



Request for City Council Committee Action from the Department of

Date: February 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 their budget status

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

Approved by: Chief Alex Jackson

Presenters in Committee: Karen Lowery Wagner & Chief Alex Jackson

Financial Impact

- No financial impact
- Action requires an appropriation increase to the ___ Capital Budget or ___ Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Action is within the Business Plan
- Action requires a change to the Business Plan
- Other financial impact
- Request provided to the Finance Department when provided to the Committee Coordinator

Supporting Information

The last report to the Ways & Means/Budget Committee occurred on December 8th, 2008. At that time, the budget for the MFD was estimated to be \$679,856.00 over projections.

As of February 11th, the 2008 budget for MFD is projected to be \$998,990.00 in deficit. The increase in the deficit amount is attributable to several large end-of-year billings and adjustments:

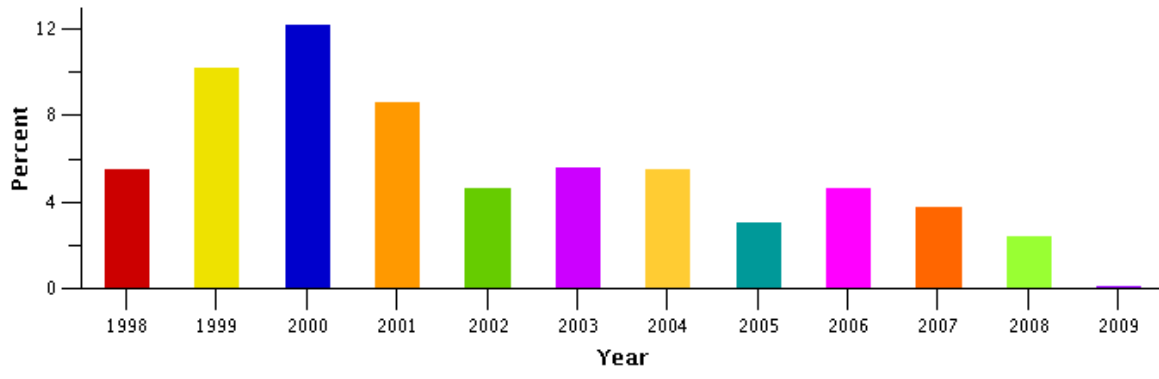
- \$450,905.14 December billing from Fleet Services for labor, parts & other equipment repair
- \$125,280.00 end of year adjustment for Fringe Benefit expenses
- \$129,814.00 end of year adjustment for inventory balance expenses

For the 2008 budget, the following areas are the major contributing factors to the deficit:

- **Total for Salaries and Fringe – over by \$714,977.00**
 - Overtime was over budget by \$9,585.00
 - Retro pay for new contract settlement was \$405,476.00
 - FSLA settlement was \$94,099.00
- **Total for Contractual Services, Supplies & Capital – over by \$335,557.00**
 - Equipment labor, parts and contractual repairs were over by \$182,530.00 (this occurred even though upward adjustments were made to the projections provided by Fleet Services)
 - Natural gas costs were \$90,663.00 over projections
 - \$5,074.00 over for water and sewers
 - Radio shops costs and telephones were \$74,023.00 over budget.
 - Professional service contracts were over \$184,000.00; this includes costs associated with conducting a cadet class in 2008.

As outlined in previous reports to this committee, the attrition rate for the Fire Department was very low for 2008. The table and the graph below provide a perspective on historical departmental attrition rates. As you can see, the total separations for 2008 were 11, the lowest number in the last ten years. Because of this low rate, the salary projections for 2008 were not met. In previous years, savings in the salary category were accrued and used to help offset deficits in other expense areas.

Cal Year	Total Turnover	Beginning Headcount	Ending Headcount	Turnover Rate
1998	24	442	421	5.56
1999	46	421	474	10.28
2000	57	474	461	12.19
2001	41	461	483	8.69
2002	23	483	488	4.74
2003	27	488	461	5.69
2004	25	461	442	5.54
2005	14	442	447	3.15
2006	21	447	449	4.69
2007	17	449	433	3.85
2008	11	433	448	2.50



**MINNEAPOLIS FIRE DEPARTMENT
GENERAL FUND 2008 PROJECTIONS**

100.00% OF YEAR LASPED

0.00% OF YEAR REMAINING

	2007 ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL 101.98%	AMOUNT REMAINING	PROJECTIONS TO YEAR END	TOTAL ACTUAL & PROJECTED	PROJECTIONS (OVER) UNDER BUDGET AS OF 12/31/08	PREVIOUS PROJECTIONS BUDGET AS OF 12/31/08	2008 VARIANCE
SALARIES									
Regular	\$ 28,319,740	\$ 30,125,076	\$ 30,737,497	\$ (612,421)	\$ -	\$ 30,737,497	\$ (612,421)	\$ (613,027)	\$ 606
Vacation Pay off	159,546	141,800	155,743	(13,943)	-	155,743	(13,943)	(13,943)	(0)
Sick Leave Pay off	202,044	194,371	222,922	(28,551)	-	222,922	(28,551)	(28,551)	-
Overtime	717,572	584,662	594,247	(9,585)	\$ -	594,247	(9,585)	(1,160)	(8,425)
Retro Pay	0	355,000	405,476	(50,476)	-	405,476	(50,476)	(50,476)	-
Total Salaries	29,398,903	31,400,909	32,115,886	(714,977)	-	32,115,886	(714,977)	(707,158)	(7,819)
FRINGE	10,118,652	10,948,562	10,897,018	51,544	-	10,897,018	51,544	51,544	-
		34.87%	33.93%			33.93%			
NON SALARY/FRINGE									
Contractual Services	6,262,059	5,766,474	6,257,646	(491,172)	-	6,257,646	(491,172)	(506,162)	14,991
Supplies & Other	2,533,038	2,258,130	2,244,973	13,157	-	2,244,973	13,157	68,625	(55,468)
Capital Outlay	158,640	142,458	-	142,458	-	-	142,458	142,458	-
Total Non Salary/Fringe	8,953,738	8,167,062	8,502,619	(335,557)	-	8,502,619	(335,557)	(295,080)	(40,478)
TOTAL	\$ 48,471,293	\$ 50,516,533	\$ 51,515,523	\$ (998,990)	\$ -	\$ 51,515,523	\$ (998,990)	\$ (950,695)	\$ (48,295)

	(998,990)
Retro Pay	405,476
FLSA	94,099
	(499,415)
Regular/Retro Pay	(662,897)
Retro Pay	405,476
FLSA	94,099
	(163,323)

Note:

* Previous Projection (1/29/09 meeting):

\$ 950,695

* Current Projection (2/12/09):

\$ (998,990)

* Difference between Previous and Current Projection:

\$ (48,295)

Assumptions:

Sources: Time and Labor for salaries and Cognos for non-salaries

Salary projection based on current payroll except as noted below:

- Vacation pay equals budget
- Sick leave pay equals budget

Approved Appropriation	50,348,533
Cardiac Science Contract	60,000
Appropriation above 2% salary assumption	<u>108,000</u>
Modified Total	\$ 50,516,533

Fringe projection based on current payroll except as noted below:

Contractual services assumes all will be spent:

Supplies & Other assume a surplus according to current spending pattern:

Equipment assume a surplus according to current spending pattern:

RNC	Pre-Event	Event	Total
REG	23,293.21	18,719.88	42,013.09
OVERTIME	14,969.10	19,702.86	34,671.96
Fringe Benefits	<u>5,322.16</u>	<u>5,016.06</u>	<u>10,338.22</u>
	43,584.47	43,438.80	87,023.27