

<b>Item 4</b> <b>File 11-0437</b>	<b>Department:</b> Sheriff
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objective</b></p> <ul style="list-style-type: none"> <li>Ordinance appropriating \$6,361,808 of General Fund Reserve and re-appropriating \$2,821,843 of expenditure contingency and debt service savings to fund salary expenditures for the remainder of FY 2010-11, for a total appropriation of \$9,183,651.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The Sheriff's Department's FY 2010-11 budget of \$155,450,149, was \$15,271,396 or 8.9 percent less than the FY 2009-10 budget of \$170,721,545.</li> <li>The Sheriff's Department is requesting a supplemental appropriation of \$9,183,651, funded by \$6,361,808 in General Fund reserves, \$521,843 in mid-year budget reductions, and \$2,300,000 in one time savings from the refinancing of Certificates of Participation.</li> <li>The requested supplemental appropriation of \$9,183,651 will fund \$7,700,000 in Uniform Salaries, \$800,000 in Workers' Compensation claims, and \$683,651 in disability payments.</li> <li>Sheriff Michael Hennessey reports "The budget assumed attrition savings of \$8,513,785 which was not achieved due to fewer retirements than expected". According to Sheriff Hennessey, "The Department was not overstaffed in FY 2010-2011. A primary objective was to keep County Jail 6 (San Bruno facility) closed for the fiscal year and we were able to do so. The few staff that would have been assigned to the facility were assigned to duties that would otherwise have been filled on overtime. The result was a 72.4 percent reduction in the departmental overtime budget in FY 2010-2011, compared to FY 2009-2010."</li> </ul> <p style="text-align: center;"><b>Fiscal Impacts</b></p> <ul style="list-style-type: none"> <li>The Budget and Legislative Analyst recommends reducing the requested supplemental appropriation by \$152,744, from \$9,183,651 to \$9,030,907.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>According to the Three-Year Budget Projection for General Fund Supported Operations FY 2011-12 through FY 2013-14, "The Sheriff's Department anticipates a need for \$7.7 million in additional funds to cover permanent salaries for sworn staff in FY 2011-12." The Budget and Legislative Analyst will evaluate the justification for this \$7.7 million in additional funds during review of the Sheriff's Department's proposed FY 2011-12 budget in June 2011.</li> </ul> <p style="text-align: center;"><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>Amend the proposed ordinance to reduce Uniform Salaries expenditures in the supplemental appropriation by \$152,744 from \$7,700,000 to \$7,547,256, for a total appropriation reduction from \$9,183,651 to \$9,030,907.</li> <li>Amend the proposed ordinance to reduce the General Fund Reserve source of funding by \$152,744 from \$6,361,808 to \$6,209,064.</li> <li>Approve the proposed ordinance as amended.</li> </ul>	

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Charter Section 9.105 requires that amendments to the Annual Appropriation Ordinance be approved by ordinance of the Board of Supervisors, and may not be adopted unless the Controller certifies the availability of funds.

### Background

The Sheriff's Department's FY 2010-11 budget of \$155,450,149, was \$15,271,396 or 8.9 percent less than the FY 2009-10 budget of \$170,721,545.

**Table 1**  
**Sheriff's Department Budget**  
**FY 2009-10 and FY 2010-11**

	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>Increase/ (Decrease)</b>
Salaries	\$103,709,254	\$90,141,625	(\$13,567,629)
Benefits	32,858,233	30,170,186	(2,688,047)
<b>Subtotal, Salaries and Benefits</b>	<b>136,567,487</b>	<b>120,311,811</b>	<b>(16,255,676)</b>
Non Personnel Services	12,315,480	7,840,451	(4,475,029)
City Grant Programs	6,682,405	5,559,146	(1,123,259)
Materials and Supplies	6,649,128	5,962,925	(686,203)
Capital Outlay	318,192	7,468,308	7,150,116
Facilities Maintenance	330,000	300,000	(30,000)
Services of Other Departments	7,858,853	8,007,508	148,655
<b>Total</b>	<b>\$170,721,545</b>	<b>\$155,450,149</b>	<b>(\$15,271,396)</b>

Source: Annual Appropriation Ordinance

Reductions in the Sheriff's Department's FY 2010-11 budget compared to FY 2009-10 were due to the following:

- (1) Closing of County Jail 6 in San Bruno due to a decrease in the average daily jail population;
- (2) No recruitment, hiring, and training of new Deputy Sheriff positions in FY 2010-11;
- (3) Reduced contract costs for providing inmate meals due to the decreased average daily jail population; and
- (4) Reduced debt service costs for Certificates of Participation (COPS).

## DETAILS OF PROPOSED LEGISLATION

The Sheriff's Department is requesting a supplemental appropriation of \$9,183,651, funded by General Fund reserves, mid-year FY 2010-11 budget reductions, and debt savings from refinancing of the COPS, as shown in Table 2 below.

**Table 2**  
**Proposed Supplemental Appropriation Sources and Uses**  
**FY 2010-11**

<b>Sources</b>	
General Fund Reserve	\$6,361,808
Mid-year Budget Reductions	521,843
Debt Savings on Refinancing COPS	2,300,000
<b>Total Sources</b>	<b>\$9,183,651</b>
<b>Uses</b>	
Uniform Salaries	\$7,700,000
Disability Payments	683,651
Workers' Compensation Claims	800,000
<b>Total Uses</b>	<b>\$9,183,651</b>

Source: Sheriff's Department

### **Sources of Funds**

According to Ms. Cindy Czerwin, Budget and Revenue Analyst in the Controller's Office, the City's General Fund Reserve currently has a balance of \$20,891,000. If the proposed supplemental appropriation is approved, including the requested \$6,361,808 of General Fund Reserve monies, the City's General Fund Reserve would be reduced to \$14,529,192.

According to Ms. Maureen Gannon, the Sheriff's Department's Chief Financial Officer, the Department is projecting \$521,843 in savings as compared to the amount currently budgeted in FY 2010-11 due to reductions in City Hall security, facilities maintenance, and other reductions.

Additionally, according to Ms. Nadia Sesay of the Office of Public Finance, the City realized one-time interest savings of \$2,300,000 from the refunding of existing COPS in June 2010 due to lower than estimated interest rates.<sup>1</sup>

### **Uses of Funds**

#### Uniform Salaries

The Sheriff's Department is requesting \$7,700,000 to fund Uniform Salaries for the remainder of FY 2010-11. As shown in Table 3 below, the Sheriff's Department projects a salary and fringe benefit deficit of \$7,858,015 based on expenditures through the pay period ending March 18, 2011.<sup>2</sup>

<sup>1</sup> In June 2010 the Board of Supervisors approved an ordinance refunding up to \$155 million in existing COPS, including \$123.3 million in Series 2000 COPS for the San Bruno Jail Replacement Project. Annual debt service savings of \$3.8 million resulting from the refunding of the Series 2000 COPS were included in the Sheriff's Department's FY 2010-11 budget (File 10-0743). In addition to these annual debt service savings of \$3.8 million, the City realized an additional \$2.3 million in one-time savings.

<sup>2</sup> According to Ms. Gannon, the Sheriff's Department is requesting a supplemental appropriation of \$7,700,000 to fund salaries and fringe benefits for the balance of FY 2010-11 rather than the projected \$7,858,015 because the Department had anticipated hiring up to four 8300 Sheriff's Cadets in FY 2010-11 but will not hire these positions prior to the end of the fiscal year.

**Table 3**  
**Projected Sheriff's Department's**  
**Salary and Fringe Benefit Deficit**  
**FY 2010-11**

	<b>FY 2010-11 Budget</b>	<b>Sheriff Department's FY 2010-11 Projected Expenditures</b>	<b>Surplus/ (Deficit)</b>
Miscellaneous Salaries	\$7,779,797	\$7,927,347	(\$147,550)
Uniform Salaries	62,174,424	64,604,995	(2,430,571)
Temporary Salaries	47,184	64,171	(16,987)
Premium Pay	2,925,997	4,845,330	(1,919,333)
Overtime	1,780,379	2,945,004	(1,164,625)
Holiday Pay	1,259,876	1,456,142	(196,266)
One Time Payments	0	344,854	(344,854)
<b>Subtotal Salaries</b>	<b>75,967,657</b>	<b>82,187,843</b>	<b>(6,220,186)</b>
Fringe Benefits	25,843,188	27,481,017	(1,637,829)
<b>Total Salaries and Benefits</b>	<b>\$101,810,845</b>	<b>\$109,668,860</b>	<b>(\$7,858,015)</b>

Source: Sheriff's Department

According to an April 7, 2011 memorandum from Sheriff Michael Hennessey to the Controller's Office and the Mayor's Office, the projected FY 2010-11 salary and benefit deficit has occurred because:

“The budget assumed attrition savings of \$8,513,785 which was not achieved due to fewer retirements than expected. The Department has adjusted its attrition saving for FY 11-12 to reflect the current rate.”

According to Ms. Gannon, 12 Deputy Sheriff staff have retired to date in FY 2010-11. The Sheriff's Department expects an additional two Deputy Sheriff retirements, for a total of 14 Deputy Sheriff retirements in FY 2010-11.

According to Sheriff Michael Hennessey in the attached memorandum (Attachment):

“The Sheriff's Department submitted a budget to the Mayor's Office in February 2010 with 873.80 uniform positions in all funds. The Department's final budget was reduced to 793.45 positions, a reduction of 80.35 positions....The Department was not overstaffed in FY 2010-2011. A primary objective was to keep County Jail 6 (San Bruno facility) closed for the fiscal year and we were able to do so. The few staff that would have been assigned to the facility were assigned to duties that would otherwise have been filled on overtime. The result was a 72.4 percent reduction in the departmental overtime budget in FY 2010-2011, compared to FY 2009-2010.”

Disability Payments

According to the April 7, 2011 memorandum from Sheriff Hennessey:

“The Department also provides security service for several departments in the City through work orders. The Sheriff’s Department does not charge these requesting general fund departments for salary expenditures for disability pay over 10 days. The Department seeks to recover from Courts for disability. However, given the court budget cutbacks, the Courts have no remaining funds for the projected disability costs. Therefore, the Department is unable to cover the disability pay projected for Courts, \$340,654, Department of Emergency Management, \$67,772, and Department of Public Health, \$275,225, totaling \$683,651.”

As noted above, the Sheriff’s Department is requesting a total of \$683,651 in the proposed supplemental appropriation.

Workers’ Compensation

The FY 2010-11 Sheriff’s Department budget includes \$2,948,162 for a work order to the Department of Human Resources to administer workers’ compensation claims. This work order pays for the claims and the Department of Human Resources’ administrative costs. Based on FY 2010-11 claims expenditures through February 2011, the Department of Human Resources projects total FY 2010-11 claims and administrative expenditures of \$3,741,636, which is \$793,474 more than budgeted expenditures of \$2,948,162.

As noted above, the Sheriff’s Department is requesting a total of \$800,000 in the proposed supplemental appropriation.

**FISCAL IMPACTS**

The requested supplemental appropriation ordinance would result in new General Fund costs of \$6,631,808, as shown in Table 2 above.

Approval of the proposed ordinance would appropriate a total of \$9,183,651, including \$6,361,808 in General Fund reserve, \$521,843 of one-time savings due to mid-year budget reductions, and \$2,300,000 of one-time savings due to refunding of COPS to pay for the Sheriff’s Department’s salaries, fringe benefits, workers’ compensation, and disability pay costs for the remainder of FY 2010-11, as shown in Table 2 above.

The Budget and Legislative Analyst recommends reducing the requested supplemental appropriation by \$152,744, from \$9,183,651 to \$9,030,907, as shown in Table 4 below. The Budget and Legislative Analyst’s projected year-end deficit of \$7,547,256 is less than the Sheriff’s Department’s projected year-end deficit of \$7,858,015 due to the Budget and Legislative Analyst’s lower estimates of overtime, premium pay, and holiday pay for the remaining pay periods in FY 2010-11.

**Table 4**  
**Budget and Legislative Analyst's Projected**  
**Sheriff's Department's General Fund Salary and Benefit Deficit**  
**FY 2010-11**

	<b>FY 2010-11 Budget</b>	<b>Budget and Legislative Analyst Projected Expenditures</b>	<b>Surplus/ (Deficit)</b>
Miscellaneous Salaries	\$7,779,797	\$7,920,147	(\$140,350)
Uniform Salaries	62,174,424	64,515,600	(2,341,176)
Temporary Salaries	47,184	89,843	(42,659)
Premium Pay	2,925,997	4,820,130	(1,894,133)
Overtime	1,780,379	2,967,491	(1,187,112)
Holiday Pay	1,259,876	1,442,817	(182,941)
One Time Payments	0	319,440	(319,440)
Subtotal Salaries	75,967,657	82,075,468	(6,107,811)
Fringe Benefits	25,843,188	27,282,634	(1,439,446)
Total Salaries and Benefits	101,810,845	109,358,101	(7,547,256)
Supplemental Appropriation			7,700,000
<b>Recommended Reduction</b>			<b>\$152,744</b>

## POLICY CONSIDERATIONS

### **The Three-Year Budget Projection for General Fund Supported Operations FY 2011-12 through FY 2013-14 projects an increase of \$7.7 Million in the Sheriff's Department's FY 2011-12 Budget for Jail Staffing**

According to the Three-Year Budget Projection for General Fund Supported Operations FY 2011-12 through FY 2013-14, prepared jointly by the Controller's Office, the Mayor's Office, and the Board of Supervisors' Budget Analyst ("Joint Report"):

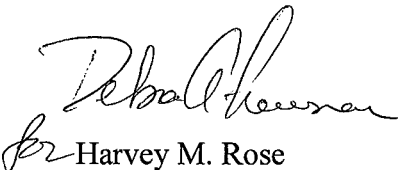
"The Sheriff's Department anticipates a need for \$7.7 million in additional funds to cover permanent salaries for sworn staff in FY 2011-12. This is due to fewer than expected retirements in FY 2010-11, as well as current jail population rates. Additionally, the Sheriff expects the jail population to increase further if the State's public safety realignment proposal is implemented as proposed, forcing the Sheriff to re-open County Jail #6 and resulting in significant cost increases. At the time of this report, the realignment legislation has been passed by the State legislature and signed by the Governor. However, the number of inmates that will be transferred to the City is not known. The legislation currently provides no funding to support these increased costs."

The Budget and Legislative Analyst will evaluate the justification for the estimated \$7.7 million in additional funds to cover permanent salaries for sworn staff in FY 2011-12 during the Budget

and Legislative Analyst's review of the Sheriff's Department's proposed FY 2011-12 budget in June 2011.

## RECOMMENDATIONS

- Amend the proposed ordinance to reduce Uniform Salaries expenditures in the supplemental appropriation by \$152,744 from \$7,700,000 to \$7,547,256, for a total appropriation reduction from \$9,183,651 to \$9,030,907.
- Amend the proposed ordinance to reduce the General Fund Reserve source of funding by \$152,744 from \$6,361,808 to \$6,209,064.
- Approve the proposed ordinance, as amended.



for Harvey M. Rose

cc: Supervisor Chu  
Supervisor Mirkarimi  
Supervisor Kim  
Supervisor Wiener  
President Chiu  
Supervisor Avalos  
Supervisor Campos  
Supervisor Cohen  
Supervisor Elsbernd  
Supervisor Farrell  
Supervisor Mar  
Clerk of the Board  
Cheryl Adams  
Controller  
Greg Wagner

# City and County of San Francisco

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## OFFICE OF THE SHERIFF

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Michael Hennessey  
SHERIFF

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(415) 554-7225

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April 28, 2011  
Reference: 2011-036

Mr. Harvey Rose  
Budget Analyst  
1390 Market Street, 10<sup>th</sup> Floor  
San Francisco, CA 94102

Re: Sheriff's Department Supplemental Appropriation Request

Dear Mr. Rose,

The Sheriff's Department submitted a budget to the Mayor's Office in February 2010 with 873.80 uniform positions in all funds. The Department's final budget was reduced to 793.45 positions, a reduction of 80.35 positions.

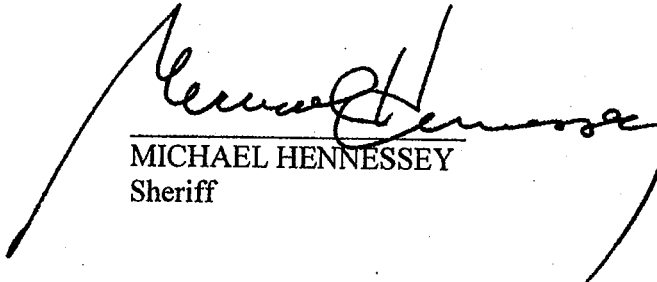
The budget development for FY 2010-2011 was a difficult one for the Departments, the Mayor and the Board of Supervisors. Negotiations at all levels were focused on reducing expenditures wherever possible, giving wide latitude with assumptions. Once the sheriff's department budget was ready for a final vote before the Board, I felt it in the interest of the City and County not to object to the proposed sheriff's department budget

The department was not overstaffed in FY 2010-2011. A primary objective was to keep County Jail 6 (San Bruno facility) closed for the fiscal year and we were able to do so. The few staff that would have been assigned to that facility were assigned to duties that would otherwise have been filled on overtime.



The result was a 72.4 percent reduction in departmental overtime budget in FY 2010-2011, compared to FY 2009-2010. Even though the department reduced its actual overtime use by over three million dollars compared to the prior fiscal year, the department exceeded its budgeted overtime allotment because that allotment was an overly ambitious goal.

Sincerely,



MICHAEL HENNESSEY  
Sheriff

cc: Severin Campbell