



Request for City Council Committee Action from the Fire Department

Date: August 10, 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 July 18, 2009, the budget for the Fire Department is estimated to be \$294,000.00 over projections. This 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.

The volume of the deficit is occurring 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. As previously mentioned, the attrition rate for the Department remains very low; to date, only seven 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 \$96,000. 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

The 2009 revenue collection for the department is currently at 12%. 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. In addition, the new commercial building registration program is in the final stages of implementation. The annual commercial building billing statements are schedule to be mailed by August 14th. There is a 45-day billing period, with second notices sent after 30 days. Execution of this new program is following the schedule that was discussed during the Council deliberations of the revised 2009 budget. We have taken all steps possible to accelerate this program and are grateful to our colleagues in Regulatory Services, BIS and Finance who have provided valuable assistance.

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

	54.41% OF YEAR LAPPED		45.59% OF YEAR REMAINING		TOTAL		PROJECTIONS		PREVIOUS		2009 VARIANCE
	2008 ACTUAL	CURRENT BUDGET	Y-T-D ACTUAL 53.27%	AMOUNT REMAINING	PROJECTIONS TO YEAR END	ACTUAL & PROJECTED	(OVER) UNDER BUDGET AS OF 7/18/09	PROJECTIONS BUDGET AS OF 7/4/09			
SALARIES											
Regular	\$ 30,737,497	\$ 31,137,491	\$ 17,017,661	\$ 14,119,830	\$ 14,133,596	\$ 31,151,257	\$ (13,766)	\$ (359,662)	\$ 345,896		
Vacation Pay off	155,743	-	6,831	(6,831)	141,169	148,000	(148,000)	(148,000)	-		
Sick Leave Pay off	222,922	207,097	-	207,097	237,193	237,193	(30,096)	(30,096)	-		
Overtime -FLSA	268,808	150,028	134,748	15,280	112,922	247,670	(97,642)	(81,422)	(16,220)		
Overtime -Holiday	171,507	123,081	62,134	60,947	126,518	188,652	(65,571)	(56,919)	(8,652)		
Overtime -other	153,932	115,553	93,304	22,249	78,191	171,495	(55,942)	(49,487)	(6,454)		
Retro Pay	405,476	-	(7,562)	7,562	-	(7,562)	7,562	7,562	-		
Total Salaries	32,115,886	31,733,250	17,307,115 (1,129,367)	14,426,135	14,829,589	32,136,704	(403,454)	(718,024)	314,570		
FRINGE	10,897,018	11,949,375 37.66%	6,145,491	5,803,884	5,790,895 39.05%	11,936,387 37.14%	12,988	12,988	-		
NON SALARY/FRINGE											
Contractual Services	6,257,646	5,860,977	3,060,603	2,800,374	2,763,318	5,823,921	37,056	(13,648)	50,704		
Supplies & Other	2,244,973	1,859,386	940,758	918,628	991,622	1,932,380	(72,994)	(52,168)	(20,826)		
Capital Outlay	0	132,731	-	132,731	731	731	132,000	132,000	-		
Total Non Salary/Fringe	8,502,619	7,853,094	4,001,361	3,851,733	3,755,671	7,757,032	96,062	66,185	29,878		
TOTAL	\$ 51,515,523	\$ 51,535,719	\$ 27,453,967	\$ 24,081,752	\$ 24,376,155	\$ 51,830,123	\$ (294,404)	\$ (638,851)	\$ 344,448		

Note:
 * Previous Projection (7/16/09 meeting): \$ 638,851
 * Current Projection (7/30/09): \$ (294,404)
 * Difference between Previous and Current Projection: \$ 344,448