

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 29, 2011
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: BUDGET MEMO # 84: FIRE DEPARTMENT OVERTIME BUDGET

At the City Council Preliminary Add-Delete Budget Work Session on April 25, there were several questions about overtime expenditures and management within the Fire Department. The attached information has been provided by the Fire Department in response.

Fire Department Overtime Budget

(In response to City Council questions at Preliminary Add-Delete Work Session on April 25, 2011)

The table below displays historical trends regarding staffing and overtime.

Table 1: Fire & EMS Overtime Budget and Vacancies

1	2	3	4	5	6	7
FY	Avg. No. of Vacant Pos. per Payroll	Annual Overtime Comp. Budget Plan ¹	Annual Overtime Comp. Actual Expenses	Annual Overtime Comp. Plan vs. Actual	Annual Regular Comp. Plan vs. Actual ²	Annual Net Comp.
2003	3.91	\$1,021,323	\$995,170	\$26,153	(\$154,549)	(\$128,396)
2004	13.73	1,007,534	711,082	296,452	333,970	630,422
2005	7.31	863,088	1,396,405	(533,317)	571,325	38,008
2006	15.04	854,084	1,419,456	(565,372)	425,762	(139,610)
2007	17.15	884,615	1,221,626	(337,011)	410,602	73,591
2008	29.77	1,034,615	1,479,556	(444,941)	289,293	(155,648)
2009	37.33	1,449,774	2,093,836	(644,062)	851,547	207,485
2010	<u>24.76³</u>	<u>1,013,136</u>	<u>2,852,640</u>	<u>(1,839,504)</u>	<u>1,585,182</u>	<u>(254,322)</u>
Total	18.6	\$8,128,169	\$12,169,771	(\$4,041,602)	\$4,313,132	\$271,530

Table 1 makes several points:

- 1) The increases in overtime expenses for the last several years have been driven by vacant positions. (Reference Columns 2 and 3).
- 2) Even with limited numbers of vacancies, there will always be a recurring need for overtime due to minimum staffing requirements. (Reference FYs 2003 and 2005, Columns 2 and 3).
- 3) Actual overtime expenses exceeded overtime budget plans beginning with FY 2005 (Reference Columns 3, 4, 5); however, overtime budget plans were also reduced between FYs 2004 and 2005-2007 and between FYs 2008-2009. (Reference Column 3.).
- 4) When the total net differences between plan and actuals are compared for Overtime Compensation (Column 5) versus Regular Compensation (Column 6), the Department managed within its Total Compensation Budget (Column 7) for all years. In addition, for FYs 2008-2010, after adjustments for unbudgeted workers' compensation costs, the Department ended the years "in the black," i.e., with unexpended balances, respectively, of \$351.00, \$15,775.00, and \$50,866.00.

¹ Excludes end-of-year budget adjustments

² Regular compensation planned vs. actual expenditures already netted

³ Vacant positions decline due to midyear 2010 hiring of 30 new firefighters & 14 new medics; overtime expenses continue as the new hires were not ready for minimum staffing until midway through FY 2011

Minimum Staffing and Overtime

Engines, Ladder Trucks and Medic Units cannot safely operate unless minimum staffing is achieved. For Engines and Ladder Trucks, minimum staffing is currently set at three firefighters per vehicle; regional and national standards call for four firefighters per vehicle. For Medic Units, minimum staffing is two Medics per vehicle.

If Firefighters and Medics do not report to work due to annual, sick, or family leave, light duty, injury, etc., then minimum staffing overtime is required. Maintaining minimum staffing standards account for approximately 84% of all Department overtime.⁴ The alternative to minimum staffing overtime is to take apparatus out of service for safety reasons. Minimum staffing overtime is not optional.

Vacancies increased from FYs 2005 through 2009. One factor contributing to growing vacancies was that our earlier recruit classes experienced significant attrition rates (25%). In order to curtail this high attrition rate and to ensure the highest caliber of candidates, the Department delayed hiring to plan more thorough, objective, innovative, and litigation-tested hiring and training processes for the FY 2010 firefighter and medic recruit classes. (The hiring delay was also due to a severely limited administrative capability for managing the recruiting and hiring processes. The Department was without a full-time Human Resources (HR) Manager for nearly 15 months until January 2008. When that individual left in May 2009 due to a spousal reassignment, the Department's single HR clerk became the principal contact for over six months for nearly 300 employees until a new HR Manager was hired in October 2009.)

The Department's FY 2012 overtime budget is proposed at \$1.8 million, about halfway between FY 2010 actual expenses of \$2.8 million, and the FY 2011 budget of \$1.1 million. The 30 new firefighter recruits and 14 EMS recruits who recently qualified for minimum staffing lowered the overtime projection.

Estimating a Reasonable Overtime "Base"

In FY 2003, there was an average of four vacancies per pay period and \$995,170 of overtime expenses. Leave, injuries, light duty, etc. drove the overtime. The overtime, in turn, assured minimum staffing levels. There will always be a required overtime "base" even with near full-staffing.

Using one month (March 2011) of cost data that includes all recruits as minimum staffing, the Department developed a high-level overtime estimate:

Total Overtime per Pay Period of \$60,577 x 26.1 Pay Periods = \$1,581,059

⁴ Overtime is also used for rehires because of training (9%); special assignments (4%); mandatory meetings (2%); emergencies (1%).

This projection excludes possible vacancies over the next 14 months that will increase minimum staffing overtime. Currently, there are four known Medic and Fire vacancies. The Department projects to lose at least another 10-15 Firefighters and Medics in FY 2012 from a pool of 41 Firefighters and Medics who today are eligible for full retirement.

Known and projected vacancies will increase the annual overtime rate above the March 2011 calculation of \$1.6M. A FY 2012 overtime estimate of \$1.8 million includes these anticipated vacancies.

Managing Overtime

The Department has implemented a number of aggressive steps to manage overtime:

- The number of vacant positions allowed per shift per day are restricted to six positions for Fire and two positions for EMS;
- Prior to 2007, there was no aggressive sick leave policy. A new Sick Leave Policy implemented in 2009 has had positive results:

Table 2: Sick Leave Staffing Slots. Fire Only
(Nos. Represent Shift Days, i.e., 1 = 24 Hour Shift)

FY 2007		FY 2008		FY 2009		FY 2010	
Nos.	% Change Prior Yr.						
818	...	1,121	+37%	776	-31%	629	-19%

- An aggressive enforcement of the 52-week rule for extended light duty, sick leave, and worker compensation employees has released five employees from service within the past 12 months.
- Implementing a Health and Safety Unit in 2009, composed of one Battalion Chief and three shift Captains, has reduced the numbers of accidents:

Table 3: Reported Injuries or Work-Related Illnesses

FY 2008		FY 2009		FY 2010	
Nos.	% Change Prior Yr.	Nos.	% Change Prior Yr.	Nos.	% Change Prior Yr.
81	...	92	+14%	63	-32%

- Plans to conduct recurring (annual) recruit and hiring efforts;
- Plans to conduct recurring (every two years) officer promotion processes (to reduce the number of “Acting” officers, many of whom qualify for overtime pay.)