



OFFICE OF THE CONTROLLER

CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller

Todd Rydstrom
Deputy Controller

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

July 8, 2024

RE: File 240544 v1 – Charter Amendment to Establish Minimum Police Staffing and New Voluntary Deferred Retirement Option Program for the San Francisco Police Department

Dear Ms. Calvillo,

Should the proposed Charter amendment be approved by the voters, in my opinion, it would have a significant impact on the cost of government. The cost of the voluntary deferred retirement option program (DROP) would range from \$600,000 to \$3 million in the first year. In subsequent years, the cost impact would range from saving approximately \$300,000 to costing up to approximately \$3 million annually by the fifth year of the program.

Hiring additional police officers to meet the minimum required staffing levels would cost approximately \$75 million in the first fiscal year, and approximately \$65 million annually in the following three years. These costs will vary considerably depending on the operational decisions made by the San Francisco Police Department (SFPD), decisions made by the Mayor and the Board of Supervisors through the normal budget process.

Deferred Retirement Option Program

This Charter amendment re-establishes a DROP program that was approved by voters in February 2008 and ended in 2011 when the Board of Supervisors voted to not renew the DROP (2008 DROP). Unlike the 2008 DROP, this proposed Charter Amendment specifies that lieutenants and captains will not be eligible and officers participating in DROP must work in the field or in investigations. This amendment also specifies that a member of the SFPD who has at least 25 years of service credit and is at least 50 years old may elect to participate in DROP for a maximum of 60 months. DROP participants will receive a salary and DROP account in which the City will deposit pension payments with a guaranteed 4% return. Participants will not be eligible for promotion.

Every five years, if not sooner, the City shall evaluate the net cost effect of the DROP. After five years, the Board of Supervisors must reauthorize or end the DROP. Given current police staffing levels and hiring rates, DROP will likely not impact SFPD's rate of hiring in the short term.

The exact cost to the City of the DROP will depend on the retirement decisions of individual police officers. According to estimates from the San Francisco Employees' Retirement System (SFERS), If officers enter DROP when they would have retired, DROP would increase City pension employer contribution costs by \$600,000 in FY 2025-26 and then generate savings of \$200,000 to \$400,000 annually between FY 2026-27 and FY 2029-30. Conversely, if officers leave the Police Department at the same time they previously planned to retire, City pension employer contribution costs would increase by \$3 million in FY2025-26, fall slightly to \$2.6 million in FY 2026-27 and FY 2027-28, and rise back to \$3 million by FY 2029-30. SFERS based these cost estimates on the 450 Police Officers, Sergeants, and Inspectors that would be eligible to enroll in DROP within the amendment's specified five-year period in 2023. To the extent that the DROP increases the number of police officers in San Francisco, costs to the City would also increase – but at a level that cannot be specified at this time.

In 2011, it was estimated that the 2008 DROP would cost the City approximately \$6 million annually in the form of higher City pension employer contributions. While this amendment would apply to fewer employees, this newly proposed DROP would likely generate costs to the City at the higher end of the range projected by SFERS above. Based on the City's previous experience with the DROP program, it is unlikely that the proposed version of DROP will be cost neutral or generate savings.

Minimum Police Staffing Levels

The proposed Charter amendment sets the required number of full-duty, sworn officers in SFPD to 2,074 starting in FY 2025-2026 and holds that level for three fiscal years (through FY 2027-2028). Thereafter, staffing level determinations would be based on an SFPD staffing needs report to the Police Commission every three years. Compared to currently budgeted staffing levels this provision would require the City to increase future fiscal year budgets by approximately \$75 million in the first fiscal year, and over \$65 million annually for each of the next three years. However, annual costs are dependent on the pace of hiring and the rate of officer attrition. For context, the SFPD anticipates adding approximately 70 FTE in FY25. Cumulative costs through FY 2028-29 total \$285 million, assuming no increase in management ranks needed to support the growth in front-line staff.

This investment in additional officers may result in reductions in overtime currently utilized by the department. If these additional full-duty officers resulted in an hour for hour reduction in overtime use, the estimated cumulative cost could fall by approximately \$148 million, to approximately \$137 million through FY2028-29. However, meeting these staffing goals will depend on the SFPD's ability to fill positions. Additionally, the ultimate cost of this provision of the measure will depend

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on decisions by the Mayor and Board through the City's annual budget process, as these staffing levels are not binding on the decisions the Mayor and Board make during the annual budget process.

Sincerely,

Janice Levy FOR
Greg Wagner
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.