

FIRE

MISSION

Committed to providing professional emergency services that ensure the public safety of our community and the region we support.

BUSINESS LINES

To fulfill its mission, the Minneapolis Fire Department (MFD) is organized into the following two primary business lines:

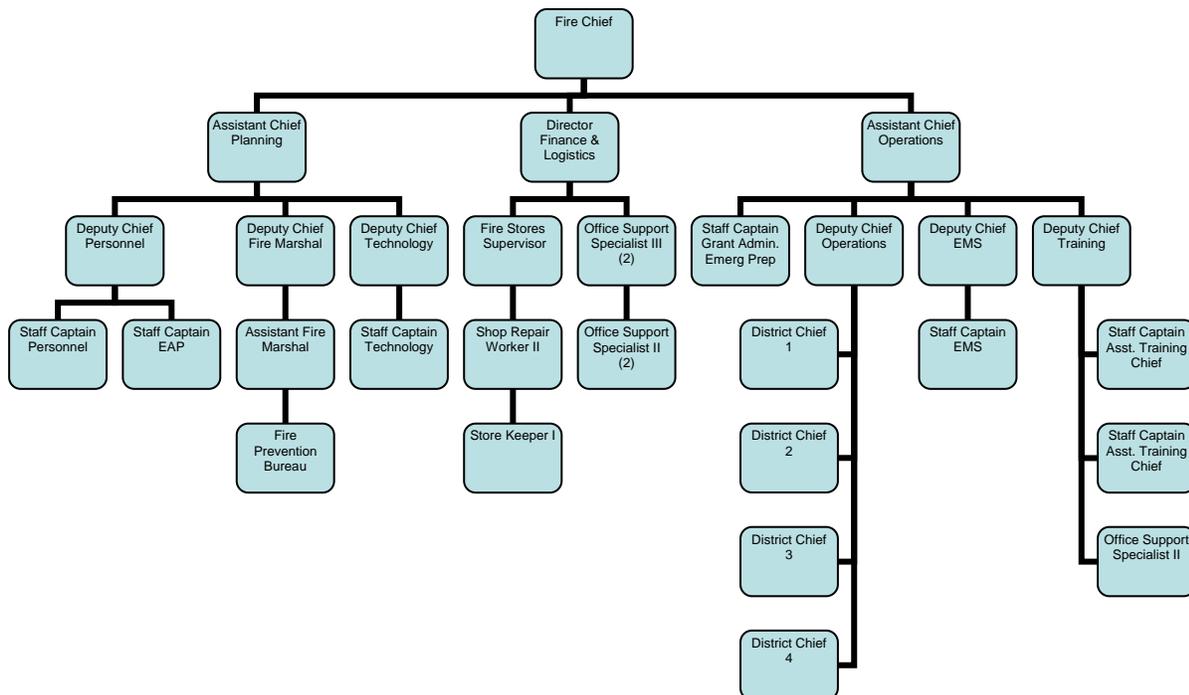
Response Business Line: Safely minimize the loss of life and property due to emergency events.

- Emergency Medical Services (EMS) – providing emergency medical services
- Fire Response – providing effective response to fires
- Haz-Mat and Specialized Rescue – providing other emergency response services such as Haz-Mat and specialized rescue services
- Regional Emergency Service Support – active participation on the regional AHIMT (All Hazard Incident Management Team) and Minnesota Task Force One, a State asset of specially trained personnel in technical rescue. Participation in a regional joint agreement for the cooperative use of fire personnel and equipment. (Mutual aid agreements)

Prevention Business Line: Anticipate, prepare for and prevent future emergency events.

- Fire Inspections and Enforcement – providing fire prevention inspections and enforcing the Fire Code
- Fire Education – providing fire/EMS education programs and community risk reduction information to the public

ORGANIZATION CHART



RESULTS MINNEAPOLIS CHARTS

What two or three key trends and challenges does the department face and how will each be addressed?

- 1. Funding for Adequate Staffing Levels.** Adequate staffing levels continue to be the most significant challenge for the Fire Department. Initial review of the 2010 budget revealed a funding gap of approximately \$1.1 million. To close the gap, the funding for five vacant positions and one mandatory retirement position was reduced resulting in a savings of \$519,000. Further reductions will be needed to meet the five-year financial direction. These reductions will need to come through FTE reductions, compromises reached with the labor unions or a combination of both. If the total remaining balance comes from position reductions, approximately 7 firefighter positions would need to be eliminated. The daily staffing level would decline to 108.

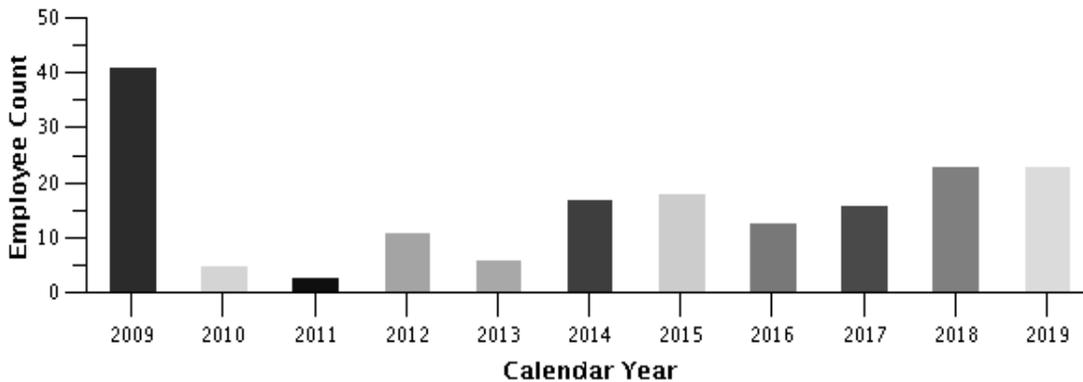
Response Times. The impacts of eliminating 7 positions would be minimal if spread over 3 shifts. In 2008 performance was 87.0%. A 7-position reduction would not cause a reduction in this measurement and the 2010 target would remain at 90%.

Staffing levels are critical to meet this standard. To assist in raising the staffing levels the Department has applied for a SAFER grant to supply funding for additional firefighters. In light of the current budget situation, the Department will not apply for future grants unless there are modifications to the matching funds requirements **and** the maintenance of effort requirement. There is pending federal legislation that would allow SAFER funds to be used for re-hiring of laid off firefighters. The Department will work with IGR staff to monitor this legislation and its possible applicability.

- 2. Departmental Attrition.** Over the last ten years, the Fire Department has averaged 28 employment separations per year. The Department continuously operates a few positions above or below authorized FTE level depending on the timing of retirements and resignations throughout the year. For 2008, the retirements were significantly lower than expected. In 2008, 27 employees were eligible for retirement; however, only 12 separations occurred by the end of the year.

Over the next decade, a projected 147 employees will be eligible for retirement - peaking at 41 in 2009 and declining for several years until the year 2018, when it climbs to 23. To counterbalance this potential loss of employees, future cadet classes will have to be considered. As large numbers of staff turnovers loom on the horizon, the department faces a challenge in having cadets available to restore staff levels. Budget stability will be the major factor determining the ability to hire future cadet classes.

of Employees Eligible to Retire in 10 years



3. Apparatus and Equipment Replacement. Another large challenge facing the Fire Department is apparatus replacement. Between now and 2014, 21 apparatus are scheduled for necessary replacement; 10 are currently past their recommended 15 year life expectancy. The impact shows up in rig downtime for repeated repairs; increased costs for those repairs; and an aging fleet which frequently is not in use as either a frontline or spare apparatus. In an effort to restore the department's apparatus replacement schedule, three new Fire Engines were purchased in 2008; two went into service in 2008 and the third went into service in May of 2009. The Department postponed the purchase of a new ladder truck and pumper scheduled for 2009. Given the current funding levels and the required reductions for 2010, the Department will again have to suspend the purchase of new fire apparatus. Deferring purchases will continue the degradation of the fleet.

Alternative funding sources for apparatus, such as the CDBG-R, regular CDBG funds and federal grant funds have been explored. Budgeting for the realignment of the apparatus replacement schedule will continue to be a significant challenge.

The City of Minneapolis has been the beneficiary of millions of dollars worth of grant-funded equipment over the past five years. As all of this equipment reaches the end of its useful life, it will need to be replaced. None of the grants included maintenance or replacement funding. This issue will have to be addressed in the next five to ten years. The Department will continue to apply for federal funding through the Assistance to Firefighters Grant program.

In the past several years, when the department exceeded budgeted amounts it was in the non-salary categories of contractual services, supplies (equipment) and capital outlay. The overall budget deficit was reduced by applying any savings realized from the personnel category. As we struggle to meet rising personnel costs, there will no longer be a cushion to cover rising non-salary expenses – thus decisions will have to be made regarding the prioritization of personnel and equipment. Planned equipment upgrades and replacement utilizing 2009 one-time funding will not take place and will need to be considered given the 5-year financial direction.

4. Training Facility/EOC. Another key challenge for the Fire Department will be costs associated with the new training facility/emergency operations center. Lease agreements with other fire departments for use of the training facility were a projected source of revenue

to help off-set operational costs. The economic conditions will likely reduce the amount of training dollars other municipalities are able to allocate, thus reducing the number of revenue generating lease agreements.

The Department continues to work with the Public Works/Property Management Division and BIS to reduce annual operational costs.

In what internal/external partnerships is the department currently engaged and/or exploring for the future?

The Department has over 40 mutual aid agreements in place and is a partner in the North Suburban Mutual Aid Association and the Southwest Mutual Aid Association. There are specific partners who have specialized Hazardous Materials training, technical rescue resources or water rescue resources. Under mutual aid, services are provided across jurisdictional boundaries upon request. The service may include directly responding to an incident or may involve “back filling” at stations and responding to other incidents within a jurisdiction. The Department has one automatic aid agreement with the City of Richfield. Automatic aid differs from mutual aid in that response is continual and based upon the closest resource available.

Internal Partnerships:

- MPD/MECC – Computer Aided Dispatch
- MPD – Fitness Contract
- Regulatory Services – Multi-Unit Housing Inspections
- Regulatory Services/MPD – New Training Facility/EOC
- Regulatory Services – inspection and regulation of hazardous material sites
- Human Resources – development of a tailor-made training module for supervisors and managers

External Partnerships:

- Participant in specialized regional urban search and rescue team
- Metro Fire Chief
- Hennepin County Fire Chief
- Metropolitan Medical Response System participant
- AHIMT (All Hazard Incident Management Team participant)

How is the department evaluating programs or services for cost effectiveness?

- Two position vacancies at the deputy chief level are under filled with staff captains. This resulted in salary savings and prevented the removal of additional personnel from apparatus assignment.
- The Department hired an outside consultant in 2006 to conduct benchmarking studies with 11 comparison cities. The study concluded that Minneapolis was: next to last in operating budget per capita (\$135.00); providing fire and EMS services at cost of \$123.26 per citizen; and next to last in the number of FTE's per 1,000 residents. In 2008, an update was made to the operating budget per capita comparisons. Revised data showed that Minneapolis had dropped to last at a rate of \$132.00. All aspects of the study should be revisited to identify trends in Departmental costs and national trends.

- A Director of Finance and Logistics position was created in 2007 to develop comparative data, monitor budget status, development of future budgets, and allow the Department to closely track all of our resources, more effectively coordinate our efforts with other agencies to produce greater efficiencies and find budget savings in the future.
- Successfully applied for federal grant for the purchase of new turnout gear providing the opportunity for funds to be used in other spending areas.
- Increase fees for service to match increasing costs to provide related services to the public
- Implemented an employee health and wellness initiative to decrease the number of workdays lost due to injury and reduce workers' compensation claims and premiums.
- The Department continues to refine the way they use the capabilities of the new Computer Aided Dispatch (CAD) System. Automatic Vehicle Locator (AVL) technology is used to send the nearest available units to emergency calls. This replaces the old way of dispatching using static "running cards" to dispatch units. A "Live Move Up" module allows dispatchers to see strengths and weaknesses in current coverage in real time. This allows them to offer move up recommendations, which allows the Fire Department to keep coverage balanced throughout the City.
- FireView software provides the Fire Department with mapping tools to help review existing deployment policies and develop new strategies. FireView integrates fire and EMS data with GIS, allowing the Department to easily map and analyze data. By identifying patterns and trends, resources can then be redeployed to maximize effectiveness.

What actions will the department take to meet the current financial projections (5% reduction in all funding sources)?

1. Budget Reductions.

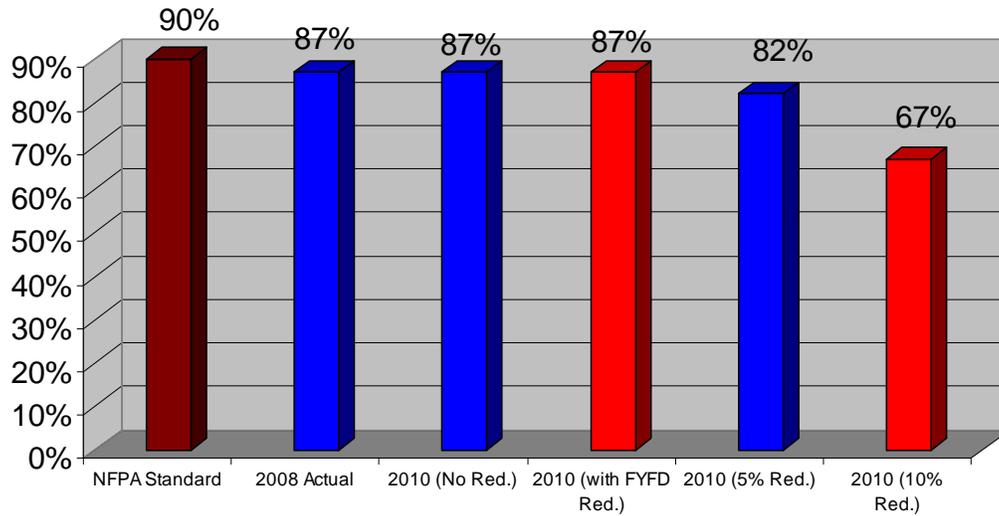
To achieve the proposed budget reductions, the Fire Department will need to further reduce staff. Over the previous years, the operating budget for the Department has been continuously scaled back. At the same time, new programs, such as the Commercial Inspection program have been implemented, with no corresponding increase to cover the operating costs. There is simply no "fat to trim" within the operational budget.

In addition to the layoffs necessary to meet the five-year financial direction discussed previously (12 positions), a staff reduction of approximately 30 additional firefighters would be needed to realize the 5% target. We do not anticipate a reduction in the demand for our services as a result of a reduction in our staffing levels.

To meet the 5% target and to maintain the best possible coverage, station and apparatus realignment would be mandatory. A total of 37 position reductions would mean the loss of 12 persons per shift. To help alleviate the loss, the mobile command vehicle would be staffed on an as-needed basis. This would require the demotion of 3 Captains; the reassignment of 2 Fire Motor Operators; and the layoff of 3 firefighters. In addition, the Rescue 9 vehicle and the Rescue 1 vehicle would close and the personnel reassigned. The vehicles would remain

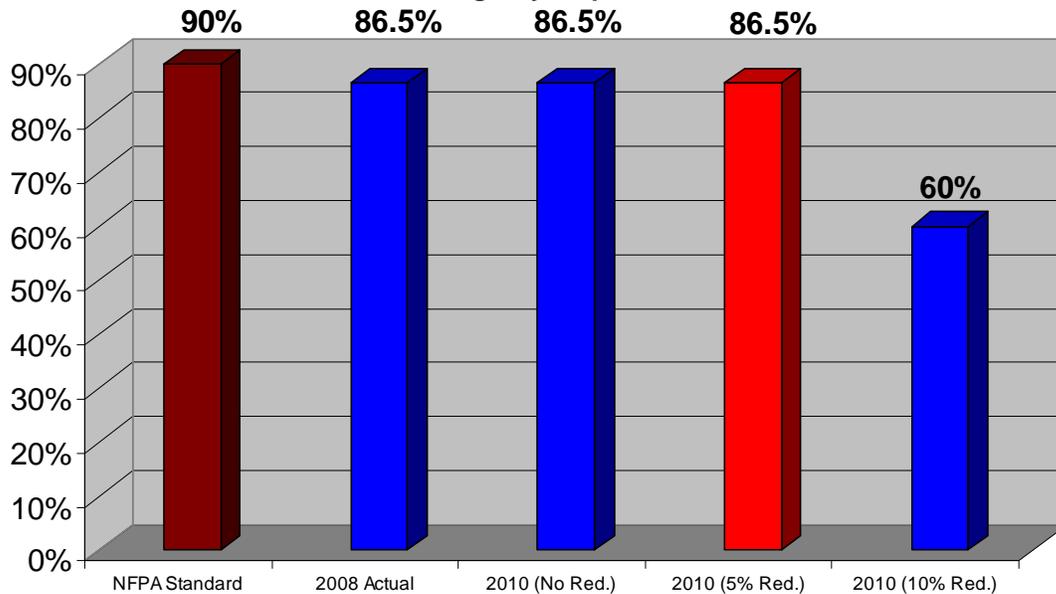
available if needed. An additional apparatus closure would still be required under the new daily staffing level. No station closures would be required to meet the 5% scenario.

Percent of time 14 firefighters on the scene of structure fires in 8 minutes or less



The response time to an emergency event in 5 minutes or less would fall to a projected 60% with 70 position eliminated. The 5% scenario would not impact this measurement.

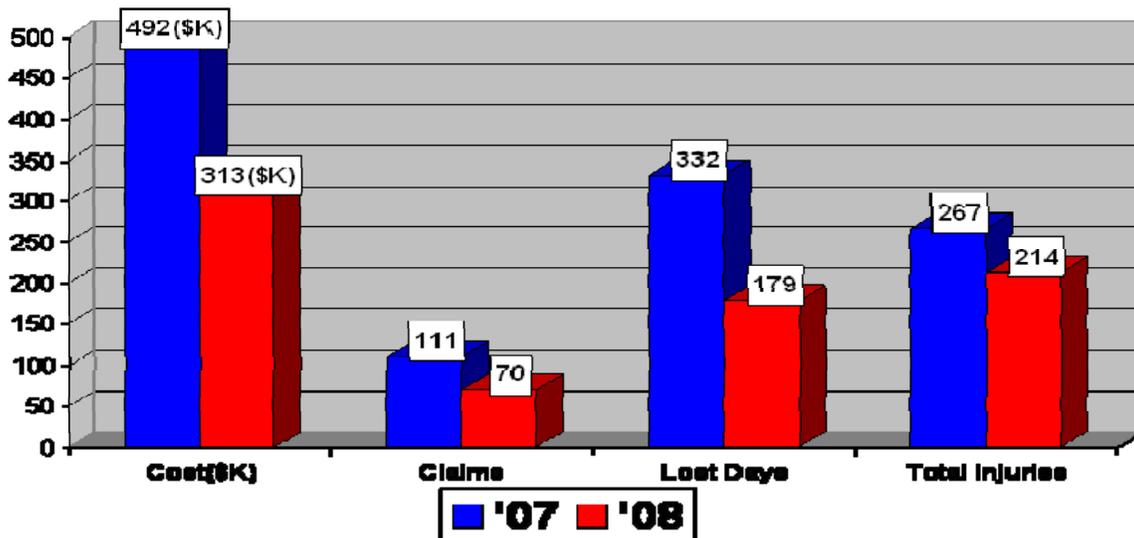
Percent of time that emergency response is 5 minutes or less



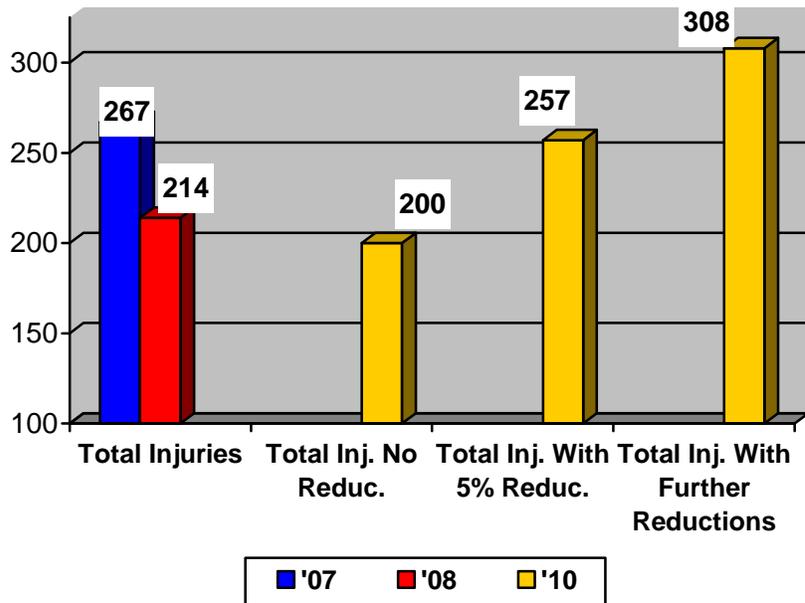
- Large scale incidents and multiple alarm fires. Both large scale incidents and multiple alarm fires would require the use of overtime to re-hire or call back enough staff to adequately respond with the proper number and ratio of personnel. The number of multiple alarm fires may increase as response times are increased and fewer personnel are providing a first response. Events that could have been contained may escalate to a higher level with delayed responses.
- Increased injuries. Historically injuries are reduced with increased staffing levels. When 23 additional firefighters were added in 2008, injury claims and lost days were reduced by over 20%; conversely we project injuries will increase if staffing levels are reduced. Increased injuries equate to increased lost days, increased workers' compensation claims filed, and an increase in the costs incurred by the City.

The 2008 number of injuries was 214. A 20% increase in the number of anticipated injuries would be 257; a 40% increase would be 300-308. Injuries are projected to increase because the same amount of work will be spread among less people. This translates into less recovery time to rest and recuperate from incidents and fewer personnel for relief. In an effort to keep injuries from rapidly increasing with a lower staffing level, fire suppression and tactical operations will be modified to ensure the safety of the firefighters. For example, aggressive interior firefighting would be emphasized on occupied structures only; known vacant and boarded buildings would not be entered until full staffing is on scene.

MFD Injuries & Claims '07-'08



MFD Injuries & Staffing



- Training Mandates. The difficulty to meet the requirements of state and federal training mandates, especially OSHA standards, because the inability to take apparatus out of service would further diminish coverage.
- Mutual Aid and Auto Aid. The Department's ability to share resources with other jurisdictions will be impacted. Priority will be given to the safety of the City of Minneapolis and there may be instances where providing mutual aid would jeopardize that safety. Conversely, if mutual aid is requested, other departments may not have the resources to assist. This will become a metro issue as fire departments struggle with their resources, response times and community and firefighter safety.
- Inspection Program. The quantity and effectiveness of the building inspection programs (both Commercial and Residential) will be impacted due to the increased work loads to achieve anticipated annual goals.
- Prioritization of calls for service. EMS calls may need to be prioritized according to the emergency level they represent. Elimination of certain non-emergency EMS runs may become necessary.
- Weakened Diversity. The Minneapolis Fire Department has long been recognized as one of the most diverse fire departments in the nation. Position elimination and demotions will affect the Department's progress in this area.

2. New/Additional Revenue

The Fire Prevention Bureau (FPB) reviewed the revenue history in the areas of permit fees and fire watch revenue to examine the possibility of additional revenue collection. Several outdated ordinances and permit fees were discovered. The Department proposes to

increase these fees in a range of 22% to 60%. The increases are not expected to generate additional revenue above \$100,000.00, so there will not be a significant increase in funds to help off-set to the 5% or 10% reduction projections. The ordinance changes and fee updates will require council approval and we propose including the option of annual or bi-annual increases to reflect inflationary costs.

- **Hazmat Fees – 22% - 25% increases to 2002 rates**
 - Code 3 Low Hazard. Currently \$100; proposed increase to \$125
 - Code 2 Medium Hazard; currently \$200; proposed increase to \$250
 - Code 1 High Hazard/Tier II; currently \$370; proposed increase to \$450

- **Special Event Permits 30% increases to 2004 rates**
 - Temporary LP Tank Usage - \$50 to \$65
 - Exhibits and Trade Shows - \$100 to \$130
 - Fireworks Display Indoors - \$100 to \$130
 - Fireworks Display Outdoors - \$200 to \$260
 - Open Flame or Candles in Assembly - \$50 to \$65
 - Tent/Membrane Structures - \$50 to \$65
 - Temporary Assembly Fee - \$100 to \$130
 - Bonfire or Controlled Burn - \$50 to \$65

- **Firewatch – 60% increase to 2002 rate; \$40.75/hour to \$65/hour**

- **Personal Injury Accident Response Fee – 3% increase to 2006 rate**
 - Engine Company Response - \$560 to \$577
 - Ladder/Rescue Company Response - \$700 to \$721

The FPB also identified the possibility of a commercial hood cleaning permit as a potential new revenue source. There are an estimated 1,500 commercial hood systems located in restaurants throughout the city. Under a new ordinance, each of these systems would be required to be cleaned at least once per year (or additionally as needed) to reduce the risk of fire caused by grease and residue buildup. The fee would be charged at \$65 per hour and at a minimum would raise \$97,500.

FINANCIAL ANALYSIS

EXPENDITURE

The Fire Department's 2010 expense budget for all funds of \$54.4 million represents a 6.0% increase from the 2009 revised budget. Personnel expenses make up 85% of the total budget. Salaries are 61% and benefits are 24%.

Non-personnel expenses make up 16% of the total budget.

REVENUE

The Department anticipates \$4.95 million in revenue in 2010 compared to \$4.7 million in 2009, a 6.2% increase. This includes \$800,000 in revenue from a commercial inspection program that began in 2009. The largest reduction is in Federal Government revenue. The Fire Department is no longer the fiscal recipient of state homeland security grants. The Department will work with IGR staff to monitor for future Federal Government revenue opportunity. The other reduction is in Fire suppression system permits. The decrease is primarily due to lower activity in new and rehab construction. The Department also receives \$1.9 million state government

funds accounted for in the general fund that is allocated to offset some of the pension costs for active firefighters since 1980.

FUND ALLOCATION

The Fire Department expense budget is 99% funded through the general fund, and 0.02% funded through the special revenue funds – primarily other local grants, and donations.

ORIGINAL BUDGET

The department reduced 12 FTE to meet the financial direction. The Mayor recommended a reduction of \$2.1 million and up to 19 positions. The Mayor further recommended the department should move forward on implementing the commercial hood cleaning program and a three percent adjustment to fees that have not been updated in the past five years. Council approved the Mayor's recommendations and a general fund one-time increase of Fire's budget by \$2 million making funds available until December 31, 2011. Council approved \$225,000 from CDBG funds for fire protection equipment purchases. Fire's budget is increased by \$200,000 for the responsibilities for Boarded and Vacant housing from Regulatory Services. Additionally, Fire's general fund allocation is increased by \$373,000. The department FTE complement will be increased by 25, to 438 FTE consistent with these resources.

Council provided the following staff directions:

- MFD was directed to reduce the budget for take-home vehicles by 50% and the Fire Chief directed to adopt new policies on take home vehicles consistent with this direction.
- During 2010 and 2011 while MFD uses one-time contingency dollars and until cuts are fully implemented, the department is subject to a hiring freeze and promotion freeze. Additionally no expenditures on new capital projects absent express Council approval are allowed.

The budget for this department includes a reduction of BIS charges of \$80,300 due to the Council's actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the department's appropriation by the same amount. Additionally, the budget for this department includes an \$11,460 decrease in appropriation due to the Council's actions to fund two internal audit positions.

MAYOR'S REVISED BUDGET

The Mayor recommended a reduction of \$80,000. The department will achieve this through non-personnel reductions.

COUNCIL REVISED BUDGET

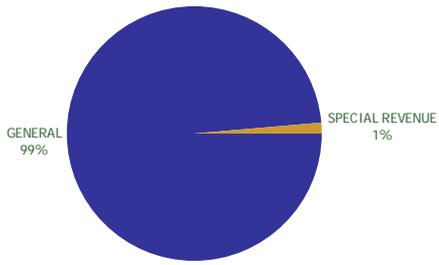
Council approved the Mayor's recommendations.

FIRE EXPENSE AND REVENUE INFORMATION

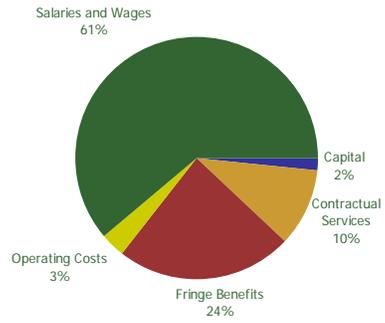
EXPENSE	2007 Actual	2008 Actual	2009 Revised Budget	2010 Revised Budget	Percent Change	Change
GENERAL						
Salaries and Wages	29,398,898	32,115,885	31,423,246	33,175,099	5.6%	1,751,853
Fringe Benefits	10,118,653	10,897,010	11,949,377	12,839,181	7.4%	889,805
Contractual Services	6,262,058	6,257,643	5,860,976	5,695,326	-2.8%	(165,650)
Operating Costs	2,533,047	2,245,969	1,859,386	1,841,519	-1.0%	(17,867)
Capital	158,640		132,730	135,386	2.0%	2,656
TOTAL GENERAL	48,471,296	51,516,507	51,225,715	53,686,511	4.8%	2,460,797
SPECIAL REVENUE						
Salaries and Wages	285,993	77,189			0.0%	0
Fringe Benefits	18,110	10,338			0.0%	0
Contractual Services	174,180	2,747	67,000	7,000	-89.6%	(60,000)
Operating Costs	511,620	298,392			0.0%	0
Capital	268,680	166,364	3,000	697,000	23,133.3%	694,000
TOTAL SPECIAL REVENUE	1,258,583	555,030	70,000	704,000	905.7%	634,000
TOTAL EXPENSE	49,729,879	52,071,537	51,295,715	54,390,511	6.0%	3,094,797

REVENUE	2007 Actual	2008 Actual	2009 Revised Budget	2010 Revised Budget	Percent Change	Change
GENERAL						
License and Permits	1,425,528	1,388,314	2,269,062	2,576,103	13.5%	307,041
State Government	1,822,357	1,568,310	1,863,000	1,863,000	0.0%	0
Charges for Service	166,531	84,394	174,600	121,000	-30.7%	(53,600)
Charges for Sales	436	290	400	250	-37.5%	(150)
Special Assessments	0			200,000	0.0%	200,000
Other Misc Revenues	299,904	245,710	290,000	184,330	-36.4%	(105,670)
TOTAL GENERAL	3,714,755	3,287,019	4,597,062	4,944,683	7.6%	347,621
SPECIAL REVENUE						
Federal Government	2,716,019	672,513	60,000		-100.0%	(60,000)
State Government	81,339				0.0%	0
Local Government	0				0.0%	0
Contributions	17,163	82,131	10,000	10,000	0.0%	0
TOTAL SPECIAL REVENUE	2,814,520	754,645	70,000	10,000	-85.7%	(60,000)
TOTAL REVENUE	6,529,276	4,041,663	4,667,062	4,954,683	6.2%	287,621

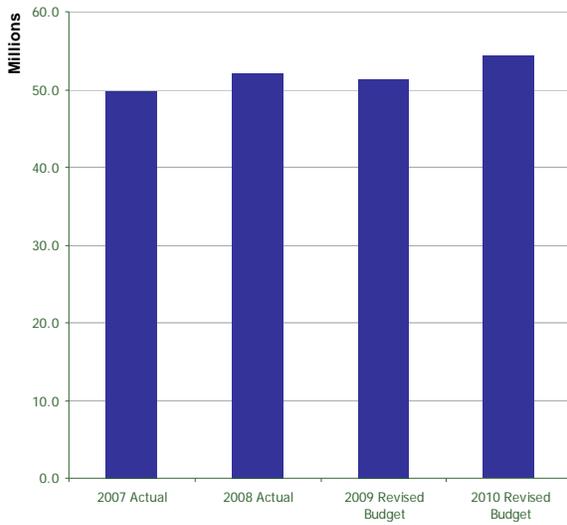
Expense by Fund



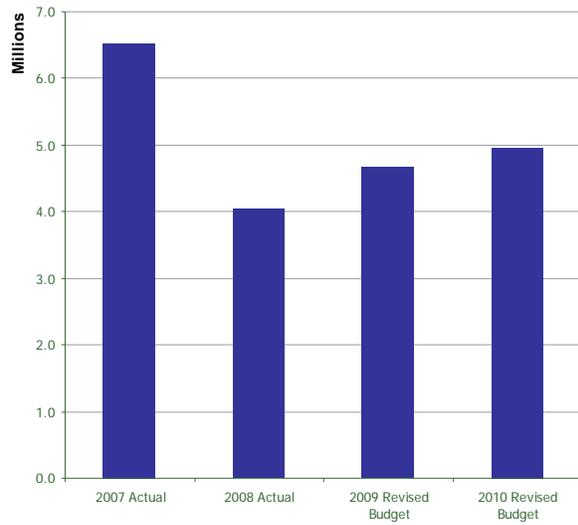
Expense by Category



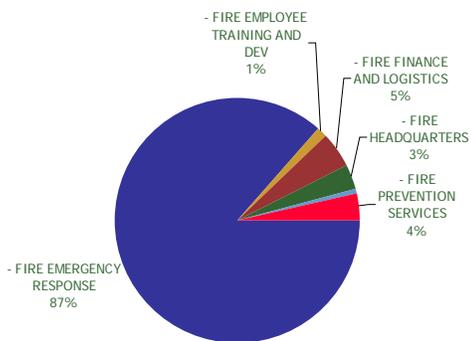
Expense 2007 - 2010



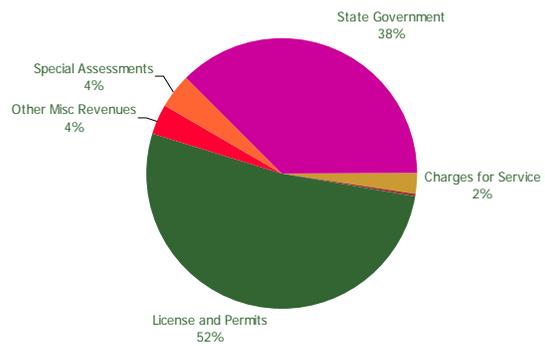
Revenue 2007 - 2010



Expense by Division



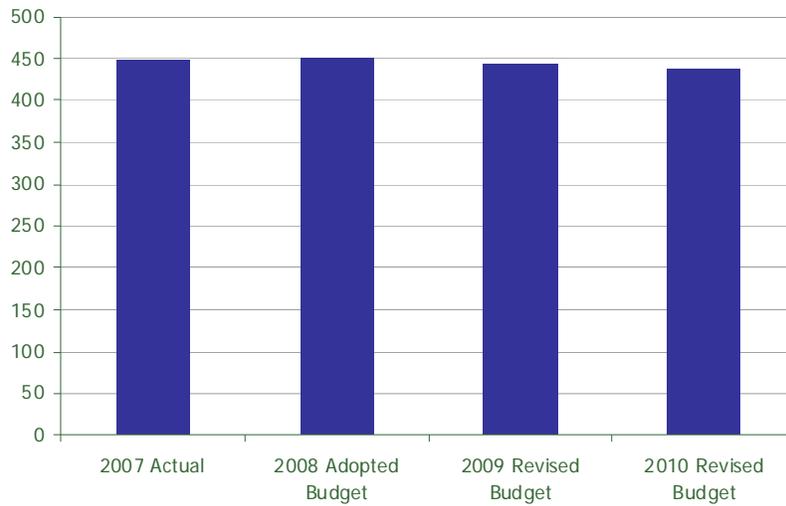
Direct Revenue by Type



FIRE Staffing Information

Expense	2007 Actual	2008 Adopted Budget	2009 Revised Budget	2010 Revised Budget	% Change	Change
FIRE EMERGENCY RESPONSE	403.00	405.00	406.00	400.00	-1.5%	(6)
FIRE EMPLOYEE TRAINING AND DEV			6.00	6.00	0.0%	
FIRE FINANCE AND LOGISTICS			5.00	5.00	0.0%	
FIRE HEADQUARTERS	22.00	22.00	8.00	8.00	0.0%	
FIRE INFORMATION SERVICES			2.00	2.00	0.0%	
FIRE PREVENTION SERVICES	22.00	22.00	17.00	17.00	0.0%	
TOTAL	447.00	449.00	444.00	438.00	-1.4%	(6)

Positions 2007-2010



Positions by Division

