

LOS ANGELES FIRE DEPARTMENT



JAMES G. FEATHERSTONE
INTERIM FIRE CHIEF

February 4, 2014

BOARD OF FIRE COMMISSIONERS
FILE NO. 14-015

TO: Board of Fire Commissioners

FROM: James G. Featherstone, Interim Fire Chief

SUBJECT: FINAL PROPOSED BUDGET SUBMITTED FOR FISCAL YEAR 2014-15

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 Withdrawn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

On December 17, 2013, the Board of Fire Commissioners approved the Proposed Budget for Fiscal Year 2014-15 and authorized the Department's Financial Management Division to make technical adjustments, as necessary, to implement the Board's intention.

Attached is the final Proposed Budget submitted to the Mayor and the Office of the City Administrative Officer on January 10, 2014. Also attached is the budget calendar which provides key dates in the Proposed Budget review cycle.

RECOMMENDATION

That the Board:
Receive and file.

Board report prepared by Sandra Ocon, Senior Management Analyst II, Administrative Services Bureau.

Attachments

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COMMISSIONERS**

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January 14, 2014

Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Dear Mayor Garcetti:

Submitted for your review and discussion is the Fire Department's Proposed Budget for Fiscal Year 2014-15. The Proposed Budget was approved by the Fire Commission at their December 17, 2013 meeting.

The Department's Proposed Budget for FY 2014-15 was developed, to the extent possible, based on the guidelines provided. Starting with the FY 2014-15 budget development process, the City started to transition to a performance-based budget. Our development of the proposed budget was guided by your nine Priority Outcomes:

1. Promote good jobs for Angelenos all across Los Angeles
2. Restore the City services that make our neighborhoods livable and attractive
3. Make our communities the safest in the nation
4. Create a more sustainable and livable city
5. Live within our financial means
6. Provide outstanding customer service to our residents and businesses
7. Deploy innovation and technology to modernize city government
8. Restore pride and excellence in public service
9. Partner with citizens and civic groups to build a greater city

Based on these Priority Outcomes, the estimate for the Fire Department's Proposed Budget submitted for your review totals \$638 million.

Since the City is projecting a deficit of up to \$242 million for FY 2014-15, departments were directed not to exceed 95% of their FY 2013-14 Adopted General Fund budget. As part of the new performance budgeting framework, all departments were required to submit each existing budgetary program, not to exceed 95%, as a budget package. Departments could also submit requests for additional funding to enhance existing services or provide new services that addressed the goals of the Priority Outcomes.

The estimate for the FY 2014-15 Proposed Budget submitted for your review, including \$31 million for MICLA for fleet replacement, totals \$637,753,210, as compared with the FY 2013-14 Adopted Budget and MICLA which totals \$580,936,530. The proposed operating budget for FY 2014-15 is estimated at \$57 million above the current fiscal year.

The 5% decrease from the proposed budget is from the sworn salary account of the Fire Suppression and Emergency Ambulance Service Programs. There are no easy alternatives to further reduce our budget by 5%. The decision to take the \$30 million from those two programs is due to the fact that the sworn salaries are approximately 90% of the Department's current budget (\$493,870,530), with the remaining 10% divided between the civilian salaries (\$25,249,513) and expenses (\$31,050,488). Taking a 5% reduction from the civilian salaries and expenses would drastically deplete the funding needed to operate the Department. There are only 310 regular civilian authorities, and it is extremely challenging to identify position and expense reductions that would not negatively impact operations and support provided internally and to the public. A request to restore the 5% decrease is included in the Proposed Budget.

The Fire Department Fiscal Year 2014-15 Proposed Budget reflects the additional resources, technology and other funding requirements to achieve my priorities for the Department that would comply with the Mayor's Priority Outcomes and Goals for safer communities; providing outstanding service; and deploying innovation and technology. The Department priorities are:

1. Service Delivery
2. Training/Recruitment
3. Leadership Development
4. Technology

CHALLENGES

Funding Needs: Departments were directed to not exceed 95% of their FY 2013-14 Adopted General Fund budget. This posed a tremendous challenge for the Fire Department given reductions in funding and staffing made over the past few years. As previously noted, our budget is dedicated to 90% sworn staffing, 5% civilian staffing and 5% expenses. A reduction of 5% of the FY 2013-14 Adopted Budget would require further staff reductions totaling approximately \$30 million or the equivalent of approximately 285 sworn positions.

This reduction would severely impact Priority Outcome Number 3: Make our communities the safest in the nation. Therefore, included in the Proposed Budget is a request to restore the 5% funding to avoid further reductions in sworn staffing in FY 2014-15.

Recruit Training and Recruitment: After not hiring new recruits for the past five years, the Department is finally hiring its first recruit class in January 2014. The Department needs to continue recruit training in FY 2014-15 and beyond to replace retiring members. Since the City is projecting a deficit of up to \$242 million for FY 2014-15, it will be challenged to fund many priorities. However, the Fire Department cannot continue to rely on overtime as a way to fill field vacant positions. The Department will have an additional 120 member exit DROP in FY 2014-15.

- Recruit Training and Recruitment are significant components of next year’s proposed budget.
- Requesting 3 classes in Drill Tower 81 (210 Recruits) and 2 classes in Drill Tower 40 (70 Recruits).
- Need to maximize the number of recruits to minimize the number of sworn vacancies and allow for the addition of new field sworn positions in the future.
- Based on three classes in DT 81, anticipate an average of 142 field sworn vacancies in FY 2014-15

Technology: The Department has received over \$30 million to replace outdated technology such as the dispatch system (Computer Aided Dispatch CAD), Fire Station Alerting System, and Automated Vehicle Locator Project (AVL). However, additional staff was not added to support these projects. The Department is requesting funding to staff a new Technology Information Bureau, including oversight by a Chief Information Officer.

- Add a Chief Information Officer to head a new Technology Bureau to oversee all technology needs within the Department, including over \$30 million in funding for updates to current public safety systems and plan for the future technology needs in the Department.
- Create a new Communications Technology Division to be headed by an Information Systems Manager. The Communications Technology Division Manager will oversee the integration of large scale public safety mission critical systems, direct, review and recommend solutions and systems for public safety operations. The position will also supervise and plan the work of systems developers, technicians, and engineers.
- Dedicate the current Management Information Systems Division staff to focus on the technology needs of over 100 Fire Stations, including the Network Staffing System which is essential to the efficient staffing of all field sworn resources, Training Division, Fire Prevention, and making the best utilization of technology throughout the Department.

Revenue: The projected revenue for Fiscal Year 2014-15 is significantly lower than the revised estimated revenue for Fiscal Year 2013-14 due to a one-time receipt of \$18 million from the Ground Emergency Medical Transport (GEMT) program. The \$18 million one-time receipt covered the period of January 30, 2010 to June 30, 2013. It is estimated that the receipts from the GEMT program will be \$1.5 to \$2.5 million annually. The Department estimates total revenue for FY 2014-15 to be at \$151 million; other revenue options will continue to be evaluated.

The new service enhancement requests, provided in priority order, are submitted for consideration and further discussion.

Dept Priority	Service Delivery Enhancement Package Description
1	5% Restoration: \$46,596,551 a) 5% Restoration for Emergency Ambulance Services b) 5% Restoration for Fire Suppression c) Wages & Count Salary Adjustment
2	Salary Adjustments including Sworn Salaries and Constant Staffing Overtime Account: (\$6,815,988)

3	<p>Technology Enhancements: \$3,698,196</p> <ul style="list-style-type: none"> a) Chief Information Officer and supporting civilian technical staff to focus on a long-term strategic technology plan and provide project management oversight for various complex, multi-year projects totaling over \$30 million. b) Additional staffing and expenses for the Network Staffing Systems which currently has only one dedicated position to manage this system 24/7. This service enhancement request is to build a support team that will sustain this application, provide the additional resources to enhance and modernize the user interface, and build additional functionality to integrate with future automation projects like FD-Time, Fair Labor Standards Act (FLSA) compliance, position control, and FireStatLA. c) Personnel, expense and equipment dedicated to technology improvements throughout the Department and replacement of obsolete technology equipment. Focus on technology changes to allow Department staff to be more efficient and provide better customer service. d) Start-up costs for False Alarm Program e) Funding to replace the current Complaint Tracking System <p>Mayor's Priority Outcome #7: Deploy innovation and technology to modernize city government.</p> <p>Department's Priority: Technology</p>
4	<p>Additional Sworn Resources, Safety Equipment and Emergency Medical Services Enhancement: \$12,729,116</p> <ul style="list-style-type: none"> a) Restoration of 21 Emergency Incident Technicians b) Upgrade 25 Fire Companies to Advance Life Support Assessment Companies (Firefighter III to Firefighter III/Paramedic and equipment) c) Purchase of critical safety equipment including: Self Contained Breathing Apparatus face pieces and air bottles, escape canisters, second set of turnouts for each sworn member, and brush helmets d) Emergency Medical Services Educator to provide outreach and coordination for a Health Referral and Monitoring Program <p>Mayor's Priority Outcome #3: Make our communities the safest in the nation, #8: Restore pride and excellence in public service</p> <p>Department's Priority: Service Delivery</p>
5	<p>Recruitment and Recruit Training: \$15,664,678</p> <ul style="list-style-type: none"> a) Staff at two Drill Towers for five classes (3 classes at Drill Tower 81 and 2 classes at Drill Tower 40) for a total of 280 recruits. As a result of members exiting the Deferred Retirement Option Plan (DROP), there will be an average of 139 vacancies in FY 2014-15. b) Five additional staff to oversee the Recruitment Program and funding for a recruitment contractor with expertise in this activity. <p>Mayor's Priority Outcome #2: Restore the City Services that make our neighborhoods livable and attractive, and #3: Make our communities the safest in the nation.</p> <p>Department's Priority: Service Delivery; Training/Recruitment</p>

6	<p>Civilian Support Staff and Funding of Audits: \$1,775,449</p> <ul style="list-style-type: none"> a) Restoration of previously deleted (filled) civilian authorities b) Additional civilian staff to address workload demands, with an emphasis on budget, contracts, auditing and accounting, and areas that pose high risk and potential liability for the City such as HIPAA; funding for audits to ensure compliance of various contracts. <p>These positions ensure proper management and oversight of various programs to minimize liability through risk management; identify opportunities to increase revenue through collection of new and ongoing fees.</p> <p>Mayor’s Priority Outcome #5: Live within our financial means Department’s Priority: Service Delivery</p>
7	<p>Supply and Maintenance: \$1,344,147</p> <ul style="list-style-type: none"> a) Personnel, expense and equipment dedicated to improvement of fleet maintenance services, including adding a swing shift at S&M to address fleet repair needs b) Fleet Management Software annual software cost associated with new software upgrade to manage/track fleet repairs c) Funding to purchase approximately 750 computer modules to be installed on Fire Department vehicles as part of the Fuel Management System which prevents the unauthorized use of fuel, eliminates data entry errors of mileage and provides for accurate miles-per-gallon tracking of vehicles. This is the final phase of a multi-year program to equip all Department fleet with this system. <p>Mayor’s Priority Outcome #7: Deploy innovation and technology to modernize city government. Department’s Priority: Technology and Service Delivery</p>
8	<p>Fire Chief’s Office Staff: \$1,147,581</p> <ul style="list-style-type: none"> a) Labor Relations Manager – Highly trained and experienced civilian to manage the complex labor relations issues facing the Department, including FLSA, reducing grievances and lawsuits. b) Community Relations Office - Civilian Public Information Director, Public Relations Specialist II, Captain I, Management Analyst II. Professional public information/relations staff to provide media relations and address workload demands. c) Fire Administrator II, Management Analyst II, Captain II – Currently the Fire Chief’s office does not have professional civilian staff and only three Captains to provide support for the Fire Chief’s major projects. <p>Staff various sections of the Department with professional, high level dedicated civilian and sworn staff to provide proper management and oversight of various programs, quickly identify potential areas of risk and minimize liability through risk management.</p> <p>Mayor’s Priority Outcome #5: Live within our financial means. Department’s Priority: Service Delivery</p>
9	<p>Department Training Plan: \$345,475</p> <p>Sworn and civilian training and development. Add a Captain II to manage the Leadership Program which is essential to the success of future managers within the Department. Add two Emergency Medical Services Educators (EMS) to provide ongoing EMS training. Proper staffing is essential to providing necessary training.</p> <p>Mayor’s Priority Outcome #8: Restore pride and excellence in public service. Department’s Priority: Leadership Development</p>

10	Fire Prevention Bureau Support: \$982,445 Additional staffing and expenses to meet various Bureau compliance requirements. Mayor's Priority Outcome #7: Deploy innovation and technology to modernize city government. Department's Priority: Technology and Service Delivery
11	Dispatch Center Enhancement: \$2,223,722 Personnel, expense, and equipment dedicated to operational improvements of the dispatch centers. Mayor's Priority Outcome #3: Make our communities the safest in the nation, and #7: Deploy innovation and technology to modernize city government. Department's Priority: Service Delivery
12	Fleet Replacement, including communication equipment: \$31,516,003 The Department's fleet includes a total of 1024 various types of vehicles. The Proposed Budget includes a request for \$31.7 Million for the replacement of 140 various types of vehicles. Mayor's Priority Outcome #3: Make our communities the safest in the nation. Department's Priority: Service Delivery
13	Expense Account Increase: \$2,361,844 Primarily addresses funding shortages in the Field Equipment Expense Account which is used to pay for fleet repair and an anticipated increase to the Helitanker contract.
14	Alterations & Improvements: \$500,000 Harbor Dock repairs needed at Fire Station 49.
15	General Services Department Service Requirements: \$427,891 Covers maintenance needs provided by GSD at various new fire stations.

Each service enhancement request package provides more details and supporting documentation and my staff is available to respond to any questions. Our proposed budget identifies only the most critical Department needs to maintain operations, and ensure that Department programs provide both the City of Los Angeles and its citizens with an acceptable level of public service. The Department continues to review and evaluate its various programs for preserving life and property, providing public education, and fostering economic growth.

Sincerely,



JAMES G. FEATHERSTONE
Interim Fire Chief

2014-15 Department Budget Request Ranking

Department: LAFD

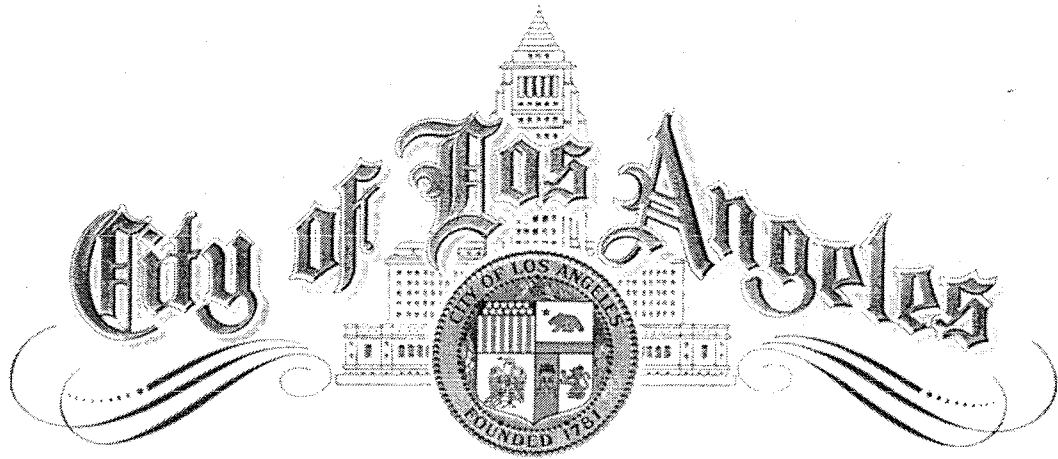
Approved by: _____

2013-14 Adopted Department Budget:	Positions		General Fund	Salaries	Expense	Other	Total
	Reg	Reso	Revenue				
	3544	20	\$ 181,542,855	\$ 519,120,042	\$ 31,050,488	\$ 30,766,000	\$ 580,936,530

Rank all funding requests (Operational Programs, Support Programs, and Service Enhancements) below in the Department's order of priority.
Include direct costs only (Section C from the Program Request - Operational and Program Request - Support forms, and Section A from the Service Enhancement Request form)

Rank	Program Code	Program or Service Name	Priority Outcome (Primary)	Positions		General Fund	Salaries	Expense	Other	Total
				Reg	Reso	Revenue				
1	AF3803	Fire Suppression	3 - Safe	1590		\$ 46,927,177	\$ 257,086,489	\$ 3,015,624	\$ -	\$ 260,102,113
2	AH3808	Emergency Ambulance Service	3 - Safe	961		\$ 74,501,208	\$ 146,768,032	\$ 6,099,534	\$ -	\$ 152,867,566
3	AF3806	Inspect of Existing Struc,Dev & Matl's	3 - Safe	117		\$ 23,349,500	\$ 19,022,441	\$ 2,790,225	\$ -	\$ 21,812,666
4	AF3804	Operations Control Dispatch	3 - Safe	114		\$ -	\$ 14,535,113	\$ 1,051,620	\$ -	\$ 15,586,733
5	AC3801	Arson Investigation & Counter-Terrorism	3 - Safe	34		\$ -	\$ 4,620,738	\$ 59,174	\$ -	\$ 4,679,912
6	AF3805	Hazardous Materials Enforcement	3 - Safe	29			\$ 3,026,085	\$ 117,863	\$ -	\$ 3,143,948
7	AF3802	Legal,Liaison and Research	3 - Safe	11			\$ 1,274,250	\$ 54,358	\$ -	\$ 1,328,608
8	AF3807	New Construction Inspection	3 - Safe	32		\$ 6,350,000	\$ 3,670,929	\$ 24,259	\$ -	\$ 3,695,188
9	AG3848	Procurement, Maintenance & Repair	3 - Safe	111			\$ 10,272,521	\$ 13,565,787	\$ -	\$ 23,838,308
10	AG3847	Training	3 - Safe	72			\$ 13,292,027	\$ 692,771	\$ -	\$ 13,984,798
11	AG3850	General Administration & Support	3 - Safe	149		\$ 715,000	\$ 16,927,717	\$ 990,111	\$ -	\$ 17,917,828
12	AG3849	Technology Support	3 - Safe	39			\$ 3,734,270	\$ 564,162	\$ -	\$ 4,298,432
13	AH3808	5% Restoration for Emergency Ambulance S	3 - Safe	104			\$ 11,146,166	\$ -	\$ -	\$ 11,146,166
13	AF3803	5% Restoration for Fire Suppression	3 - Safe	181			\$ 19,469,412	\$ -	\$ -	\$ 19,469,412
13	Various	Wages & Count Adjustments	3 - Safe				\$ 15,980,973	\$ -	\$ -	\$ 15,980,973
14	Various	Salary 1092 and 1093 Adjustments	3 - Safe				\$ (6,815,988)	\$ -	\$ -	\$ (6,815,988)
15	AG3849	Technology Enhancements	7 - Innovation	12			\$ 1,038,506	\$ 2,627,890	\$ 31,800	\$ 3,698,196
16	Various	Additional Sworn Resources, Safety Equip &	3 - Safe	23	1		\$ 3,264,045	\$ 9,459,771	\$ 5,300	\$ 12,729,116
17	AG3847	Recruitment and Recruit Training	3 - Safe	34			\$ 13,228,798	\$ 2,345,780	\$ 90,100	\$ 15,664,678
18	Various	Civilian Support Staff and Funding for Audits	5 - Financial	19			\$ 1,262,769	\$ 491,480	\$ 21,200	\$ 1,775,449
19	AG3848	Supply & Maintenance Section Support	7 - Innovation	11			\$ 793,647	\$ 230,500	\$ 320,000	\$ 1,344,147
20	AG3850	Fire Chief's Office Staff	5 - Financial	8	2		\$ 954,126	\$ 174,905	\$ 18,550	\$ 1,147,581
21	AG3847	Department Training Enhancement	8 - Public Service	3			\$ 254,380	\$ 88,445	\$ 2,650	\$ 345,475
22	Various	Fire Prevention Bureau Support	7 - Innovation	1	5		\$ 824,545	\$ 151,860	\$ 6,040	\$ 982,445
23	AF3804	Dispatch Center Enhancement	3 - Safe	3	12		\$ 653,753	\$ 1,562,019	\$ 7,950	\$ 2,223,722
24	AG3848	Municipal Improvement Corporation of Los A	3 - Safe				\$ -	\$ -	\$ 31,516,003	\$ 31,516,003
25	Various	Expense Increase	3 - Safe				\$ -	\$ 2,361,844	\$ -	\$ 2,361,844
26	AG3848	Alterations and Improvements	3 - Safe				\$ -	\$ -	\$ 500,000	\$ 500,000
27	AG3848	GSD Building Maintenance Requirements	3 - Safe				\$ -	\$ -	\$ 427,891	\$ 427,891
2014-15 Requested Department Budget:				3658	20	\$ 151,842,885	\$ 556,285,744	\$ 48,519,982	\$ 32,947,484	\$ 637,753,210

Change from 2013-14 Adopted Department Budget:	Positions		GF Revenue	Salaries	Expense	Other	Total
	Reg	Reso					
	114	0	\$ (29,699,970)	\$ 37,165,702	\$ 17,469,494	\$ 2,181,484	\$ 56,816,680
Percent Change:	3.2%	0.0%	-16.4%	7.2%	56.3%	7.1%	9.8%



FIRE DEPARTMENT

SERVING WITH COURAGE, INTEGRITY AND PRIDE

MISSION

It is the mission of the Los Angeles Fire Department to preserve life and property, promote public safety and foster economic growth through leadership, management and actions, as an all risk life safety response provider.

The **CORE VALUES** that guide our behavior are:

- **Service** - above all else, we realize that we are here to meet the needs of the public.
- **Professionalism** - we conduct ourselves at all times in a manner befitting the oath we swore to uphold.
- **Integrity** - we live according to our Code of Conduct that governs our behavior both on and off the job.
- **Respect** - we always treat others as they desire to be treated.
- **Innovation** - we inspire our employees to take risks that improve our organization and advance our profession.
- **Trust** - we trust one another to prepare in such a way that puts the safety, effectiveness, and reputation of the team and the Department first.

BUDGET CALENDAR

Fiscal Year 2014-15 Budget Preparation

2013

October 26	Neighborhood Council Community Budget Day.
October 30	Mayor's budget policy letter released to departments.
October 31	CAO releases general budget instructions to departments.
November 15	Funding requests for street improvement projects due to the Bureau of Street Services and the CAO. Wages and Count workbook due to the CAO.
November 22	Physical Plant Capital Improvement Expenditure Project requests due to the CAO from departments.
December 13	Municipal Facilities Capital Improvement Expenditure Project requests due to the CAO from departments.
December 20	Departmental budget requests due to Mayor's Office and CAO. Mayor and CAO begin reviewing departmental budget requests.

2014

January-February	Results Teams review and rank department budget proposals. Results Teams may request additional information from departments to assist in the evaluation process.
February	Results Teams Chairs, Mayor's Budget Team and CAO meet with departments to discuss budget proposals.
March 1	Charter deadline for City Controller to submit revenue estimates to Mayor, copies to City Council and CAO.
March - April	Mayor's Office finalizes development of the Proposed Budget.
April 21	As the Charter deadline (April 20) for the Mayor to submit the Proposed Budget to the Council falls on a Sunday, the budget will be submitted no later than the next business day.
April - May	Council's Budget and Finance Committee reviews the budget and makes recommendations to Council.
May	Public hearings and Council consideration of the budget and the Committee's recommendations.
June 1	Charter deadline for Council to adopt budget as proposed by the Mayor or as modified by Council.
June 2 – 8 (approx.)	Mayor has five working days after receipt of budget from Council to review any changes made by Council and to approve or veto any items so changed.
June 9 – 15 (approx.)	Council has five working days after receipt of budget from Mayor to consider any Mayor's vetoes and may sustain or override each veto by a two-thirds vote. Budget is adopted after this process is completed.

**Due to the large volume of pages of this report
the attachments are not included.**

A copy of the entire report can be obtained by
contacting the Board of Fire Commissioners Office
at (213) 978-3838