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November 15, 2012

Honorable Members of City Council  
Los Angeles City Council  
Room 395, City Hall  
Los Angeles, CA 90012

Los Angeles Fire Department Fiscal Year 2012-13 Budget Status

**SUMMARY**

On October 29, 2012, the Budget and Finance Committee considered the City Administrative Officer's First Financial Status Report which projected that the Los Angeles Fire Department would have a budget deficit by fiscal year-end. This projected deficit is due to an anticipated \$11 million fiscal year-end shortfall in the Sworn Constant Staffing Overtime Account. The shortfall is partially attributable to a reduction of \$3.2 million in the FY 2012-13 Constant Staffing Overtime Account due to the planned July 2012 schedule change from Platoon Duty to a 5/40 schedule at the Metropolitan Fire Communications (MFC) Center. The schedule change has not been implemented, resulting in expenditures from the Constant Staffing Overtime Account of \$266,667 per month. Transfers of surpluses from other accounts would reduce the deficit from \$11 million to \$5.2 million.

The FY 2012-13 Budget included revenue of \$23.5 million from AB 678 which would, upon approval by the Federal Center for Medicare and Medi-Cal Services (CMS), provide supplemental reimbursements for the Ground Emergency Medical Transport (GEMT) program. The LAFD is one of six members of the "Beta Group" working with the State Department of Health Care Services (DHCS) to develop the cost methodology and report for approval by CMS. This process is continuing.

The Budget and Finance Committee instructed the LAFD to report weekly on the status of:

- (a) the Constant Staffing Overtime Account;
- (b) implementing the 5/40 work schedule at the MFC;
- (c) finalizing the process for receipt of \$23.5 million revenue from the GEMT program (AB 678).

At the November 5 meeting, the Budget and Finance Committee instructed the LAFD to provide an explanation of how the projected \$11 million deficit was derived, and a roadmap for addressing the deficit to achieve a balanced budget by year-end.

### Constant Staffing Overtime Account

Constant Staffing Overtime is paid for all Platoon Duty positions to ensure that these authorities are staffed 24 hours, 365 days in the field. Calculating the projected annual budgetary requirements for the Constant Staffing Overtime Account is based on a formula that includes the following:

- Number of positions assigned to Platoon Duty;
- Assumption on number of vacancies based on anticipated retirements, departures from DROP, long-term IOD;
- Assumption on the compensated time off (CTO) rate;
- Cost-of-living adjustment, if applicable;
- Banked overtime payments.

Based on these factors, the LAFD requested an increase of \$40.3 million in the FY 2012-13 Constant Staffing Overtime Account. The FY 2012-13 Adopted Budget provided an increase of \$32.5 million, which was \$7.8 million less than the amount the LAFD calculated would be required. Thus, the anticipated fiscal year-end deficit in the Constant Staffing Overtime Account is attributable to the following:

• Constant Staffing OT Account (under-funded)	\$7,800,000
• Delay implementing 5/40 schedule at MFC (12 mos.)	<u>3,200,000</u>
<i>Projected Deficit</i>	<i>\$11,000,000</i>

### Addressing the Projected Deficit

As reported in the FSR, anticipated surpluses in other accounts, including Sworn Salaries, Salaries General and Overtime Variable Staffing, would reduce the projected \$11 million deficit to \$5.2 million. The LAFD plans to address this deficit through the following estimated revenues/savings:

• DWP Reimbursement	\$3,000,000
• Implement 5/40 Schedule by February 2013	1,300,000
• Updated Special Services Fees (inspection activities)	675,000
• Additional surpluses from other accounts	205,000
• Pre-Inspection Services for Day Care Facilities	<u>20,000</u>
<i>Total</i>	<i>\$5,200,000</i>

### DWP Reimbursement

The program being proposed is to be modeled on other reimbursements historically made by the DWP to other City departments and offices for direct service costs that support DWP activities (e.g., City Attorney's Office services, Treasurer services, Fire Department hydrant inspection services, CAO proprietary analysis, Mayor's Office proprietary department liaison). The DWP and LAFD have consulted the City Attorney's Office in regard to the program's concept and will be assisted by that Office as the program is designed. The areas under consideration are for activities related to hydrants, downed power lines and damaged transformers.

**Implementing 5/40 Schedule at Metropolitan Fire Communications Center**

Implementing the 5/40 schedule at the LAFD dispatch center has employee relations implications. The matter will be presented to the Executive Employee Relations Committee (EERC) at its November 21 Special Meeting for further bargaining instructions on the proposed staffing level to convert from Platoon Duty to a 5/40 work schedule, and to seek the CAO, Employee Relations Division's assistance.

**Ground Emergency Medical Transport Program (AB 678)**

On November 9, DHCS provided the revised cost report to the Beta Group for final review and comment. Comments were transmitted to DHCS by November 14. Simultaneously, DHCS is continuing to work with CMS on outstanding issues. DHCS's goal is to transmit to CMS by December 31, 2012, the required documentation for review and approval.

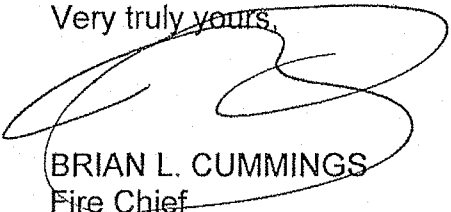
**RECOMMENDATION**

Note and file this report.

**FISCAL IMPACT**

There is no General Fund impact as this report is informational.

Very truly yours,



BRIAN L. CUMMINGS  
Fire Chief

BLC:jwg