



Request for City Council Committee Action from the Fire Department

Date: September 11, 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 August 29th, 2009, the budget for the Fire Department is estimated to be \$316,965.00 over projections. As was discussed at the last status update, the anticipated deficit amount was significantly reduced by an appropriation modification made to address a projected deficit in salary spending based on lower than actual average salary calculations and slow attrition rates.

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. During the last month, we also saw a significant increase in the projected deficit for fringe benefits expenses.

The attrition rate for the Department remains very low; to date, ten separations have occurred and the total for last year was 22. Over the last decade, the average has been 28.

For the non-salary categories, the budget shows a surplus of \$301,213.00. The costs related 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. Several large deposits have not yet occurred – an \$810,440 transfer from Regulatory Services for housing inspections and a \$1,863,000 payment of the amortization aid from the State. The annual statements for the new commercial building registration program were mailed in mid-August and the payments are being processed.

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

	65.90% OF YEAR LAPPED		34.10% OF YEAR REMAINING		TOTAL ACTUAL & PROJECTED	PROJECTIONS (OVER) UNDER BUDGET AS OF 8/29/09	PREVIOUS PROJECTIONS BUDGET AS OF 8/15/09	2009 VARIANCE
	2008 ACTUAL	CURRENT BUDGET	ACTUAL 66.59%	AMOUNT REMAINING				
SALARIES								
Regular	\$ 30,737,497	\$ 31,137,491	\$ 20,583,153	\$ 10,554,338	\$ 10,557,114	\$ 31,140,268	\$ (2,777)	\$ (2,881)
Vacation Pay off	155,743	-	26,820	(26,820)	141,169	167,989	(167,989)	(164,650)
Sick Leave Pay off	222,922	207,097	-	207,097	237,193	237,193	(30,096)	(30,096)
Overtime -FLSA	268,808	150,028	155,363	(5,335)	80,392	235,755	(85,727)	(98,379)
Overtime -Holiday	171,507	123,081	62,134	60,947	117,866	180,000	(56,919)	(79,670)
Overtime -Other	153,932	115,553	130,033	(14,480)	67,285	197,318	(81,765)	(68,513)
Retro Pay	405,476	-	(7,439)	7,439	-	(7,439)	7,439	7,562
Total Salaries	32,115,886	31,733,250	20,950,066	10,783,184	11,201,019	32,151,084	(417,834)	(436,626)
FRINGE	10,897,018	11,949,375	8,315,208	3,634,167	3,834,511	12,149,718	(200,343)	(5,034)
NON SALARY/FRINGE								
Contractual Services	6,257,646	5,860,977	3,882,001	1,978,976	1,901,757	5,783,758	77,219	79,277
Supplies & Other	2,244,973	1,859,386	1,171,390	687,996	596,002	1,767,392	91,994	(24,066)
Capital Outlay	0	132,731	-	132,731	731	731	132,000	132,000
Total Non Salary/Fringe	8,502,619	7,853,094	5,053,391	2,799,703	2,498,490	7,551,881	301,213	187,211
TOTAL	\$ 51,515,523	\$ 51,535,719	\$ 34,318,665	\$ 17,217,054	\$ 17,534,019	\$ 51,852,684	\$ (316,965)	\$ (254,450)

Note:
 * Previous Projection (8/27/09 meeting): \$ 254,450
 * Current Projection (9/10/09): \$ (316,965)
 * Difference between Previous and Current Projection: \$ (62,515)