



Request for City Council Committee Action from the Department of

Date: July 16, 2008

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: Interim 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 June 16th. At that time, the budget for the MFD was estimated to be \$256,004 over projections.

As of July 5, the 2008 budget for MFD is projected to be \$162,534 over projections. (This amount is reduced to \$65,534 with the anticipated appropriation of \$97,000 to adjust for an increased salary assumption.) The main area of concern regarding the deficit continues to be personnel costs. As was discussed at the last committee meeting, the number of separations from the department is very low for 2008 and there have been no additional separations – for 2008 we are still at a total of four.

In addition to attrition, several other factors should be highlighted regarding the budget line item for salaries:

- The labor agreement (adopted by the Council in early 2009) included a 3% increase back dated to September 2007 and an additional 3% that takes effect on October 26, 2008.
- The salary expenditure includes \$294,000.00 for back-pay included in the new labor agreement.
- Uniform allowances are now included in salaries instead of an operating expense. (This line item has been adjusted to reflect the change, but the salary projections were not adjusted.)

To address this projected deficit, the Fire Department continues to take the following actions:

- Closely monitor and manage overtime costs
- Reevaluate all contractual services (those that are not internal rate models) and make adjustments for reduced spending
- Delay filling vacant positions
- Reassess fleet and apparatus purchases
- Re-allocate within the existing budget where possible. Specifically, we met with our accounting staff since the last committee meeting and made several reallocations within the existing budget to the projections for professional services. This resulted in the coverage of the projected deficit of \$64,572.00 for fleet supply charges. (Adjustments were made to advertising and publications, communications services, printing, other rent, and inspections and testing fees.)

Minneapolis Fire Department Attrition Rates

