

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

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TO: Budget and Finance Committee
FROM: Budget and Legislative Analyst
SUBJECT: April 24, 2013 Budget and Finance Committee Meeting

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Item 1
File 13-0299

Department:
Fire

EXECUTIVE SUMMARY

Legislative Objectives

The proposed ordinance would (a) appropriate \$4,539,012 for overtime in the Fire Department's FY 2012-13 budget; and (b) de-appropriate \$4,539,012 as a source of funds to pay for the overtime, including de-appropriation of \$3,647,539 in uniform salaries and \$891,473 in fringe benefits, as required in accordance with Administrative Code Section 3.17.

Key Points

- Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate overtime appropriation for the Fire Department. The Fire Department must request a supplemental appropriation ordinance, subject to Board of Supervisors approval, if their overtime expenditures are expected to exceed the annual overtime appropriation.
- The Fire Department's relies on overtime to meet mandatory minimum staffing levels for its 44 fire stations, rather than hiring additional uniform staff, because the cost of hiring additional firefighters is generally greater than the cost of filling vacancies with overtime. However, according to Mr. Corso, the Department has incurred higher than budgeted expenditures for overtime in FY 2012-13 to backfill vacancies due to retirements, leaves of absence, and other separations of uniform staff. Because the Fire Department projects that FY 2012-13 General Fund and Airport Fund expenditures for overtime will exceed the overtime budgets for these funds, the Department requests to re-appropriate funds, originally budgeted for permanent uniform salaries and fringe benefits, to overtime

Fiscal Impact

- The Fire Department projects that FY 2012-13 year-end (a) General Fund overtime expenditures of \$40,128,883 will exceed the overtime budget of \$35,974,497 by \$4,154,386 or 12%; and (b) Airport Fund overtime expenditures of \$3,041,020 will exceed the overtime budget of \$2,656,394 by \$384,626 or 14%.
- The Fire Department based their overtime projections for the final three months of FY 2012-13 on actual FY 2012-13 overtime expenditures through the pay period ending February 15, 2013. Based on the most recent FY 2012-13 expenditure data through the pay period ending March 29, 2013, the Budget and Legislative Analyst estimates total FY 2012-13 General Fund overtime expenditures of \$39,662,635 which is \$466,248 less than the Department's projection of \$40,128,883.

Recommendations

- Amend the proposed supplemental appropriation to reduce the requested General Fund appropriation by \$466,248, from \$4,154,386 to \$3,688,138, and the total requested appropriation by \$466,248, from \$4,539,012 to \$4,072,764.
- Approve the proposed ordinance, as amended.

MANDATE STATEMENT / BACKGROUND

Mandate Statement

Charter Section 9.105 requires Board of Supervisors' approval of Annual Appropriation Ordinance amendments, after the Controller certifies the availability of funds.

Administrative Code Section 3.17, which was approved by the Board of Supervisors in September of 2011, requires that the Annual Appropriation Ordinance contain a separate overtime appropriation within the Airport, Fire, Emergency Management, Police, Public Health, Public Utilities, Public Works, Recreation and Park and Sheriff Departments' operating budgets. In accordance with Administrative Code Section 3.17(b), these nine City departments must also request a supplemental appropriation, which is subject to Board of Supervisors approval, if their overtime expenditures are expected to exceed the annual overtime appropriation.

DETAILS OF PROPOSED LEGISLATION

The Fire Department's projected FY 2012-13 overtime expenditures exceed the Department's FY 2012-13 overtime budget. Therefore, in order to comply with Administrative Code Section 3.17(b), the proposed ordinance would (1) appropriate \$4,539,012 for overtime in the Fire Department's FY 2012-13 budget, and (2) de-appropriate surplus funds including \$3,647,539 in permanent salaries and \$891,473 in fringe benefits, totaling \$4,539,012, as a source of funds for the overtime, in accordance with Administrative Code Section 3.17

The Fire Department's FY 2012-13 budget for overtime is 8% more than actual overtime expenditures in FY 2011-12, as shown in Table 1 below.

Table 1: Comparison of FY 2012-13 Budget to FY 2011-12 Actual Expenditures

	FY 2011-12 Actual	FY 2012-13 Budget	Increase	Amount
Miscellaneous Salaries	\$5,325,408	\$5,676,040	\$350,632	7%
Uniform Salaries	158,164,357	169,301,455	11,137,098	7%
Premium Pay	21,019,778	22,230,810	1,211,032	6%
Overtime	<u>35,948,582</u>	<u>38,987,800</u>	<u>3,039,218</u>	<u>8%</u>
Total	\$220,458,125	\$236,196,105	\$15,737,980	7%

The Fire Department has mandatory minimum staffing for its 44 fire stations located throughout the City. According to Mr. Mark Corso, Fire Department Chief Financial Officer, the Fire Department's relies on overtime to meet mandatory minimum staffing levels, rather than hiring additional uniform staff, because the cost of hiring additional firefighters is generally greater than the cost of filling vacancies with overtime.

However, according to Mr. Corso, the Department has incurred higher than budgeted expenditures for overtime in FY 2012-13 to backfill vacancies due to retirements, leaves of absence, and other separations of uniform staff. Because the Fire Department projects that FY 2012-13 General Fund and Airport Fund expenditures for overtime will exceed the overtime

budgets for these funds, the Department requests to re-appropriate funds, originally budgeted for permanent uniform salaries and fringe benefits, to overtime, as shown in Table 2 below.

Table 2: Requested Re-appropriation of Funds to Pay for Overtime

	General Fund	Airport Fund	Total
<u>Source of Funds</u>			
Uniform Salaries	\$3,343,468	\$304,071	\$3,647,539
Fringe Benefits	810,918	80,555	891,473
Source of Funds Total	\$4,154,386	\$384,626	\$4,539,012
<u>Use of Funds</u>			
Overtime	\$4,154,386	\$384,626	\$4,539,012
Use of Funds Total	\$4,154,386	\$384,626	\$4,539,012

FISCAL IMPACT

As shown in Table 2 above, the Fire Department is requesting total additional overtime funds of \$4,539,012 including \$4,154,386 in General Fund overtime expenditures. As shown in Table 3 below, the Fire Department projects that FY 2012-13 year-end General Fund overtime expenditures will exceed the budget by 12% and Airport Fund overtime expenditures will exceed the budget by 14%.

Table 3: FY 2012-13 Overtime Budget and Projected Expenditures

FY 2012-13 Overtime Expenditures	General Fund	Airport
Department's projections	\$40,128,883	3,041,020
Budget	35,974,497	2,656,394
Projections exceeding budget	\$4,154,386	384,626
Percent	12%	14%

The Fire Department based their overtime projections for the final three months of FY 2012-13 on actual FY 2012-13 overtime expenditures through the pay period ending February 15, 2013. Based on the most recent FY 2012-13 actual expenditure data through the pay period ending March 29, 2013, the Budget and Legislative Analyst estimates total FY 2012-13 General Fund overtime expenditures of \$39,662,635 which is \$466,248 less than the Department's projection of \$40,128,883.

Therefore, the Budget and Legislative Analyst recommends reducing the requested General Fund overtime appropriation request by \$466,248, from \$4,154,386 to \$3,688,138, and reducing the total requested appropriation by \$466,248, from \$4,539,012 to \$4,072,764. This recommendation would result in \$466,248 being returned to the General Fund. The Budget and Legislative Analyst concurs with the Fire Department's projected need of an additional \$384,626 for Airport Fund overtime expenditures.

RECOMMENDATIONS

1. Amend the proposed supplemental appropriation to reduce the requested General Fund appropriation by \$466,248, from \$4,154,386 to \$3,688,138, and the total requested appropriation by \$466,248, from \$4,539,012 to \$4,072,764.
2. Approve the proposed ordinance, as amended.