilling Registered Nurse vacancies (73.7 FTEs at LHH; 137.7 FTEs at SFGH) and delays in hiring the additional budgeted positions. Since overtime usage does not incur health insurance or retirement

benefits like permanent filled positions, there is a surplus in health reserve mandatory fringe benefits for the Health Service System:

San Francisco Public Utilities Commission: \$950,000

The proposed ordinance de-appropriates \$150,000 in surplus salaries and \$500,000 in general reserve in the San Francisco Public Utilities Commission (SFPUC) FY 2016-17 budget and appropriates \$300,000 from the Water Enterprise Fund Balance to pay for \$950,000 in SFPUC overtime expenditures in the Water, Wastewater, and Hetch Hetchy Enterprises, as shown in Table 4 below.

Table 4: SFPUC Appropriation to Overtime in Water, Wastewater, and Hetch Hetchy Enterprises

| | Water Enterprise | Wastewater Enterprise | Hetch Hetchy | Total SFPUC |
|----------------------------------|------------------|-----------------------|------------------|------------------|
| Sources | | | | |
| <u>De-appropriation</u> | | | | |
| Permanent Salaries Miscellaneous | | | \$150,000 | \$150,000 |
| General Reserve | | \$500,000 | | 500,000 |
| <u>Appropriation</u> | | | | |
| Water Enterprise Fund Balance | \$300,000 | | | 300,000 |
| Total Sources | \$300,000 | \$500,000 | \$150,000 | \$950,000 |
| Uses | | | | |
| Overtime - Miscellaneous | \$300,000 | \$500,000 | \$150,000 | \$950,000 |
| Total Uses | \$300,000 | \$500,000 | \$150,000 | \$950,000 |

SFPUC’s current FY 2016-17 overtime budget is approximately \$4,000,000, so the requested \$950,000 will increase the budget to approximately \$4,950,000, or an increase of 24 percent. According to Mr. Carlos Jacobo, SFPUC Budget Director, the increase in overtime in FY 2016-17 is due to the following reasons:

Water Enterprise

- Delays in filling vacant permanent positions have led to an increase in overtime to fill regular shifts when staff, such as Stationary Engineers on 24/7 watch duty are out sick.
- Emergency responses to water main breaks, service pipe leaks, and damaged hydrants after hours or on weekends.

Wastewater Enterprise

- Delays in filling vacant permanent positions (approximately 100 current vacancies).
- Doubling of wet weather mode volume and duration at treatment plants compared to the previous five years. Wet weather staffing is done largely through overtime due to vacancies.
- Increase in response to wet weather-related calls for sewer operations such as temporary flood barriers that must be staffed 24/7 while deployed, largely performed on overtime.

Hetch Hetchy Water and Power Enterprise

- The Mountain Tunnel shutdown in January and February.
- Overtime is expected to be high during May and June to address storm-related damage to access roads for water supply and power generation facilities.

Police Department: \$6,500,000

The proposed ordinance de-appropriates \$6,500,000 in surplus salaries and training budget in the Police Department’s FY 2016-17 budget to pay for \$6,500,000 in Police Department uniform overtime expenditures, as shown in Table 5 below.

Table 5: Police Department Appropriation to Overtime

| Sources | |
|----------------------------|--------------------|
| <u>De-appropriation</u> | |
| Permanent Salaries Uniform | \$6,000,000 |
| Training Budget. | 500,000 |
| Total Sources | \$6,500,000 |
| Uses | |
| Overtime - Uniform | 6,500,000 |
| Total Uses | \$6,500,000 |

According to Ms. Catherine McGuire, Chief Financial Officer of the Police Department, the surplus in salaries in FY 2016-17 is due primarily to vacant General Fund positions from delays in hiring. Among General Fund positions, the Police Department currently has approximately 80 FTE sworn officer vacancies, of which approximately 50 will be filled in June by an incoming Academy class.

The increase in overtime expenditures in FY 2016-17 is due to (1) a large number of new officers currently in field training, which results in arrests and investigations (the task associated with the largest amount of General Fund operating overtime) taking longer; (2) unusually high need for training overtime due to the large number of recruits in the Academy; and (3) an increase in First Amendment gatherings, requiring additional officers.

The Police Department’s General Fund budget for overtime in FY 2016-17 is \$14,628,191, so the requested re-appropriation of \$6,500,000 would increase the overtime budget to \$21,128,191, an increase of 44 percent. The Police Department’s total requested FY 2016-17 General Fund overtime budget of \$21,128,191 is \$1,623,291, or 8 percent, more than SFPD’s actual overtime expenditure of \$19,504,900 in FY 2015-16. However, it should be noted that in FY 2015-16, the Police Department expended \$3 million on General Fund overtime for the Super Bowl (a one-time event) that should contribute to reductions in overtime in FY 2016-17. The average General Fund overtime expenditure per FTE officer in FY 2016-17 is approximately 2 hours per week. The City caps overtime at 520 hours per FTE per year, and all overtime must be approved by a lieutenant before payroll is processed.

Over the past five years, SFPD’s General Fund overtime expenditures have increased by approximately \$8.8 million, or 71.5 percent, from \$12.3 million in FY 2011-12 to an estimated \$21.1 million in FY 2016-17.

Fire Department: \$812,112

The proposed ordinance de-appropriates \$812,112 in surplus salaries and retirement contributions to the Fire Department’s FY 2016-17 budget to pay for \$812,112 in uniform overtime expenditures at the Airport, as shown in Table 6 below.

Table 6: Fire Department Appropriation to Overtime

| | |
|----------------------------|------------------|
| Sources | |
| Permanent Salaries Uniform | \$649,304 |
| Retirement Uniform | 162,808 |
| Total Sources | \$812,112 |
| Uses | |
| Overtime - Uniform | \$812,112 |
| Total Uses | \$812,112 |

The Fire Department’s current FY 2016-17 overtime budget for the Airport is \$4,352,995. The requested re-appropriation of \$812,112 will increase the Fire Department’s Airport overtime budget to \$5,165,107, an increase of 19 percent. According to Mr. Mark Corso, Chief Financial Officer of the Fire Department, the FY 2016-17 salary surplus is due to lower than anticipated staffing at the Airport, where there are currently 6 FTE firefighter vacancies. The increased usage of overtime in FY 2016-17 is due to the requirement for the Fire Department to meet daily minimum staffing levels.

POLICY CONSIDERATION

Management of Overtime

Overtime occurrences are generally (1) known, budgeted or planned (e.g., annual special events); (2) unplanned (e.g., weather-related damage to infrastructure); or (3) avoidable, resulting from inefficient workload management. Known, planned and budgeted overtime, up to a point, can be a cost-effective method to meet department service levels because overtime is generally less expensive than hiring additional employees and paying for associated mandatory fringe benefits.

Unplanned overtime can occur on occasions as extraordinary events, such as this past winter’s storms, result in unexpected additional staffing needs. However, the amount of additional overtime being requested in the subject supplemental appropriation, particularly related to the Sheriff and Police Departments warrants closer scrutiny of management practices regarding workload assignments relative to overtime. Furthermore, the overall number of overtime hours and the cost of overtime in the Sheriff and Police Departments have been increasing every year since FY 2010-11, while the number of FTE staff have also increased.

Individual departments should review the costs and benefits of overtime to determine each department’s optimal level of overtime staffing and budget accordingly. To evaluate whether service levels could have been met with regular staff working straight-time, departments should categorize overtime hours as either planned or unplanned and evaluate whether the unplanned occurrences could be substituted with straight-time using alternative staffing assignments.

Excess Overtime and Attrition

In the cases of delays in hiring authorized positions, departments should benchmark their staffing/vacancy levels against similar jurisdictions to see if the hiring challenges are unique to the City's processes, or if particular job classes are difficult to hire. If the hiring delays are unique to the City, departments should work with the Department of Human Resources on strategies for streamlining the hiring process.

The Department of Emergency Management asserts that the rate of separations of 911 call center dispatchers has increased in recent years as call volumes and mandatory overtime has increased. Staffing of the 911 call center with new hires has not been able to keep pace with the rate of retirements and resignations, resulting in a level of service below national standards, and a resulting increase in overtime. In the case of the Department of Emergency Management, a more expedient hiring and training process is necessary to improve service levels and morale among dispatchers, and to reduce usage of overtime.

Requirement to Obtain Approval of a Supplemental Appropriation from the Board of Supervisors Prior to Incurring Excess Overtime Expenditures

Administrative Code Section 3.17(b) states that departments covered by Administrative Code Section 3.17 that propose to spend more on overtime than the amount appropriated in their budget must first obtain approval from the Board of Supervisors of a supplemental appropriation ordinance for that purpose. The Police Department, Sheriff's Department, Department of Public Health (SFGH), and Department of Emergency Management have already incurred overtime expenditures in excess of their previously appropriated budgets, which does not comply with this provision.

In the future, supplemental appropriation ordinances for overtime should be brought to the Board of Supervisors for approval prior to incurring excess overtime expenditures, as required under the City's Administrative Code. Departments covered by Administrative Code Section 3.17 should consult with the Mayor and Controller's Offices after six-months of the fiscal year to develop (1) projections for overtime in the remaining six months of the year based on known needs, and (2) strategies to reduce the occurrence of avoidable overtime. If such projections indicate that additional overtime is warranted for the fiscal year, supplemental appropriations should be submitted to the Board of Supervisors at that time. Because the Police Department, Sheriff's Department, Department of Public Health, and Department of Emergency Management have already incurred overtime expenditures in excess of their previously appropriated budgets, which does not comply with Administrative Code Section 3.17, the Budget and Legislative Analyst considers approval of the proposed ordinance to be a policy matter for the Board of Supervisors.

RECOMMENDATIONS

1. The Board of Supervisors should request that departments covered by Administrative Code Section 3.17 consult with the Mayor's and Controller's Offices after six-months of each fiscal year to develop (1) projections for overtime in the remaining six months of the year based on known needs, and (2) strategies to reduce the occurrence avoidable

overtime. If such projections indicate that additional overtime is warranted for the fiscal year, supplemental appropriations should be submitted to the Board of Supervisors at that time.

2. Because the Police Department, Sheriff's Department, Department of Public Health, and Department of Emergency Management have already incurred overtime expenditures in excess of their previously appropriated budgets, which does not comply with Administrative Code Section 3.17, approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Table: Appropriation of \$25,482,258 to Overtime in the FY 2016-17 Budget

| | Sheriff | Emergency Management | Public Health SFGH | Public Health LHH | PUC Water | PUC Wastewater | PUC Hetch Hetchy | Police | Fire | Total |
|----------------------------------|-------------------|----------------------|--------------------|-------------------|----------------|----------------|------------------|------------------|----------------|-------------------|
| Sources | | | | | | | | | | |
| <u>De-appropriation</u> | | | | | | | | | | |
| Permanent Salaries Miscellaneous | 5,250,000 | 654,860 | | 750,000 | | | 150,000 | | 649,304 | 7,454,164 |
| Permanent Salaries Uniform | 4,000,000 | | | | | | | 6,000,000 | | 10,000,000 |
| Retirement Miscellaneous | | 218,286 | | | | | | | | 218,286 |
| Retirement Non-City (PERS) | 1,300,000 | | | | | | | | | 1,300,000 |
| Retirement Uniform | | | | | | | | | 162,808 | 162,808 |
| Health Service - City Match | 510,000 | | | | | | | | | 510,000 |
| Health Service - Budget | | | 4,537,000 | | | | | | | 4,537,000 |
| General Reserve | | | | | | 500,000 | | | | 500,000 |
| Other Current Expenses | | | | | | | | 500,000 | | 500,000 |
| Subtotal De-appropriation | 11,060,000 | 873,146 | 4,537,000 | 750,000 | 0 | 500,000 | 150,000 | 6,500,000 | 812,112 | 25,182,258 |
| <u>Appropriation</u> | | | | | | | | | | |
| Water Enterprise Fund Balance | | | | | 300,000 | | | | | |
| Total Sources | 11,060,000 | 873,146 | 4,537,000 | 750,000 | 300,000 | 500,000 | 150,000 | 6,500,000 | 812,112 | 25,482,258 |
| Uses | | | | | | | | | | |
| Overtime - Uniform | 11,060,000 | | | | | | | | 812,112 | 11,872,112 |
| Overtime - Miscellaneous | | 873,146 | | 750,000 | 300,000 | 500,000 | 150,000 | 6,500,000 | | 9,073,146 |
| Overtime - Nurses | | | 4,537,000 | | | | | | | 4,537,000 |
| Total Uses | 11,060,000 | 873,146 | 4,537,000 | 750,000 | 300,000 | 500,000 | 150,000 | 6,500,000 | 812,112 | 25,482,258 |

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