



LOS ANGELES FIRE DEPARTMENT

RALPH M. TERRAZAS
FIRE CHIEF

March 3, 2017

BOARD OF FIRE COMMISSIONERS
FILE NO. 17-035

TO: Board of Fire Commissioners

FROM:  Ralph M. Terrazas, Fire Chief

SUBJECT: MID-YEAR BUDGET REPORT FOR FISCAL YEAR 2016-17

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

The Fire Department's Fiscal Year (FY) 2016-17 Budget is \$633 million. The Department is projecting a year end deficit of \$14.5 million attributed to the added salary cost of MOU adjustments negotiated this year for sworn members. Various transfers to date have been requested in Financial Status Reports (FSR) to the Council to address operating shortfalls including fleet and boat maintenance, mutual aid overtime, and one-time payouts for members leaving City service.

LAFD's Midyear report to the Council's Budget and Finance Committee, currently under review by the City Administrative Officer (CAO), addresses additional adjustments between salaries and expense accounts to meet operational needs through year end, including closing projected gaps on Constant Staffing Overtime, contractual services and operating expenses accounts (see Attachment). However, given current year citywide fiscal challenges, including a potential deficit of \$245 million, departments are being directed by the Council to curtail expenditures. The potential impact to LAFD's Midyear requests will not be known until the CAO has released a report to the Committee. Any LAFD requests for new General Fund appropriations to close its deficit will be addressed in the Year End FSR based on the latest available expenditure data. An update will be provided in a year end report to the Fire Commission.

RECOMMENDATION

That the Board:
Receive and File.

FISCAL IMPACT

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

DISCUSSION

The following reflects the status of the Department's budget as of December 2016.

	Adopted Budget 2016-17	Total Budget Changes	Revised Budget	Projected Year- End Expenditures	Projected Surplus/ Deficit
Salaries	593,174,475	(11,785,751)	581,388,724	595,694,568	(14,305,844)
Expense	40,046,461	13,299,801	53,346,262	53,546,197	(199,935)
Total	633,220,936	1,514,050	634,734,986	649,240,765	(14,505,779)

The Department is not requesting new appropriations at this time. It is closely monitoring all accounts to reduce the deficit to the extent possible. General Fund receipts from fees and billings are expected to meet revenue targets.

Contributing factors for the \$14.5 million estimated deficit include:

- \$11.7 million deficit for Sworn Salaries – This projection is largely the result of recent MOU adjustments and a one-time salary reduction of \$1.5 million in the current Adopted Budget.
- \$2.9 million deficit for Constant Staffing Overtime – Constant staffing overtime attributable to FLSA provisions was underfunded by \$2 million in the Adopted Budget. The deficit is currently estimated at \$2.9 million. In the Midyear FSR, a transfer of \$2 million is requested from salaries to reduce the shortfall. As constant staffing requirements may fluctuate, any remaining needs will be addressed at year end.
- \$250,000 for Civilian Overtime – This deficit is consistent with historical expenditures for fleet maintenance, fire development services and administrative overtime work.
- \$598,137 for Contractual Services – LAFD has incurred unfunded obligations as a result of City and legal requirements and critical operational needs, including citywide GIS enterprise software cost sharing and other software maintenance costs, Helitanker contract cost increases, and hazardous waste removal at all fire stations.
- \$2 million for various operating costs – Sufficient funding is needed for supplies and services at all Fire Stations and to meet operating expenses through year end, including emergency and health/safety repairs.

The Adopted Budget includes funding for four recruit training classes to support a total of 230 firefighter recruits. Two training classes will be completed this fiscal year and the remaining two in the following year based on the 2016-17 Academy schedule below. 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	16-1	10/17/16	03/02/17	65	66	45
DT 40	16-2	11/28/16	04/13/17	50	56	TBD
DT 81	16-3	03/20/17	08/03/17	65	TBD	TBD
DT 40	16-4	05/01/17	09/14/17	50	TBD	TBD
Total				230		

For information purposes, an update of the 2015-16 recruit training schedule follows which includes the completion of two classes in the current year (i.e., a total of four classes are graduating this fiscal year, as highlighted):

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	02/04/16	50	49	45
DT 81	15-3	12/14/15	04/28/16	65	65	48
DT 40	15-4A	02/08/16	06/09/16	50	50	45
DT 81	15-5	05/16/16	09/28/16	65	60	49
DT 40	15-6	06/27/16	11/09/16	50	58	42
Total				345	347	281

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

Attachment

2016-17 MONTHLY FINANCIAL SUMMARY
LOS ANGELES FIRE DEPARTMENT

Reporting Month: January 2017 - PP 14 (Midyear FSR)

Completed by: Emilio Rodriguez, Sr. Management Analyst II

Dept: Fire Fund: 100		2016-17 BUDGETED EXPENDITURES				YEAR-END PROJECTIONS			REVISED YEAR-END PROJECTIONS		
		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)			
Acct. No.	Account Title										
001010	Salaries, General	32,131,331	(108,183)	32,023,148	31,295,018	728,131	(130,000)	598,131			
001012	Salaries, Sworn	356,262,752	(14,231,111)	342,031,641	363,021,109	(20,989,468)	6,249,779	(14,739,689)			
001030	Sworn Bonuses	5,591,770	-	5,591,770	5,605,123	(13,353)	-	(13,353)			
001050	Unused Sick Time	3,381,709	350,000	3,731,709	3,459,311	272,398	-	272,398			
001070	Salaries, As-Needed	-	64,022	64,022	64,022	-	-	-			
001090	Overtime General	1,433,364	-	1,433,364	1,679,950	(246,586)	250,000	3,414			
001092	Overtime Sworn	6,464,283	3,000,000	9,464,283	9,247,965	216,318	-	216,318			
001093	Overtime Constant Staffing	169,936,848	(830,479)	169,106,369	172,049,760	(2,943,391)	2,000,000	(943,391)			
001098	Overtime Variable Staffing	17,972,418	(30,000)	17,942,418	16,043,953	1,898,465	(1,598,137)	300,328			
	Subtotal Salaries	593,174,475	(11,785,751)	581,388,724	602,466,210	(21,077,486)	6,771,642	(14,305,844)			
002120	Printing and Binding	378,105	(30,000)	348,105	341,988	6,117	-	6,117			
002130	Travel Expense	23,070	30,000	53,070	53,000	70	-	70			
003030	Construction Materials	313,755	-	313,755	313,755	-	-	-			
003040	Contractual Services	11,687,009	9,512,324	21,199,333	21,996,961	(797,628)	598,137	(199,491)			
003070	Contract Brush Clearance	2,175,000	360,000	2,535,000	2,534,738	262	-	262			
003090	Field Equipment Expense	3,784,604	3,076,303	6,860,907	6,857,693	3,214	-	3,214			
003120	Investigations	5,400	-	5,400	5,400	-	-	-			
003260	Rescue Supplies and Exp	3,588,420	-	3,588,420	3,588,420	-	-	-			
003310	Transportation Expense	3,158	50,000	53,158	53,013	145	-	145			
004430	Uniforms	5,858,367	159,541	6,017,908	6,374,000	(356,092)	356,446	354			
004450	Water Control Devices	841,060	-	841,060	838,956	2,104	-	2,104			
006010	Office and Administrative	2,297,988	(45,477)	2,252,511	2,752,331	(499,820)	500,000	180			
006020	Operating Supplies	9,090,525	187,110	9,277,635	10,790,525	(1,512,890)	1,500,000	(12,890)			
	Subtotal Expense	40,046,461	13,299,801	53,346,262	56,500,780	(3,154,518)	2,954,583	(199,935)			
007300	Furn. Office & Tech Equip	-	-	-	-	-	-	-			
007340	Transportation Equipment	-	-	-	-	-	-	-			
	Subtotal Equipment	-	-	-	-	-	-	-			
	None	-	-	-	-	-	-	-			
	Subtotal Special	-	-	-	-	-	-	-			
	Total Budget	633,220,936	1,514,050	634,734,986	658,966,990	(24,232,004)	9,726,225	(14,505,779)			

COMMENTS: An amount of \$9,512,324 was advanced to Medi-cal IGT and will be received as a reimbursement this year.

An amount of \$150,000 is expected as sworn and \$120,000 as civilian salary reimbursement receivables from FEMA.

An amount of \$412,545 will be transferred to Fund 335 to cash flow equipment purchases and reimbursed in future FY.

An amount of \$356,446 is expected as an expense reimbursement receivable from AFG (Brush Shirt reimbursements).

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)