

March 15, 2016

LOS ANGELES FIRE DEPARTMENT



RALPH M. TERRAZAS
FIRE CHIEF

February 29, 2016

BOARD OF FIRE COMMISSIONERS
FILE NO. 16-027

TO: Board of Fire Commissioners

FROM: *RMT* Ralph M. Terrazas, Fire Chief

SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2015-16

FINAL ACTION: ☐ Approved ☐ Approved w/Corrections ☐ Withdrawn
☐ Denied ☐ Received & Filed ☐ Other

SUMMARY

The Department's Fiscal Year (FY) 2015-16 Budget is \$626 million. During the year, the Department's budget will reflect changes due to various transfers and reimbursements such as those for grants or other Council and Mayor approved funding modifications. The revised budget below reflects re-appropriations from the prior fiscal year.

RECOMMENDATION

That the Board:
Receive and File.

FISCAL IMPACT

There is no fiscal impact inasmuch this report is for informational purposes only.

DISCUSSION

The following reflects the status of the Department's budget as of December 2015.

	Adopted Budget 2015-16	Total Budget Changes	Revised Budget	Projected Year- End Expenditures	Projected Surplus/ Deficit
Salaries	591,139,390	(481,480)	590,657,910	596,350,938	(5,693,028)
Expense	35,058,116	2,403,444	37,461,560	39,142,470	(1,680,910)
Total	626,197,506	1,921,964	628,119,470	635,493,408	(7,373,938)

The Department is projecting a year-end budget deficit of \$7.4 million which has trended down from the estimate of \$15 million in the first budget status report. Various transfers have been requested in Financial Status Reports to the Council to address critical shortages in certain accounts including fleet maintenance, mutual aid overtime, and one-time payouts for members leaving City services (see Attachment). The Department is not

requesting new appropriations at this time other than General Funds in the Unappropriated Balance (UB) previously approved for LAFD training and field staffing needs. The Department is closely monitoring all accounts to reduce the deficit to the extent possible. General Fund revenues are expected to exceed budgeted amounts by approximately \$13.8 million.

Contributing factors to the \$7.4 million net deficit, which includes offsets from salary and expense savings, include:

- \$2.1 million deficit for Constant Staffing – unfunded obligations for sworn members not qualifying for FLSA Section 7(k) pay (i.e., personnel not engaged in fire suppression work). This deficit has been reduced from over \$7 million due to offsets from increased staffing of field positions and less usage of compensated time off as new recruits enter the sworn workforce.
- \$2.4 million deficit for Excess Sick Time – excess sick time payouts in connection with approximately 175 DROP exits. The burden on excess sick time payouts as members leave City service is about \$2.4 million above current appropriations for total expenditures of \$5.8 million. Transfers have been requested to meet immediate shortfalls in this account. Budget impacts are expected to be minimal going forward with DROP exits returning to a norm of about 80 exits next year.
- \$3.8 million deficit for Mutual Aid – overtime for sworn resources deployed outside of the City. This account has a deficit of \$3.8 million above the budget of \$5.5 million due to unanticipated deployment activity in one of the State's worst wildfire seasons. Transfers have been requested to meet immediate shortfalls in this account. Mutual aid reimbursements can be expected throughout the year and are captured as revenue to the General Fund.
- \$3.7 million deficit for Fleet Maintenance – parts and maintenance for the Department's emergency fleet. There is a deficit of \$3.7 million above the budget amount of \$3.8 million. Approximately \$2.5 million corresponds to apparatus maintenance which has been historically underfunded. Additionally, Fire Boats are requiring extended maintenance amounting to \$1.2 million for the cost of haul outs and structural repairs. Transfers have been requested to meet immediate shortfalls in this account.
- \$4.1 million net surplus in Salaries and Expenses – savings from sworn and civilian vacancies, recruit hiring at entry level pay, and certain expense accounts, which help reduce the overall deficit.

The Adopted Budget includes funding for five recruit training classes to support a total of 270 firefighter recruits. On July 28, 2015, the Council authorized the Department to appoint, in each class, up to 65 at Drill Tower 81 and up to 50 at Drill Tower 40 for a total of 295 recruits (C.F. 15-0826) without additional funding. The Council approved a sixth class for paramedic training on December 15, 2016 (C.F. 15-0600-S14) with \$3.1 million in

funding which increases the total authorized training to 345 recruits. This funding will be appropriated to the Department from the UB in the Midyear report. Four training classes will be completed this fiscal year and the remaining two in the following year based on the following Academy schedule. Although recruit training has an attrition rate of 20 percent, the heightened recruitment activity with both drill towers in operation has helped accelerate staffing in the field and reduce overtime costs.

Drill Tower	Class #	Start Date	Graduation Date	No. of Recruits Authorized	No. of Recruits Appointed	No. of Graduates
DT 81	15-1	07/13/15	11/24/15	65	65	52
DT 40	15-2	09/21/15	02/4/16	50	58	45
DT 81	15-3	12/14/15	04/28/16	65	66	TBD
DT 40	15-4A	02/08/16	06/09/16	50	TBD	TBD
DT 81	15-5	05/16/16	09/29/16	65	TBD	TBD
DT 40	15-6	06/27/16	11/17/16	50	TBD	TBD
Total				345		

Funds in the UB also include \$521,000 to support LAFD field staffing operational needs. This funding will be utilized toward the staffing restoration of Engine Company 69 in the Operations West Bureau which was discussed during budget deliberations last year. A budget request is included in the Department's FY 2016-17 Proposed Budget for continuation of these resources.

Board report prepared by Emilio Rodriguez, Senior Management Analyst II, Administrative Services Bureau.

Attachment

2015-16 MONTHLY FINANCIAL SUMMARY
LOS ANGELES FIRE DEPARTMENT

Reporting Month: December 2015 - PP 1-13 (Midyear FSR)
 Completed by: Emilio Rodriguez, Sr. Management Analyst II

Dept: Fire Fund: 100		2015-16 BUDGETED EXPENDITURES			YEAR-END PROJECTIONS		REVISED YEAR-END PROJECTIONS	
Acct. No.	Account Title	Total Adopted Budget (1)	Interim Appropriations or Adjustments (2)	Total Adjusted Budget (1 + 2 = 3)	Total Projected Expenditures At Year-End (4)	Year-End Projected Surplus or (Deficit) (3 - 4 = 5)	Requested Interim Appropriations or Adjustments** (6)	Revised Projected Year-End Balance (5+6=7)
001010	Salaries, General	29,212,235	(1,373,000)	27,839,235	26,019,740	1,819,495	(1,550,000)	269,495
001012	Salaries, Sworn	355,613,016	(1,312,164)	354,300,852	354,297,174	3,678	(4,733,862)	(4,730,184)
001030	Sworn Bonuses	5,610,594	-	5,610,594	5,641,792	(31,198)	12,756	(18,442)
001050	Unused Sick Time	3,381,709	-	3,381,709	5,799,435	(2,417,726)	2,500,000	82,274
001070	Salaries, As-Needed	106,000	(475)	105,525	73,500	32,025	-	32,025
001090	Overtime General	1,230,910	400,000	1,630,910	1,629,777	1,133	-	1,133
001092	Overtime Sworn	5,464,283	2,050,000	7,514,283	9,124,284	(1,610,001)	1,700,000	89,999
001093	Overtime Constant Staffing	175,162,006	-	175,162,006	177,903,444	(2,741,438)	662,194	(2,079,244)
001098	Overtime Variable Staffing	15,358,637	(245,840)	15,112,797	15,833,395	(720,598)	1,130,514	409,916
	Subtotal Salaries	591,139,390	(481,480)	590,657,910	596,322,540	(5,664,630)	(278,398)	(5,943,028)
002120	Printing and Binding	383,105	-	383,105	388,105	(5,000)	5,000	-
002130	Travel Expense	23,070	20,000	43,070	43,070	-	-	-
003030	Construction Materials	296,755	-	296,755	306,755	(10,000)	10,000	-
003040	Contractual Services	10,748,895	11,852	10,760,747	11,339,202	(578,455)	-	(578,455)
003070	Contract Brush Clearance	2,575,000	-	2,575,000	2,551,190	23,810	-	23,810
003090	Field Equipment Expense	3,784,604	500,000	4,284,604	7,414,304	(3,129,700)	3,150,000	20,300
003120	Investigations	5,400	-	5,400	5,400	-	-	-
003260	Rescue Supplies and Exp	3,410,477	26,696	3,437,173	3,639,876	(202,703)	-	(202,703)
003310	Transporation Expense	3,158	25,000	28,158	28,158	-	-	-
004430	Uniforms	5,505,568	-	5,505,568	5,825,363	(319,795)	309,000	(10,795)
004450	Water Control Devices	856,060	-	856,060	856,060	-	-	-
006010	Office and Administrative	1,888,928	1,610,750	3,499,678	3,710,120	(210,442)	405,000	194,558
006020	Operating Supplies	5,459,096	209,146	5,668,242	6,566,265	(898,023)	20,398	(877,625)
	Subtotal Expense	34,940,116	2,403,444	37,343,560	42,673,868	(5,330,308)	3,899,398	(1,430,910)
007300	Furn, Office & Tech Equip	30,000	-	30,000	30,000	-	-	-
007340	Transporation Equipment	88,000	-	88,000	88,000	-	-	-
	Subtotal Equipment	118,000	-	118,000	118,000	-	-	-
	None	-	-	-	-	-	-	-
	Subtotal Special	-	-	-	-	-	-	-
Total Budget		626,197,506	1,921,964	628,119,470	639,114,409	(10,994,938)	3,621,000	(7,373,938)

COMMENTS:

NOTES: Insert additional lines for each appropriation account as necessary. Use separate sheets to report on each major source of funds.

**Interim Appropriations or Adjustments" column should reflect data in FMIS and transfers approved by Council and/or Mayor.

***Requested Interim Appropriations or Adjustments" column should reflect unrecorded transfers (e.g., prior CAO FSRs pending Council approval or any other unrecorded actions)