

Agenda Report

TO: CITY COUNCIL **Date:** December 13, 2004

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: AMENDMENT TO FIRE DEPARTMENT'S FY 2005
OPERATING BUDGET AND ADOPTION OF A RESOLUTION
AMENDING THE SALARY RESOLUTION

RECOMMENDATION

It is recommended that the City Council:

1. Approve a journal voucher increasing appropriations in the Fire Department's fiscal year 2005 operating budget by \$421,120 to provide for the reorganization of the Department's command staff (\$71,120) as well as additional funding for personnel related costs (\$350,000). Funds will be taken from the General Fund unappropriated fund balance and appropriated to various line items.
2. Adopt a Resolution amending the Salary Resolution to create the title and control rate for the new classification of Fire Bureau Chief.

BACKGROUND

This report is seeking City Council approval of an increase to the Fire Department's fiscal year 2005 operating budget to provide for the reorganization of the Department's command staff as well as additional funding for personnel related costs.

Proposed Reorganization

Since the arrival of the City's new Fire Chief in late fiscal year 2004, a review of the Fire Department's organizational structure and command staff has been undertaken jointly by the Fire Chief and Human Resources Department. The result of this collaborative effort is the proposed creation of the new job classification of Fire Bureau Chief.

Currently, two of the three divisions within the Fire Department are managed by Battalion Chiefs assigned to a 40-hour workweek. One of the Battalion Chiefs is given the working title of Executive Assistant and manages the Operations Division (Training Services, Fire & Rescue Services and Emergency Medical Response); the other

MEETING OF ~~1-31-2005~~ 2/14/2005 ~~3-C-~~ 3.A.
~~12/13/2004~~ 1/24/2005 AGENDA ITEM NO. ~~5-B-3~~ 5-B-17

Battalion Chief fills the role of Fire Marshal and manages the Fire and Environmental Services Division (Prevention). As proposed, these Battalion Chief positions would become Fire Bureau Chief positions.

As proposed the Fire Department will not be adding to the current number of authorized positions. This action will convert two vacant Battalion Chief FTEs into two Fire Bureau Chief FTEs, which will be filled through a competitive recruitment process.

Analysis of Budget Expenditures

In fiscal year 2004, the Fire Department over expended its operating budget by 3.4%, a figure that represents approximately \$856,000 against a budget of \$25.9 million. The main area of over-expenditure was in the personnel category of expenditures.

In order to better understand expenditures related to personnel category line item of position coverage, which is used to maintain minimum staffing levels, staff engaged the services of CBIZ Accounting, Tax and Advisory of Orange County, Inc. As part of its services CBIZ was to: 1) document the conditions under which position coverage is utilized; 2) determine whether any abuse of the system appeared to be occurring; 3) determine how often the utilization of leave time (holiday, sick, vacation, and workers compensation) results in the need for position coverage, and 4) recommend a methodology for budgeting position coverage. CBIZ's findings are discussed later in this report.

Concurrent with the analysis performed by CBIZ, staff analyzed broader budget trends and expenditure patterns within the Fire Department.

Staff's analysis determined that while in prior years the Fire Department had sufficient funding, such was not the case in fiscal year 2004, as a result of several variables. The primary causes include vacancy factor, additional working days in 2004 and salary adjustments:

Vacancy Factor – The City budgets positions at their maximum rate (known as Control Rate or Top Step) and the budget assumes that positions will be filled for the entire fiscal year, however, in order to account for vacancies as well as the fact that not all employees are at the Control Rate, a *vacancy factor* is used to reduce total budgeted salaries. The vacancy factor for the Fire Department's Operations Division, which accounts for 85% of the Department's total budget and is the division where position coverage is most utilized, has been 2% for a number of years. Given historical staffing patterns a 2% vacancy factor was appropriate, however, in fiscal 2004 as a result of hiring 12 new Fire Fighters, the Division was fully staffed for the preponderance of the fiscal year. Consequently, the vacancy factor was too high given the actual staffing situation during this particular time period. Had the vacancy factor been more in-line with then current staffing, the Department would have had an additional \$274,375 in its budget. The Department has since experienced additional vacancies once again bringing the vacancy factor more in line with actual staffing levels. Nevertheless, as part of the fiscal year 2006 operating budget process, the vacancy factor will be carefully reviewed.

Additional Working Days in the Final Pay Period of Fiscal Year 2004 – The first paycheck issued in fiscal year 2005 included 3 days of work performed in fiscal year 2004.

Accounting practices necessitated that these days be accrued against (charged to) fiscal 2004. Since there were no accruals in 2003 the effect of this was to charge fiscal year 2004 with 263 working days instead of the normal 260. These additional three days, which were not budgeted for in fiscal year 2004 translated to an expense of \$240,480 to the Fire Department. In fiscal year 2005 there will be a net one-day, non-budgeted expense.

Salary Adjustments - When developing the operating budget it is customary to include funds in departmental personnel line items for anticipated salary and benefit increases. The fiscal year 2004 operating budget included an amount equal to 3% of salaries in each respective City department.

Compensation for fire safety personnel is based on salary surveys conducted during the fiscal year. And although there is some offset as a result of salary increases being implemented a few months into the fiscal year, the net result was that salary increases for fire safety personnel exceeded the allowance in the Department's budget by \$232,550.

It is not unusual for salary and benefit increases for fire safety personnel to exceed the allowance established in the Department's adopted budget. The City budgets a Personnel Reserve in the non-departmental portion of the General Fund budget and if increases are expected to exceed amounts available in a departmental operating budget, funds are transferred from the Personnel Reserve to the appropriate department. This did not occur in fiscal year 2004, as it was believed the Fire Department could absorb the incremental amount, which equals less than 1% of its total budget. It is worth noting that fiscal year 2004 was a particularly difficult year for the City as a result of the state budget crisis and the ensuing loss of revenue, a total of \$5 million in annualized reductions were made in the General Fund.

The cumulative impact of these three factors totals \$747,405. Consequently, had the Fire Department's Operating Budget not incurred these anomalous expenses it would have ended fiscal year 2004 less than one half of one percent over budget, or about \$109,000.

CBIZ has documented the use of position coverage in the attached report and has determined that those expenditures are legitimate and bona fide. CBIZ noted that while the position coverage line item was over expended in each year analyzed, the Fire Department as a whole remained within budget in all but fiscal 2004 (Actually there was a slight overage of 0.3% in fiscal year 2003).

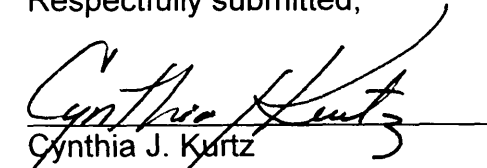
Working closely with city staff, CBIZ has developed a methodology for determining the budget for position coverage that is improved over what has been used traditionally. Applying this new method indicates that the Fire Department will need an additional \$350,000 for position coverage in the current fiscal year and is the basis for the staff

recommendation. Staff will utilize this methodology in the development of the fiscal year 2006 operating budget and subsequent budgets and will continue to monitor expenses closely.

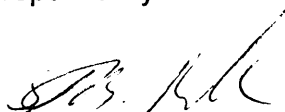
FISCAL IMPACT

The proposed actions will increase appropriations in the Fire Department General Fund Budget by \$421,120. Sufficient funding is available in the General Fund unappropriated fund balance.


Respectfully submitted,


Cynthia J. Kurtz
City Manager

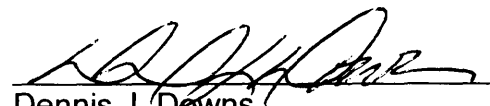
Prepared by:


Steve Mermell
Budget Administrator

Approved by:


Jay M. Goldstone
Director of Finance

Concurrence:


Dennis J. Downs
Fire Chief

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA
AMENDING THE SALARY RESOLUTION RELATING TO THE NEW
CLASSIFICATION OF FIRE BUREAU CHIEF

BE IT RESOLVED by the City Council of the City of Pasadena that the Salary Resolution is amended as follows:

<u>Page</u>	<u>Remove</u> <u>Dated</u>	<u>Page</u>	<u>Insert</u> <u>Dated</u>
3.10-E-1-x	December 13, 2004	3.10-E-1	December 13, 2004

This amendment shall be effective as of December 27, 2004.

Adopted by the following vote at the meeting of the City Council on December 13, 2004:

AYES:

NOES:

ABSTAIN:

ABSENT:

Jane Rodriguez, City Clerk

Approved as to Form:



Hugh A. Halford, Asst. City Attorney

Exhibit 3.10
MANAGEMENT/NON-REPRESENTED – TOP
Control Rates Effective April 5, 2004

<u>Classification</u>	<u>Control Rate</u>
Assistant City Attorney (Confidential)	131,954
Assistant General Manager of Water & Power	147,808
Budget Administrator	108,993
Chief Information Technology Officer	117,837
Deputy Finance Director	121,803
Fire Bureau Chief ¹	141,726
Finance and Management Services Administrator	108,993
Health Officer	148,116
Human Resources Manager (Confidential)	108,993
Police Commander ²	135,726
Police Commander (Non-Sworn) ²	135,726

¹ Fire Bureau Chief classification created effective December 27, 2004.

² Control Rates for Police Commander and Police Commanader (Non-Sworn) are effective July 5, 2004.

Amended December 13, 2004
Supersedes Page 3.10-E-1-x

M-TOPNR

CITY OF PASADENA

**REVIEW OF FIRE DEPARTMENT
POSITION COVERAGE/OVERTIME USAGE**

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OCTOBER 2004**

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BACKGROUND

The City of Pasadena engaged CBIZ Accounting, Tax and Advisory of Orange County, Inc. (CBIZ) to conduct a review of the staffing/deployment patterns, with primary focus on the utilization of position coverage/overtime, in the City of Pasadena's (City's) Fire Department. This study was requested since in recent years, despite increases in the number of filled positions, the cost of position coverage has continued to increase.

The primary objectives of this study included:

- To determine under what conditions position coverage is used.
- To determine whether any "gaming" of the system appears to be happening.
- To determine how often the utilization of leave time results in the need to use position coverage/overtime.
- To recommend a reasonable budget for salary and position coverage.

SCOPE AND METHODOLOGY

The period covered by this study was from July 1, 2001 through May 24, 2004. In order to accomplish the objectives of this study, we reviewed a number of functions and processes in both the Fire and Finance Departments. Specifically, we performed the following:

- Conducted interviews with various Fire and Finance Department staff. Interviews were conducted with the Fire Chief, Fire Marshall, Fire Management Analyst, Director of Finance, Deputy Finance Director, Budget Officer and Payroll personnel.
- Judgmentally selected 13 payperiods throughout the study period and reviewed 100% of position coverage/overtime usage for the sampled payperiods.
- Reviewed the Fire Department timekeeping and scheduling system, Telestaff. We utilized data from this system for testing purposes.
- Reviewed budgeting methodologies for position coverage and overtime in the Fire Department.

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SCOPE AND METHODOLOGY (CONTINUED)

- Reviewed the flow of payroll information from the time the payroll data is received from the Fire Department until it is entered into the payroll system.
- Reviewed compliance with minimum staffing requirements for 4 of the 13 judgmentally selected payperiods.

ANALYSIS

The following subsections document our analysis of the interviews, data gathering and testing procedures as previously described. We have summarized these results by major area.

Budget

The Fire Department baseline personnel budget is determined by the Budget Division of the Finance Department with input from the Fire Department and using actual and projected salary and benefit rates. Additionally, during the development of the recommended operating budget, departments may request additional funding from the City Manager. In prior years, the Fire Department has requested additional funding for position coverage. Salaries are budgeted at top step, which represents 2,923 hours per full-time position; with a 2% vacancy factor deducted from the total salaries budgeted. Departments are held accountable for their budget at the bottom line and not at individual line items. However, due to the large expenditures in overtime and position coverage, this review was undertaken. See Exhibit A for a comparison of budgeted to actual salaries, overtime and position coverage for each of the last three fiscal years and year-to-date. Based upon an analysis of the data included in Exhibit A, we noted the following:

- In all years under review, the Fire Department Operations Division overspent its overtime and/or position coverage budgets.
- The City has not accurately budgeted its salary, overtime and position coverage accounts for the Fire Department Operations Division to reflect where actual expenditures occur. Total salaries and position coverage costs for the Division exceeds the budget ranging from \$600,000 to \$1.5 million for each year under review. However, in three of the four years reviewed the Fire Department expenditures, as a whole, were under budget. It is the policy of the City to control the budget at the department level in total.

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ANALYSIS (CONTINUED)

Budget (Continued)

- Actual expenditures are based on actual hours worked plus an adjustment for “non-productive time,” which is recorded as a separate line item. This non-productive time includes vacation, sick and holiday time, and is charged to a benefits account rather than the salary account. In order to determine full salary costs, the salary and benefits accounts must be added together. This method of recording salary costs does not provide the departments with a clear representation of their salary costs unless they are aware of the computation that must be made.

Exhibits B through D of this report document our proposed methodology for budgeting the Fire Department Operations Division salary and position coverage accounts. Specifically, this methodology is as follows:

- The salaries budget is determined based upon the number of authorized positions, all at top step. To this amount, special pays are added. From this total salaries budget, an amount is removed which represents the number of actual/planned vacancies during the year. The result is a realistic salary budget, net of actual/planned vacancies. This process is documented in Exhibits B and C.
- The position coverage budget, with the exception of vacancies, is determined based upon the average number of actual position coverage hours used for the past two years. The number of hours, by reason generating position coverage, is available in the Telestaff system. These hours are then multiplied by the weighted average hourly rate for all station personnel. This result is then multiplied by 1.5 to reflect the fact that all hours paid for position coverage are done so at an overtime rate.

The position coverage budget for vacancies is determined by multiplying the actual/planned vacancy hours by the actual hourly rates at top step for each vacant position. This result is then multiplied by 1.5 to reflect the fact that all hours paid for position coverage are done so at an overtime rate. This process is documented in Exhibit D.

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ANALYSIS (CONTINUED)

Fire Department Scheduling

The Pasadena Fire Department has a total of 8 fire stations that are mandated to be fully staffed each day for a total of 49 authorized personnel, as follows:

- 8 engine companies staffed with 4 personnel each, for a total of 32 personnel
- 2 truck companies staffed with 4 personnel each, for a total of 8 personnel
- 4 rescue ambulances staffed with 2 personnel each, for a total of 8 personnel
- 1 battalion chief car staffed with 1 person

The Fire Department operates three shifts staffed with 49 employees each. Each employee is assigned to an A, B or C shift for the duration of their employment. Fire Administration staff prepares an annual shift calendar at the beginning of each year so that all employees know which days they will work throughout the year.

Each shift runs 24 hours, from 7 am to 7 am each day. Each Fire Operations employee is scheduled to work approximately 122 shifts per year, assuming no vacancies, sick, vacation, job injuries, etc.

Each shift is referred to as a tour of duty. According to the NFPA Fire Protection Handbook, the average Fire Operations employee works approximately 98 tours (24 hour shifts) per calendar year due to issues as mentioned above. According to Fire Administrative Staff, Pasadena is consistent with this number. The Fire Operations workweek is based on a 56-hour workweek.

TeleStaff

The Fire Department utilizes an automated scheduling and timekeeping system, known as TeleStaff, which was developed by Principal Decision Systems International (PDSI). This system was specifically designed for use by fire agencies, and was acquired and implemented by the City in late 2001. The Fire Marshal and Management Analyst are responsible for maintaining this system, but the ability to view schedules and hours to be reported is available to all Fire employees. All scheduled shift information, as well as reasons for changes, are input into the system. In May 2004, this system was linked to the City's payroll system to allow for direct input from the system, thus eliminating the need for manual input from timecard information.

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ANALYSIS (CONTINUED)

TeleStaff (Continued)

The Telestaff system is capable of coding the reason for the overtime. During our period of review, there were many instances when overtime occurred and no code was given. In discussions with Fire Administration staff, hours without a reason code are for vacant positions.

Prior to May 2004, Fire staff prepared manual timecards from information retrieved from the TeleStaff system. There is a field within the TeleStaff system to track the reason why position coverage or overtime was worked. A clerk within the Fire Department prepared the timecards for each employee utilizing information recorded in TeleStaff. The approved daily roster serves as a record of employee hours. Changes to the employee's hours are allowed daily and approved by the Battalion Chief or his designee. Each day is approved and finalized by noon the following day. All changes to the roster following this time is flagged on the roster, as well and tracked by the individual making the change in Telestaff. The Fire Department payroll staff verifies and/or makes necessary changes prior to submittal of the payroll file to the Finance Department. The individual employee has limited access to their timecard record in the Telestaff system, preventing any falsification of the time worked.

For the payperiods reviewed, the hours per the timecard generally agreed with the hours reported in TeleStaff. Since TeleStaff is primarily a scheduling tool, minor immaterial variances may exist between the hours reported in TeleStaff and the hours reported in the payroll system.

Payroll

As previously discussed, prior to May 2004, all information from the Fire Department timecards was manually input into the payroll system. Beginning in May 2004, the payroll system was modified to allow for the import of hours information from TeleStaff. This process has eliminated the need for duplicate data entry, and reduced the likelihood of clerical errors in transferring the data.

For the sampled payperiods, we compared the hours per the timecard to the hours per the payroll register. Minor variances were noted. These variances were primarily attributable to the timing of the payperiod cutoff as compared to a shift actually worked. For example, a Fire employee working a 24 hour shift on the last day of the payperiod would report 24 hours on their timecard, but only 12 hours would appear on the payroll register, as the payperiod ended half way through the employee's shift. In these instances, the remaining 12 hours appeared on the subsequent payroll register. This

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ANALYSIS (CONTINUED)

Payroll (Continued)

practice has changed with the new download directly from Telestaff to payroll. The 24-hour period is now recorded on the day the shift starts.

Position Coverage and Overtime

The City Council has established a long-standing policy of staffing all fire apparatus with four individuals. This has resulted in a minimum staffing threshold of 49 Fire Operations personnel per shift. Based upon this policy, there must be at least 49 Fire personnel at work each day. When the Department's coverage drops below the minimum staffing threshold, then additional personnel must be called in. The reasons the Department can drop below the minimum staffing level is a result of vacancies, vacations, sickness, workers' compensation, redeploying staff to conduct training academies or any other reasons for not being at work when scheduled.

We judgmentally selected one payperiod from each calendar year and tested the minimum staffing policy for each day within the sampled payperiod. No exceptions were noted.

Since the minimum staffing level must be met, the Fire Department is forced to cover absences with off-duty personnel, whether on a voluntary or involuntary basis. This is referred to as position coverage. When the Department drops below the minimum staffing level for any shift, the TeleStaff system automatically calls predetermined Fire personnel to see if they are available to cover a shift(s) for their co-worker who for reasons previously stated is not able to work. If the first person on the automatic call list is unavailable, the system will continue down the list until an individual is available to fill the shift. Should the system reach the end of the list and no replacement was found, the on-duty Battalion Chief will require one of the personnel currently working to stay on and cover the vacant shift. This is referred to as forced position coverage (force hire). Fire management uses this as a last resort due to various factors, such as fatigue brought on by working too many straight hours.

Overtime is incurred for anything other than position coverage. Overtime can be generated as a result of training, strike team coverage, after hour inspections, red flag notifications, after hour arson investigations, private events such as the Rose Bowl, Rose Parade, Concerts, etc. For the payperiods reviewed, overtime worked was not always captured in TeleStaff and thus not recorded on the actual employee timecard. Prior to May 2004, overtime was recorded on an overtime slip, which was prepared by the station's Battalion Chief and forwarded to payroll for payment. A cursory

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ANALYSIS (CONTINUED)

Position Coverage and Overtime (Continued)

review of overtime slips was performed and found to be generally complete as to the reasons for the overtime worked and signed by the appropriate members of management.

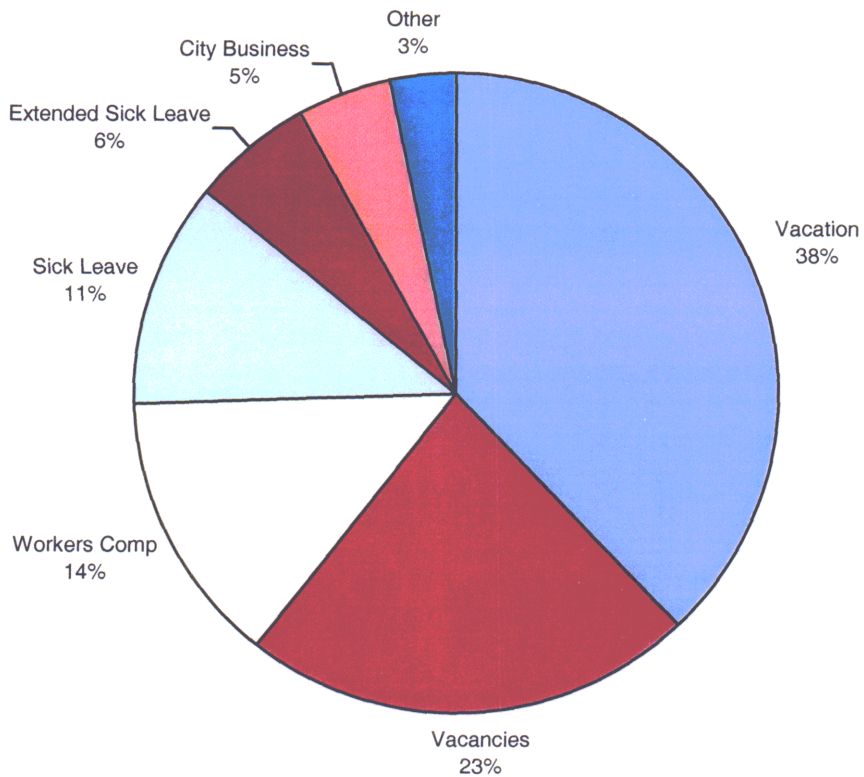
Effective with the complete transition to TeleStaff for payroll purposes in May 2004, the overtime slips are no longer used as the time is now recorded in TeleStaff.

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ANALYSIS (CONTINUED)

Position Coverage and Overtime (continued)

Over the course of the entire period under review, the following pie chart illustrates the frequency, by reason, for generating position coverage.



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ANALYSIS (CONTINUED)

Position Coverage and Overtime (Continued)

In order to put the percentages into perspective, the following table documents the number of hours of position coverage, by reason generated, for each calendar year.

Reason	Number of Hours			
	11/1/01 to 12/31/01	1/1/02 to 12/31/02	1/1/03 to 12/31/03	1/1/04 to 5/24/04
Vacation	5,929	44,793	24,041	7,683
Vacancies	1,792	25,664	15,742	5,979
Workers' comp	1,711	13,441	11,300	3,801
Sick leave	985	11,010	10,729	3,013
Extended sick leave	709	5,340	5,795	2,252
City business	587	4,791	3,048	1,614
Other	<u>163</u>	<u>3,674</u>	<u>2,386</u>	<u>1,052</u>
Total	<u>11,876</u>	<u>108,713</u>	<u>73,041</u>	<u>25,394</u>

The above hours equate to the following number of full-time equivalents (FTEs) required to eliminate the position coverage hours generated.

Reason	Number of FTEs			
	11/1/01 to 12/31/01	1/1/02 to 12/31/02	1/1/03 to 12/31/03	1/1/04 to 5/24/04
Vacation	2.03	15.32	8.22	2.63
Vacancies	0.61	8.78	6.78	2.05
Workers' comp	0.59	4.60	3.87	1.30
Sick leave	0.34	3.77	3.67	1.03
Extended sick leave	0.24	1.83	1.98	0.77
City business	0.20	1.64	1.04	0.55
Other	<u>0.06</u>	<u>1.26</u>	<u>0.82</u>	<u>0.36</u>
Total	<u>4.07</u>	<u>37.20</u>	<u>26.38</u>	<u>8.69</u>



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ANALYSIS (CONTINUED)

Other Trends

As is the case with many municipal safety departments, the City of Pasadena is not alone in its quest for full staffing. Recent PERS retirement enhancements statewide have provided incentives for many senior personnel to take early retirements and thus create vacancies. According to the Fire Chief, the Fire Department currently has more vacancies than personnel in the fire academy. Even after accounting for the most recent personnel graduates from the academy, the Department is still below the approved minimum staffing levels by five sworn positions. This, coupled with on-the-job injuries, can cause months of staff vacancies which cannot be permanently filled until the person retires or returns to work. Because these vacancies must be filled for minimum staffing purposes, the Fire Department is compelled to fill the positions with existing personnel on an overtime basis.

In the short-term, the practice of using overtime to fill vacancies can be effective. However, the long-term consequences of protracted overtime can lead to overwork, fatigue and employee morale issues. These long-term consequences can very easily be translated into additional on-the-job injuries and workers' compensation claims.

CONCLUSION AND RECOMMENDATIONS

Based upon the results of our interviews, testing and interpretation of the data, we believe that the overtime and position coverage expenditures are legitimate and bona fide. The existing City Council Policy governing minimum staffing levels is the underlying reason for the generation of position coverage. The existing policy limits the City's ability to manage its position coverage and overtime costs. However, we believe there are several areas where the City can make enhancements to its current policies and procedures to ensure accurate and complete reporting of position coverage and overtime. As such, we offer the following recommendations for the City's consideration.

Recommendation #1 - Review Hiring Practices

The City can become more proactive in reducing the actual amount of position coverage expenditures by reviewing its hiring policies to ensure there are sufficient personnel in the training academy to fill vacant positions when they become available due to planned retirements or permanent on-the-job injuries.

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CONCLUSIONS AND RECOMMENDATIONS (CONTINUED)

Recommendation #1 - Review Hiring Practices (Continued)

Management Response: "Implementation of this recommendation could result in additional personnel and benefits costs over and above the budgeted amount during periods of overlap. As an example, the Fire Department had enough new recruits at the start of its last academy to cover the known vacancies at the time that the academy began; however, one recruit did not pass the academy, another recruit resigned during probation, and the Department experienced three unanticipated retirements. As these are all unforeseen events, the Fire Department would have had to hire an additional five recruits above the Department's authorized positions. If the Department had done so and the above five vacancies had *not* occurred, the Fire Department would have ended up with more personnel on payroll than authorized. As an additional consideration, due to the staff commitment involved, it is typically not cost effective to run more than one academy per year, nor run an academy for only one or two individuals."

Recommendation #2 - Continue to Obtain Fire Department Input in Salary Budget Process

Budgeted salaries in the period under review have been based on full staffing with a 2% reduction for vacancies. Position coverage and overtime have been budgeted at a set dollar amount over the past several years. In the case of the Fire Department Operations Division, the methodology does not accurately result in budgets which are realistic of where the spending for expenditures are incurred. For example:

- In fiscal year 2000-01, salaries were under-budgeted by \$420,000 and position coverage was under-budgeted by \$420,000.
- In fiscal year 2001-02, salaries were over-budgeted in excess of \$100,000 and position coverage and overtime were under-budgeted by nearly \$1.2 million.
- In fiscal year 2002-03, salaries were over-budgeted in excess of \$680,000 and overtime and position coverage under-budgeted by \$1.3 million.
- In fiscal year 2003-04, salaries were under budgeted by almost \$100,000, and position coverage and overtime under-budgeted in excess of \$1.4 million.

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CONCLUSIONS AND RECOMMENDATIONS (CONTINUED)

Recommendation #2 - Continue to Obtain Fire Department Input in Salary Budget Process (Continued)

We recommend that the Finance Department continue to obtain Fire Department input when establishing the Fire Department salaries, position coverage and overtime budgets, as well as using prior year actual expenditures for each category in determining whether budget amounts are reasonable.

In addition, we recommend that a policy be written jointly by both the Finance and Fire Departments which clearly defines under what circumstances hours are to be recorded as position coverage and overtime. Once this policy is written, all Fire Operations personnel should adhere to the policy to ensure that costs are being charged correctly to the appropriate accounts. Based on three of the four years, the actual cost of overtime has been significant without a budget. As overtime will occur, it is important to provide a budget to support this on-going cost.

Management Response: "The Finance and Fire Departments are in agreement with this recommendation."

Recommendation #3 - On-the-Job Injury Replacements

We recommend that the City review its policies governing staffing during absences from long-term disabilities. For example, if the disability period for a long-term employee is expected to exceed a certain period of time, then the City should consider bringing in a temporary employee to backfill the position until the disabled employee returns to work or retires. The Memorandum of Understanding and Agreement between the City of Pasadena and Pasadena Fire Fighters Association, Local 809, August 17, 2002 Through August 23, 2004, Policies and Procedures, Section D, item XII "Temporary Fire Fighter" allows for the use of temporary staff at the discretion of the Fire Chief. We recommend that the Fire Department pursue this as an option during critical periods where minimum staffing becomes a serious issue.

Management Response: "The Fire Department is a public safety organization, requiring a highly skilled and highly trained work force. The level of skills and on-going training required of firefighters does not make this recommendation a viable option."

CITY OF PASADENA

REVIEW OF FIRE DEPARTMENT POSITION COVERAGE/OVERTIME USAGE

OCTOBER 2004

CONCLUSIONS AND RECOMMENDATIONS (CONTINUED)

Recommendation #4 - Completely Utilize TeleStaff

We recommend that the TeleStaff system should be used to its fullest extent and that whenever position coverage or overtime is incurred, employees are required to record the reason in the system. This will provide for accurate review and analysis in the future.

Management Response: "The Fire Department uses Telestaff at the highest capacity allowable by the current version. In order to enhance this capacity, the Department will need to upgrade to the 2.0 version, which will allow for a higher, more efficient use. The Fire Department has requested consideration for purchasing the 2.0 version through an Information Technologies (IT) budget request form. In addition, the Department is anticipating filling the vacant IT position to manage system integrity."

Recommendation #5 - Review Practice of Expensing Non-Productive time

As the City budgets for all hours in a salary account, we recommend that the practice of recording actual non-productive time in a separate benefits account be eliminated. Should the City wish to continue the practice of recording non-productive time in a separate account, we would recommend that the corresponding budget associated with those expenditures be budgeted in the benefits account. The end result will be a better understanding of the budget with how expenditures are incurred.

Management Response: "City departments are aware of the need to combine regular personnel line item costs with benefit line item costs to determine their actual expenses relative to budget. Nevertheless, it is acknowledged that this may be confusing. The Department of Finance will consider ways to present this information in a more straightforward fashion."

CITY OF PASADENA
 FIRE DEPARTMENT (ALL DIVISIONS)
 BUDGET VS. ACTUAL
 FISCAL YEARS 2000-01 THROUGH 2003-04

<u>Account Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Fiscal year 2000-01:			
Operations Division:			
Salaries	\$ 11,086,674	11,505,185	(418,511)
Position coverage*	<u>1,654,826</u>	<u>2,074,979</u>	<u>(420,153)</u>
Total Operations Division salaries and position coverage	<u>12,741,500</u>	<u>13,580,164</u>	<u>(838,664)</u>
All other Fire Department Expenditures	<u>9,026,161</u>	<u>8,154,269</u>	<u>871,892</u>
Total Expenditures for Fiscal Year 2000-01	<u>\$ 21,767,661</u>	<u>21,734,433</u>	<u>33,228</u>
Fiscal year 2001-02:			
Operations Division:			
Salaries	\$ 11,803,980	11,696,795	107,185
Position coverage*	<u>1,758,759</u>	<u>2,922,976</u>	<u>(1,164,217)</u>
Total Operations Division salaries and position coverage	<u>13,562,739</u>	<u>14,619,771</u>	<u>(1,057,032)</u>
All other Fire Department Expenditures	<u>9,708,581</u>	<u>8,214,682</u>	<u>1,493,899</u>
Total Expenditures for Fiscal Year 2001-02	<u>\$ 23,271,320</u>	<u>22,834,453</u>	<u>436,867</u>

CITY OF PASADENA
FIRE DEPARTMENT (ALL DIVISIONS)
BUDGET VS. ACTUAL
FISCAL YEARS 2000-01 THROUGH 2003-04

<u>Account Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Fiscal year 2002-03:			
Operations Division:			
Salaries	\$ 12,283,521	11,603,333	680,188
Position coverage*	<u>1,758,759</u>	<u>3,042,124</u>	<u>(1,283,365)</u>
Total Operations Division salaries and position coverage	<u>14,042,280</u>	<u>14,645,457</u>	<u>(603,177)</u>
All other Fire Department Expenditures	<u>10,111,660</u>	<u>9,585,776</u>	<u>525,884</u>
Total Expenditures for Fiscal Year 2002-03	<u>\$ 24,153,940</u>	<u>24,231,233</u>	<u>(77,293)</u>
Fiscal year 2003-04(1):			
Operations Division:			
Salaries	\$ 12,425,299	12,524,003	(98,704)
Position coverage*	<u>1,758,759</u>	<u>3,224,432</u>	<u>(1,465,673)</u>
Total Operations Division salaries and position coverage	<u>14,184,058</u>	<u>15,748,435</u>	<u>(1,564,377)</u>
All other Fire Department Expenditures	<u>11,737,182</u>	<u>11,029,183</u>	<u>707,999</u>
Total Expenditures for Fiscal Year 2003-04	<u>\$ 25,921,240</u>	<u>26,777,618</u>	<u>(856,378)</u>

(1) Unaudited as of June 30, 2004

* Includes Expenses Coded as Overtime

CITY OF PASADENA
 PROPOSED METHODOLOGY FOR DETERMINING FIRE DEPARTMENT OPERATIONS SALARY BUDGET
 OCTOBER 2004

Position	Hourly Rate (top step)	Annual Hours	Annual Salary	No of Authorized FTE's	Number of Current Vacant FTE's	Payroll Budget per Year	Bi-lingual Pay	EMT Bonus	Paramedic Bonus	Education (AA)	Education (BA)	Urban Search & Rescue	FLSA Bonus	Special Pays(1)	Total Annual Cost	Less: Current Vacancy Allowance (2)	Proposed Annual Salary Budget	2004 Operational Budget	Variance	
Administration																				
Assistant Chief (BC)	\$ 65.28	2,080	\$ 135,782	1	0	\$ 135,782	\$ -	\$ 3,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,612	\$ 139,394	-	\$ 139,394			
Captain I (40 hour)	42.57	2,080	88,546	1	1	88,546	-	3,612	-	-	-	-	-	3,612	92,158	-	92,158			
SA I	19.61	2,080	40,789	1	0	40,789	-	-	-	-	-	-	-	-	40,789	-	40,789			
SA II	19.52	1,000	19,520	0.5	0	19,520	-	-	-	-	-	-	-	-	19,520	-	19,520			
Station Personnel																				
Battalion Chief	38.50	2,923	115,500	3	2	337,607	-	10,836	-	-	3,300	-	-	14,136	351,743	234,495	117,248			
Captain II	35.65	2,923	213,900	6	0	625,230	-	14,448	-	6,600	-	-	-	21,048	646,278	-	646,278			
Captain I	29.60	2,923	710,400	86,521	24	0	2,076,499	4,500	75,852	9,600	21,000	12,600	157,125	280,677	2,357,176	-	2,357,176			
Engineer	25.45	2,923	763,500	74,390	30	0	2,231,711	6,000	86,688	-	19,800	1,800	194,835	309,123	2,540,834	-	2,540,834			
Firefighter/Paramedic	22.34	2,923	1,876,560	65,300	84	3	5,485,185	34,500	173,376	355,200	-	66,000	30,600	534,225	1,193,901	6,679,086	238,538	6,440,547		
			3,679.86																	
Totals			25.03	\$ 727,588	150.5	6	\$ 11,040,868	\$ 45,000	\$368,424	\$ 364,800	\$ 21,000	\$ 95,700	\$ 45,000	\$886,185	\$ 1,826,109	\$ 12,866,977	\$ 473,033	\$ 12,393,943	12,425,299	\$ (31,356)

(1) See Exhibit C for a breakdown of special pays
 (2) See Exhibit C for actual cost of vacancies

**CITY OF PASADENA
PROPOSED SPECIAL PAYS BUDGET
AUGUST 2004**

EXHIBIT C

Rank	<u>Bi-lingual Pay</u>	<u>EMT Bonus</u>	<u>Paramedic Bonus</u>	<u>Education (AA)</u>	<u>Education (BA)</u>	<u>Urban Search & Rescue</u>	<u>FLSA Bonus</u>	<u>Total Special Pays</u>
<u>Administration</u>								
Assistant Chief (BC)	\$ -	\$ 3,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,612
Captain I (40 hour)	-	3,612	-	-	-	-	-	3,612
SA I	-	-	-	-	-	-	-	-
SA II	-	-	-	-	-	-	-	-
<u>Station Personnel</u>								
Battalion Chief	-	10,836	-	-	3,300	-	-	14,136
Captain II	-	14,448	-	-	6,600	-	-	21,048
Captain I	4,500	75,852	9,600	21,000	-	12,600	157,125	280,677
Engineer	6,000	86,688	-	-	19,800	1,800	194,835	309,123
Firefighter/Paramedic	<u>34,500</u>	<u>173,376</u>	<u>355,200</u>	<u>-</u>	<u>66,000</u>	<u>30,600</u>	<u>534,225</u>	<u>1,193,901</u>
Totals	<u>\$ 45,000</u>	<u>\$ 368,424</u>	<u>\$ 364,800</u>	<u>\$ 21,000</u>	<u>\$ 95,700</u>	<u>\$ 45,000</u>	<u>\$ 886,185</u>	<u>\$ 1,826,109</u>

**CITY OF PASADENA
PROPOSED METHODOLOGY FOR DETERMINING POSITION COVERAGE BUDGET
OCTOBER 2004**

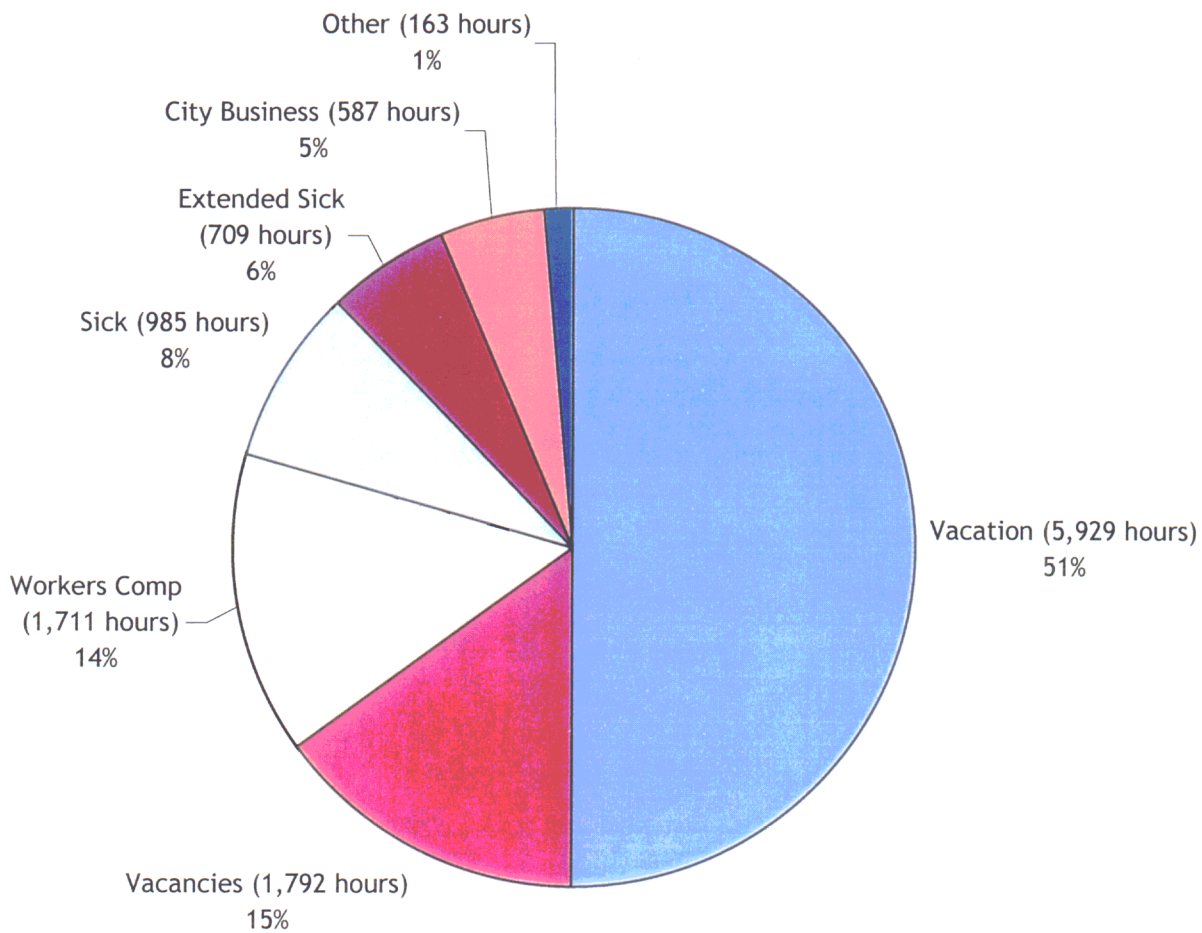
Number of Hours, by Type of Position Coverage

	1-1-03--12-31-03	1-1-04--5-24-04	2004 Extrapolated	Projected Usage for Budget Year	Weighted Hourly Rate (1)	Annual Cost(2)	Overtime Premium	Total Annual Cost
Vacation	24,041	7,683	23,500	23,800	\$ 25.03	\$ 595,714	\$ 297,857	\$ 893,571
Vacancies	15,742	5,979	15,155	16,968	25.03	477,222	238,612	715,834
Worker's Comp	11,300	3,801	9,634	10,500	25.03	262,815	131,408	394,223
Sick Leave	10,729	3,013	7,637	9,200	25.03	230,276	115,138	345,414
Extended Sick Leave	5,795	2,252	5,708	5,800	25.03	145,174	72,587	217,761
City Business	3,048	1,614	4,091	3,600	25.03	90,108	45,054	135,162
Other	2,386	1,052	2,667	2,500	25.03	62,575	31,288	93,863
Totals	73,041	25,394	68,392	72,368		\$ 1,863,884	\$ 931,943	\$ 2,795,827

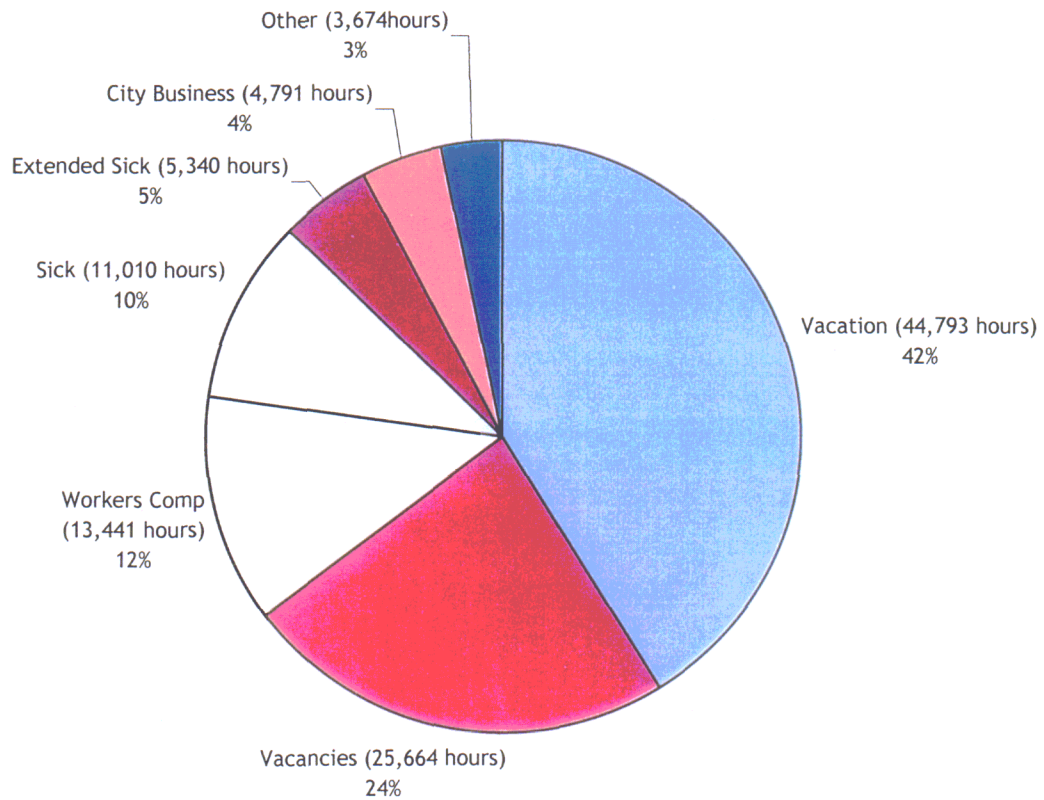
(1) Hourly salary is based on the weighted average of all operational personnel who are eligible to receive position coverage pay

(2) Annual cost for vacancies is based on actual counts from Exhibit B.

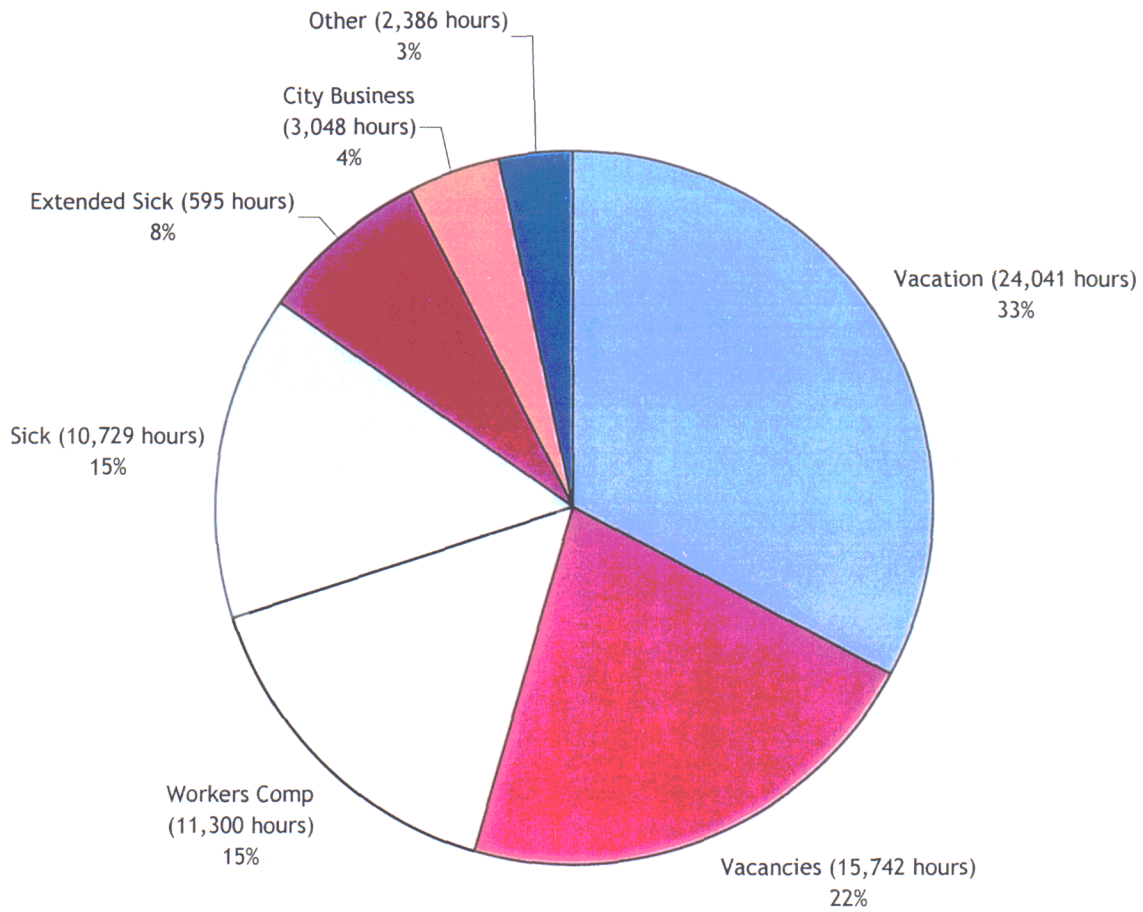
CITY OF PASADENA
Review of Fire Department Operations Division
Position Coverage/Overtime Usage
Position Coverage Analysis
November 1, 2001 through December 31, 2001



CITY OF PASADENA
Review of Fire Department Operations Division
Position Coverage/Overtime Usage
Position Coverage Analysis
January 1, 2002 through December 31, 2002



CITY OF PASADENA
Fire Department Operations Division
Position Coverage/Overtime Usage
Position Coverage Analysis
January 1, 2003 through December 31, 2003



CITY OF PASADENA
Fire Department Operations Division
Position Coverage/Overtime Usage
Position Coverage Analysis
January 1, 2004 through May 24, 2004

