



Request for City Council Committee Action from the Fire Department

Date: October 8, 2009

To: Paul Ostrow, Chair, Ways & Means/Budget Committee

Subject: Fire Department Budget Update

Recommendation: Receive and File

Previous Directives: The MFD will provide a monthly update on the budget status

Prepared by: Karen Lowery Wagner, Director of Finance & Logistics

Approved by: Alex Jackson, Chief

Presenters in Committee: Karen Lowery Wagner

Supporting Information

As of September 26, 2009, the budget for the Fire Department is estimated to be \$182,585.00 over projections. This is an improvement of \$143,380 from our last report of September 14, 2009. As was discussed at the last status update, we saw a significant increase in the projected deficit for fringe benefits expenses. The deficit has decreased this period by \$30,121, but still remains at \$170,223. Part of the deficit is attributable to three pay periods within the month of July and higher than anticipated overtime costs.

As previously reported, the volume of the deficit continues to occur within the salary portion of the budget. The projected savings for military leave are less expected as the leaves occurred later in the year; higher than anticipated participation in the vacation and sick leave payoff programs; and, continuing increases in FLSA overtime expenses. However, our regular salary line expenses continue to decrease and there is now projected savings in this line item.

The attrition rate for the Department remains very low; to date, nine separations have occurred and the total for last year was 12. Over the last decade, the average has been 28.

For the non-salary categories, the budget shows a surplus of \$385,148. The costs related to fleet services (fuel, labor and parts) are lower than estimated. Expenses for contractual services and capital outlay are also less than anticipated.

To address the projected deficit the department has taken the following steps:

- **Continue to limit controllable overtime costs**
- **Restrict non-essential purchases**
- **Reduced tuition reimbursement for second half of the year**
- **Under filled two deputy chief positions with staff captains**
- **Further limited travel and conference attendance**
- **Modifying line-item projections to address one-time expenses**

There is no significant change to report for 2009 revenue collection. Of two large deposits the Department receives (an \$810,440 transfer from Regulatory Services for housing inspections and a \$1,863,000 payment of the amortization aid from the State) only one has been received. The annual statements for the new commercial building registration program were mailed in mid-August and the first payment deadline has passed. Approximately \$535,000 has been collected to date. Second notice statements, with late fees included, will be mailed on October 16th.

For all other revenue, we expect a slight decrease in licenses and permits due to the slowed economy. Permit revenues from Fire Suppression System permits have slowed due to a decrease in construction projects; special event permit requests have decreased; and the reduced sale of AID devices has caused revenue from a marketing agreement to decline.

MINNEAPOLIS FIRE DEPARTMENT
GENERAL FUND 2009 PROJECTIONS

| | 73.56% OF YEAR LAPPED | | 26.44% OF YEAR REMAINING | | TOTAL | | PROJECTIONS (OVER) UNDER BUDGET AS OF | | PREVIOUS PROJECTIONS BUDGET AS OF | | 2009 VARIANCE |
|--------------------------|-----------------------|----------------|--------------------------|------------------|-------------------------|--------------------|---------------------------------------|--------------|-----------------------------------|--------|---------------|
| | 2008 ACTUAL | CURRENT BUDGET | Y-T-D ACTUAL 74.27% | AMOUNT REMAINING | PROJECTIONS TO YEAR END | ACTUAL & PROJECTED | 9/26/09 | 9/12/09 | | | |
| SALARIES | | | | | | | | | | | |
| Regular | \$ 30,737,497 | \$ 31,137,491 | \$ 22,953,274 | \$ 8,184,217 | \$ 8,169,955 | \$ 31,123,229 | \$ 14,262 | \$ (1,679) | \$ 15,941 | | |
| Vacation Pay off | 155,743 | - | 32,139 | (32,139) | 141,169 | 173,308 | (173,308) | (173,308) | (1,679) | | |
| Sick Leave Pay off | 222,922 | 207,097 | - | 207,097 | 237,193 | 237,193 | (30,096) | (30,096) | (1,679) | | |
| Overtime -FLSA | 268,808 | 150,028 | 175,049 | (25,021) | 62,908 | 237,957 | (87,929) | (87,929) | (98,817) | 10,887 | |
| Overtime -Holiday | 171,507 | 123,061 | 94,187 | 28,894 | 70,813 | 165,000 | (41,919) | (41,919) | (41,919) | - | |
| Overtime -Other | 153,932 | 115,553 | 148,239 | (32,686) | 53,273 | 201,512 | (85,959) | (85,959) | (87,726) | 1,768 | |
| Retro Pay | 405,476 | - | (7,439) | 7,439 | - | (7,439) | 7,439 | 7,439 | 7,439 | - | |
| Total Salaries | 32,115,886 | 31,733,250 | 23,395,448 | 8,337,802 | 8,735,312 | 32,130,760 | (397,510) | (426,106) | 28,596 | | |
| FRINGE | 10,897,018 | 11,949,375 | (340,585) | 2,654,494 | 2,824,716 | 12,119,598 | (170,223) | (200,343) | 30,121 | | |
| | 33.9% | 37.66% | | | 32.34% | 37.72% | | | | | |
| NON SALARY/FRINGE | | | | | | | | | | | |
| Contractual Services | 6,257,646 | 5,860,977 | 4,308,666 | 1,552,311 | 1,409,498 | 5,718,164 | 142,813 | 96,055 | 46,759 | | |
| Supplies & Other | 2,244,973 | 1,859,386 | 1,276,352 | 583,034 | 473,430 | 1,749,782 | 109,604 | 67,654 | 41,949 | | |
| Capital Outlay | 0 | 132,731 | - | 132,731 | - | - | 132,731 | 132,731 | 132,000 | 731 | |
| Total Non Salary/Fringe | 8,502,619 | 7,853,094 | 5,585,018 | 2,268,076 | 1,882,928 | 7,467,946 | 385,148 | 295,709 | 89,439 | | |
| TOTAL | \$ 51,515,523 | \$ 51,535,719 | \$ 38,275,348 | \$ 13,260,371 | \$ 13,442,956 | \$ 51,718,304 | \$ (182,585) | \$ (330,740) | \$ 148,155 | | |