



CITY OF RICHMOND

REPORT TO COMMITTEE

TO: Community Services Committee **DATE:** December 5, 1999
FROM: Chuck Gale, P. Eng. **FILE:** 0100-01
 General Manager, Engineering & Public Works
RE: Review of Overtime Expenditure in Fire/Rescue

STAFF RECOMMENDATION

- 1) That Resolution No 90/1-15, adopted by Council in-camera on January 8th, 1990 (and released to the public on January 22, 1990) which addressed the new firehall, and equipment and manpower levels in the Fire Department, be rescinded in its entirety, and
- 2) That approval be given to create 10 new Fire Rescue positions as outlined in this report.

Att. 3

FOR ORIGINATING DIVISION USE ONLY		
ROUTED TO:	CONCURRENCE	GENERAL MANAGER
Budget	Y <input type="checkbox"/> N <input type="checkbox"/>	<hr style="border: 0; border-top: 1px solid black;"/>

STAFF REPORTORIGIN

A staff team¹ reviewed the Fire Department's 1999 Operating Budget, to identify areas of potential over-expenditures at 1999 fiscal year end. The outcomes of their review have led to the development of strategies to better manage the Fire Rescue Department's annual budget.

PURPOSE

The purpose of this report is:

- to provide a general review of the 1999 Fire/Rescue budget
- to provide explanations for identified overruns
- to provide recommendations which, if implemented, will lead to the elimination of future overruns relating to similar circumstances, and
- to enable the presentation of a rationalized year 2000 Fire/Rescue Budget.

ANALYSIS

In this financial analysis, the Airside operating expenditures have been excluded on the premise that YVR reimburse the City for all our costs pursuant to the agreement between us.²

The Landside Operating budget for 1999 was \$15,984,500. Recent information from Finance suggests Fire/Rescue has kept within this budget, and did not experience a deficit for 1999.

Within the Operating budget one area, overtime, was over expended. For 1999, the Fire/Rescue overtime budget is summarized as follows:

Total overtime expenditure ³	\$975,000
Budgeted for "operational" ⁴ overtime	<u>\$225,000</u>
Projected over-expenditure in overtime	\$750,000

Overtime costs are attributable mainly to the suppression division of Fire/Rescue. Unlike other City departments, where temporary staff are used to cover absences, in Fire/Rescue a callout system, funded by the payment of overtime is used. Our current system is the consequence of

¹ Comprised of staff from Engineering and Public Works administration, Finance, and Fire Rescue

² A separate review on the overall costs to service the YVR agreement, indicates that, at worst, the City "breaks even" on this part of our Fire Rescue operations.

³ This includes overtime costs which are recovered from YVR.

⁴ Operational overtime results from activities over which there would be no alternative but to use overtime; for example, paying firefighters to continue fighting a fire when it occurs during a shift change, or calling firefighters into action when they are off-shift, to assist in a large fire, or coverage for a firefighter that has called in sick.

a Council initiated staff review, undertaken in 1990, which addressed manpower target levels for equipment, temporary promotions and absenteeism at each Fire Hall.⁵

Current staffing provisions

The 1990 staff review established three criteria which impact Fire Rescue staffing:

- a minimum staffing level per shift.
- a basis for determining the number of personnel needed, under average conditions, to maintain the minimum staff level per shift, and
- an overtime call-out system to maintain minimum staffing levels.⁶

The application of these criteria translate as follows:

• minimum on-duty staffing requirement per shift	40
• average off-shift training, illness, long service leave	6
• to cover holidays	8
Total	54

Unpredictable absences such as additional sick time, long-term illness and WCB, can cause us to exceed the provision of 54 per shift to cover our minimum needs. When this occurs, overtime is incurred to bring staff in to cover our operational requirements as set out in Table 1.

Table 1

Staff Complement by Shift			
	Minimum	Coverage	Total
District Chief	1		1
Captains	8	2	10
Lieutenants	4	0	4
Firefighters	27	12	39
Total	40	14	54

⁵ Details of the 1990 Council review are contained in a document referred to as the Carline report. (see Attachment 2).

⁶ Current staffing provisions require ... *"That in circumstances where absences exceed the average then every effort shall be made to maintain target staffing levels through call-out and payment of overtime to off-duty firefighters and officers."*

Why overtime is incurred

1. The "Table 1" issues

The absence of a Captain or Lieutenant, beyond those provided for in Table 1, is accommodated by transferring staff of equivalent rank from another shift, or by temporarily promoting junior personnel to an acting rank, according to established "rules", designed to ensure that only appropriately trained staff are moved to positions of higher responsibility.

These rules are:

- ❑ To temporarily promote a firefighter to an acting Officer rank, they must have completed the in-house "Officer Pool" training.
- ❑ A temporary promotion of firefighter to Captain, (double jumping)⁷, is restricted to one firefighter per shift.

The effect of these rules is that when the requirement for Captains or Lieutenants exceeds what can be provided by the application of these rules, overtime is required to pay staff of appropriate rank, to come from another shift to cover the operational need.⁸

2. Fire Hall #7 Issue

When Fire Hall #7 was opened, twenty positions were needed to maintain minimum staffing levels.⁹ For reasons unknown to the author, only ten new positions were created. What is known, is that the failure to hire the additional staff required the expanded use of overtime to cover the shortfall of 10 positions.

3. Sick Leave

The projected 1999 year end costs for casual and long term sick leave are approximately \$850,000. Table 2 shows sick time costs by rank for the 1999 year end:

⁷ When a firefighter is temporarily promoted to Captain this is called "double jumping" because they jump over the Lieutenant's rank.

Current staffing criteria restrict temporarily promoting firefighters to Captain through double jumping as follows:

That temporary promotions be limited to one step except that a firefighter may be elevated to acting Captain when more than four Captains from one shift are off duty, provided that:

- 1) *the duration of such elevation is no more than one tour of duty,*
- 2) *only one firefighter may be elevated acting Captain on any one shift at any one time, and*
- 3) *the target manning level is maintained for that shift during such elevations unless exceptional circumstances prevail which prevents this.*

⁸ Only one shift is on-duty at any given time. Overtime is paid because staff are called back from time off to cover the operational need.

⁹ Crew of five firefighters per shift x four shifts for Engine 7 only. At that time, Rescue 7 did not exist.

Table 2

1999 Projected Year-End Costs			
Title	No. of Staff	Sick Time Costs (total)	Average Cost by Position
Captains	40	430,000	\$10,750
Lieutenants	16	40,000	\$2,500
Firefighters	154	380,000	\$2,450
Total	210	850,000	

The portion of the workforce with increasing needs, is the Captain level. Although Captains form 20% of the total Fire Suppression complement, their sick time usage accounts for approximately 50% of the total. (This is due in part to seven Captains off on long-term sick leave. These seven are not expected to return to Suppression duties, see next paragraph).

4. Long-term Sick Leave

There are ten staff (including seven Captains) presently on long-term sick leave. We do not anticipate their return to active duty in suppression. The Manager, Administrative Services in conjunction with Human Resources is developing a system for managing, where possible, a return to work.

This circumstance has overtime implications for the department. Whether or not a staff member on long-term sick leave may have used up their sick leave entitlement and therefore no longer receives a salary, their PCC number is still protected for their use. There is no provision within Fire/Rescue for part time or auxiliary positions to temporarily fill these positions. As a consequence, overtime must be used to bring staff in to cover the staffing need when the number of required firefighters exceed the number available as relief on any shift.

Council's recent endorsement of an Early Retirement program may have a positive impact for some of these staff members.

5. Training

The need for training has increased over the past ten years. Emergency Medical Service now accounts for approximately 60% of all Fire Rescue calls, necessitating First Responder training.¹⁰ Training to maintain the Officers Pool is required to prepare firefighters to "act" in the absence of ranking officers. In 1999, Officer Pool training incurred \$150,000¹¹ in overtime costs, in order to cover the duty shifts of the firefighters who were off on training.

6. Vacation

¹⁰ The "First Responder" program was recently addressed in an information memo to Councillors.

¹¹ This includes ARFF (Aircraft Rescue Fire Fighter) training.

A minimum of eight staff per shift are off at all times on holidays, with an additional two off on long service leave for most shifts. Increased holiday entitlements and long service leave, related in part to our ageing workforce, have not been factored into the shift complement for this predominantly over forty workforce. This has further strained the overtime callout system.

Overtime Commentary

Unlike other City departments which can function without covering absences for holidays, training and sick leave, the nature of fire suppression mandates the maintenance of a minimum staffing level on each piece of apparatus. When our current staffing criteria were established in 1990, it was believed that the net cost of an overtime-based call-out system would be less than the cost of increasing the number of on-duty firefighters to a level necessary to ensure there were sufficient on duty at all times, to meet the minimum staffing needs.

Recognizing there will always be a requirement to maintain a minimum staffing level, and given the steady increase in overtime costs since 1990, staff believe the use of our present overtime-based callout system is no longer appropriate and should be revised.

At the time of the last review, the workforce was younger and firefighters had fewer years of service with the City. As the workforce has aged, sick leave, holiday entitlements and retirements causing increased training requirements, have all placed a burden on the overtime callout system. All these issues are interrelated, making it very difficult to isolate any one factor and its attendant impact. In total, staff believe it is possible to both explain our current overtime expenditures and propose solutions.

The need for overtime

There will always be a need for "operational overtime" in Fire/Rescue. Our objective should be to minimize it. Unfortunately, our current staffing criteria are based on a set of circumstances which no longer exist.

The background to the establishment of the overtime-based staffing provision in 1990, was that overtime was not authorized to maintain minimum staffing levels. Alternatively, staffing levels were gradually increased until a surplus in staffing was created. If a shift had high absenteeism there were not enough staff to maintain minimum staffing levels, and if a shift had low absenteeism they were overstaffed.

During the last round of bargaining with IAFF, the union was served notice that,

Council may elect between now or expiry of renewal of Collective Agreement to rescind all or part of the Carline report.

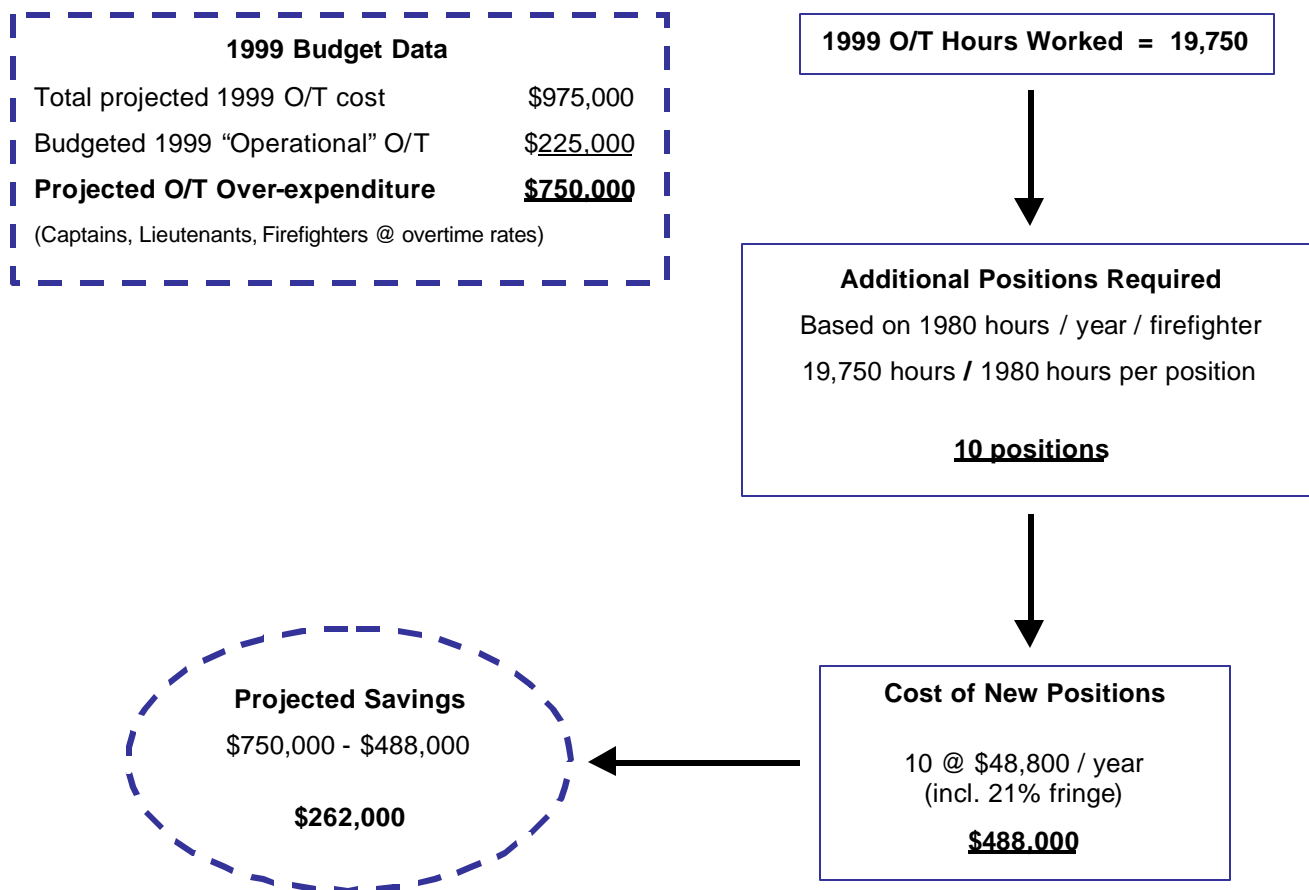
In a report to Council (Oct 8, 1998), Human Resources reported that notice had been served to Mr. Geoff Lake, President, IAFF Local 1286 that the Carline Report would be discontinued. The first recommendation of this report recognizes the intention of this previous commitment.

A reality that has to be accepted for the longer term, is that there is no “one solution”. The best solution for managing overtime will likely be a combination of strategies which might include:

- ❑ Using overtime
- ❑ Hiring additional staff at various ranks
- ❑ Focused training
- ❑ Retirement incentives
- ❑ Better management practices related to sick time, disability time, long-term illness, WCB, absenteeism, pay-out of holidays etc.

At present, considering the levels of sick leave (casual and long term), training requirements and vacation entitlements, staff are convinced that Fire/Rescue is understaffed. An initial assessment indicates that creating ten new P.C.C.'s, to be used to hire additional firefighters and officers, would reduce the need, and hence the cost, for overtime (see Figure 1).

Figure 1



Approximately 20,000 hours are projected to be worked on overtime in 1999. This is the equivalent to ten full time positions. At present, using the overtime callout system, Captains,

Lieutenants and firefighters are called to work at one and one-half or double time rates. This represents the \$975,000 expenditure in overtime.

If ten new firefighters were hired at a cost of \$48,800 each, (including a 21% fringe), to perform work currently being performed with overtime, there would be a net annual savings of \$262,000. This is achievable, because generally, junior Firefighter positions cost the City approximately \$49,000 per year. In comparison, the estimated cost for a senior Firefighter on overtime, is \$99,000 per year, (1.5 x \$66,000 salary, assumes time and one half O/T applies). It is the use of the additional \$33,000 overtime payment that would be used to fund the additional firefighters.

Increasing the staff complement is a first step in reducing the overtime expenditure. It is highlighted that a reduction on the overtime side of the ledger has an off-setting increase on the regular staff side of the ledger. There is a net benefit, however, in the order of \$262,000, which results from using regular staff to meet our manning need as opposed to using overtime.

There are a number of other issues which will need to be addressed to further reduce overtime:

- 1) A number of staff are on long-term sick leave. Each of these need to be carefully managed to ensure, where possible, a return to work. This is currently under detailed review and will be reported on separately.
- 2) In the next five years, 79 Fire/Rescue staff will be eligible to retire, and a further 81 will have the option of taking an early retirement. The possibility of early retirements was recently increased by Council's Early Retirement Incentive. The implications of reducing the average age of the department through early retirements will be reported on separately in the new year once the application period has closed.
- 3) A complete review of training needs is being undertaken to ensure programs are delivered in the most efficient manner possible, thereby reducing overtime coverage requirements.

FINANCIAL IMPACT

The strategy outlined above will address the long-term overtime issue for Fire/Rescue. Implementation will require a minimum of 6 months before an impact will be noticeable in the department's budget. Thus, immediate implementation is recommended, coupled with an adjustment to the 2000 Operating Budget to allow for a 6 month phase-in of the new staff.

Attachment 1, "Fire Department – Budget Overview", provides an overview of the 1999 Operational Budget, and the proposed 2000 budget which includes the recommendations contained in this report, and a potential for additional levels for 2000. Given the uncertainties associated with the phase-in of the additional staff, it is strongly suggested that the funds shown as available for "Additional Levels" be reserved as an implementation contingency.

It is noteworthy that the number of additional staff required is equal to the previously identified shortfall in staffing associated with Number 7 hall.

Staff also recognize the need to monitor and review the F/R budget, and in particular, the overtime expenditures on a regular basis. In the new year a system for tracking overtime costs in a more detailed manner will be implemented. An information report will be forwarded to the Community Service Committee on a quarterly basis providing the current status of the budget.

LABOUR IMPLICATIONS

This report has been reviewed by the Fire Rescue management group, (9 senior officers), and the executive of IAFF 1286. The Chiefs have endorsed the report. IAFF 1286 have agreed with the factual content of the report and make the following observations:

- The union would like some security around the manning and command structure currently in place. The Carline report contains clauses regarding staffing levels and equipment manning that are not addressed elsewhere. They would like to see these relevant clauses protected in some form.
- They would also like to see the temporary promotion clause known as “double-jumping” retained in some form.

The GM's principal interest is in ensuring the most flexibility possible regarding the management of staff. He is in agreement with the union, about the need to preserve certain aspects of the report, and that they should be documented in some written form. Staff will work with the union to retain the language identified in a letter of understanding, which will be attached to the collective agreement

In order to ensure full and accurate representation of the Union's issues, the GM has invited the Union President to appear before Committee to represent the union's viewpoint, should he wish to do so.

CONCLUSION

The “Carline” Report sets out staffing levels for Fire/Rescue and how those staffing levels are to be maintained through an overtime callout system. As the workforce in Fire/Rescue has aged, casual and long term sick leave, vacation entitlements, as well as new requirements for training have placed an unrealistic burden on the overtime callout system.

By rescinding the “Carline” report and hiring an additional ten firefighters, the most appropriate and effective method for managing staffing needs can be used. This would result in a potential savings of approximately \$262,000 in the Fire/Rescue operational budget.

This is a first step of many that are necessary to reduce overtime expenditures. Staff need to conduct a review of long term sick leaves, the provision for training, early retirement incentives and the ratio of officers per shift before they will be able to bring the overtime budget under full control. The Community Services Committee will be provided with a quarterly report on the status of the budget, which will include the impact of the above initiatives as they are implemented.

Shawn Issel
Manager, Divisional Programs

Fire Department – Budget Overview

1999 - Operating Expenditure¹²	\$15,970,000
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Overtime over expenditure	(750,000)
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	\$15,220,000
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10 (ten) new Fire-fighter positions	490,000
2000 Budget:	
▪ Non-discretionary items	400,000
▪ Discretionary items	50,000
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	\$16,160,000
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Implementation Phase ¹³	260,000
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2000 – Operating Expenses	\$16,420,000
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¹² Figures are approximate. This does not include YVR expenses, for which the City is reimbursed.

¹³ Details regarding this figure will form the justification for the Additional Levels, which are under review.