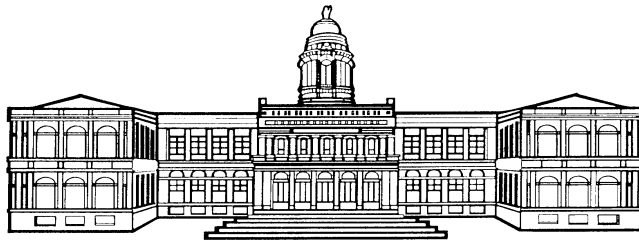


New York City Council



BUDGET NOTE

Finance Division

November 2008

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin
Chair, Committee on Finance

Preston Niblack, Director
Jeffrey Rodus, First Deputy Director

Hon. Miguel Martinez
Chair, Committee on Fire and Criminal
Justice Services

FIRE DEPARTMENT/EMERGENCY MEDICAL SERVICE (057)

The Fire Department protects life and property from fire through an extinguishment network of 198 Engine Companies and 143 Ladder Companies. In addition, the Department promotes fire prevention via education, investigation and inspection. The Department's firefighters also respond to life-threatening medical emergencies on a limited basis, including responding to terrorist incidents and hazardous materials events. The Department's Bureau of Emergency Medical Services (EMS) is responsible for responding to all types of medical emergencies in the City and providing transport to area hospitals for individuals requiring medical assistance.

AGENCY FUNDING OVERVIEW (in \$000s)

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	\$1,352,007	\$1,351,436	\$1,360,046	\$1,360,571
Other Categorical	\$145,912	\$162,658	\$145,865	\$160,413
Capital IFA	\$0	\$0	\$0	\$0
State	\$1,846	\$1,823	\$1,846	\$1,786
Community Development	\$0	\$0	\$0	\$0
Federal-Other	\$16,230	\$42,671	\$8,336	\$8,336
Intra-City	\$10,743	\$10,743	\$10,743	\$10,743
Total	\$1,526,738	\$1,569,331	\$1,526,836	\$1,541,849

<i>HEADCOUNT OVERVIEW</i>				
Headcount-Uniform	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	11,222	11,222	11,222	11,222
Non-City	11	11	11	11
Total	11,233	11,233	11,233	11,233

<i>HEADCOUNT OVERVIEW</i>				
Headcount-Civilian	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	4,800	4,797	4,800	4,797
Non-City	20	20	20	20
Total	4,820	4,817	4,820	4,817

Fiscal 2009 November Plan Action Analysis

In September, the Mayor's Budget Director ordered each agency head to submit proposed Programs to Eliminate the Gap (PEGs) equal to 2.5% in Fiscal 2009 and 5% in Fiscal 2010 and each of the outyears of the agency's City tax-levy budget. The Fiscal 2009 November Plan presents the results of this budget exercise.

Programs to Eliminate the Gap are Financial Plan actions that reduce the City's budget gap by either reducing an agency's City tax-levy Expense Budget or increasing City revenues. It should be noted that some PEGs involve increases in Expense Budget costs that lead to increased revenues. For example: An agency may increase expenses by hiring 20 inspectors, with the expectation that those inspectors will generate additional revenue, ultimately saving City tax-levy dollars.

The chart below indicates the PEG amount the agency is proposing to implement in Fiscal 2009 based upon the Fiscal 2009 Adopted Budget and the amount in Fiscal 2010 based on the 2010 forecast at the time of adoption.

<i>NOVEMBER PLAN PEGS (in \$000s)</i>				
	Fiscal 2009 Adopted Budget and Forecast	Fiscal 2009 November Plan PEGs	PEG as percentage of Adopted Budget and Forecast	
Fiscal 2009	1,352,007	(31,748)	-2.35%	
Fiscal 2010	1,360,046	(61,864)	-4.55%	

NOVEMBER PLAN ACTIONS (in \$000s)						
Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the Fiscal 2009 Adopted Plan	1,352,007	174,731	1,526,738	1,360,046	166,790	1,526,836
November Plan PEGS			0			0
Reduce Funding for Drug Testing	(60)		(60)	(186)		(186)
Reduce Operational Hours at Five Engine Co.'s	(4,475)		(4,475)	(8,950)		(8,950)
Five Week Reduction in Firefighter Training	(3,006)		(3,006)	(6,012)		(6,012)
Additional EMS Revenue Collections	(12,265)	13,097	832	(6,945)	7,497	552
Reassess Ambulance Billing Rates	(3,310)	3,522	212	(6,621)	7,043	422
Quartermaster Efficiencies			0	(738)		(738)
OTPS Spending Reduction	(3,123)		(3,123)	(2,948)		(2,948)
Total PEGS	(26,239)	16,619	(9,620)	(32,400)	14,540	(17,860)
November Other Adjustments			0			0
Collective Bargaining Adjustment: Various Staff Positions	24,975		24,975	31,351		31,351
Adjustments to Fringe Benefits resulting from various Actions	460		460	986		986
EMS Specialty Pay	233		233	588		588
State Grants and Adjustments		(23)	(23)		(60)	(60)
Federal Grants and Adjustments		26,441	26,441			0
Other Miscellaneous Grants and Adjustments		128	128		9	9
Total Other Adjustments	25,668	26,546	52,214	32,925	(51)	32,874
November Plan New Needs			0			0
Total New Needs	0	0	0	0	0	0
November Plan PEG Restorations			0			0
Total PEG Restorations	0	0	0	0	0	0
Total November Plan Budget Changes	(571)	43,165	42,594	525	14,489	15,014
Agency Budget as per the November Plan	1,351,436	217,896	1,569,332	1,360,571	181,279	1,541,850

PEGS

- Reduce Funding for the Drug Testing Unit.** The November Plan proposes to reduce the Drug Testing Unit's headcount by three positions and would result in savings of \$60,387 in Fiscal 2009 (partial year), \$186,054 in Fiscal 2010, \$188,154 in Fiscal 2011 and \$190,554 in Fiscal 2012. These figures include the value of associated fringe benefit savings. Three positions would remain funded in the unit.
- Reduce Nighttime Operational Hours at Five Engine Companies in Firehouses Where Ladder Companies Will Remain Fully Staffed.** This action will not effect headcount but will reduce overtime costs by \$4.5 million in Fiscal 2009 (partial year) and \$9 million in Fiscal 2010 and the outyears. During nighttime hours, each engine company is staffed with four firefighters and one lieutenant per 15-hour shift. This action would remove these staff and re-deploy them to other houses citywide to fill shifts that would otherwise be covered by staff earning overtime. Only 13 hours of overtime savings per shift is assumed to account for the allowable 20hour portal-to-portal travel time for the re-deployed staff. The overtime rates are: \$51.05/hour for firefighters and \$69.50/hour for lieutenants.

According to the Mayor's Office of Management and Budget (OMB), of the 198 engine companies citywide, there are 136 fire houses that contain both engine and ladder companies. At the time of this writing, the FDNY was unable to report which engine companies would be closed at night. Among the criteria that would be used to select the five engine companies are: "workload, type of work, response times and location of the company and surrounding companies...Other factors include operational knowledge of senior chiefs and impact in the communities served and on the overall safety of the City.

- **Five-Week Reduction in Fire Academy Training.** The Fire Department proposes to reduce the duration of Fire Academy training from 23 weeks to 18 weeks generating a savings of \$3 million in Fiscal 2009, growing to \$6 million per year beginning in Fiscal 2010. Probationary training for new firefighters was extended from 13 weeks to 18 weeks in March of Fiscal 2007 and then from 18 to 23 weeks in September of Fiscal 2008. According to OMB, the FDNY is confident that it can fulfill all critical training requirements within the 18-week timeframe.
- **Additional Emergency Medical Service (EMS) Revenue Collections.** Non-Medicaid ambulance revenue collections are expected to exceed current targets by approximately \$13.1 million in Fiscal 2009 and \$7 million in Fiscal 2010 and the outyears. This revenue is offset by payments to the FDNY's billing and collection vendor. Additionally, a one-time technical adjustment of \$5.3 million in Fiscal 2009 is being made to recognize the receipt of Medicare payments. As a result of these EMS revenue collections, the November Plan reflects a net decrease in City funds of approximately \$12.3 million in Fiscal 2009 and \$7 million in Fiscal 2010 and the outyears.
- **Reassess Ambulance Billing Rates.** The Fire Department will reassess ambulance billing rates to reflect the cost of providing service. This will result in an increase in revenues of \$3.3 million in Fiscal 2009 (partial year) and \$6.6 million in Fiscal 2010 and the outyears. The last time rates were adjusted was October 22, 2006. The Plan purposes to; increase BLS ambulance rate from \$475 to \$515, increase ALS Service Level 1 from \$600 to \$750, and increase ALS Service Level 2 from \$700 to \$850.
- **Quartermaster Efficiencies.** The Fire Department will identify savings of \$738,000 per year beginning in Fiscal 2010 by reducing Quartermaster expenditures related to the purchase of Department uniforms such as dress uniforms, dress shoes, t-shirts and belts. The savings would be generated through the re-bidding of contracts for uniforms and would not be associated with safety items such as bunker gear.
- **Other Than Personal Services (OTPS) Spending Reduction.** The Fire Department will identify OTPS savings of \$3.1 million in Fiscal 2009 and \$2.9 million annually beginning in Fiscal 2010 by reducing or eliminating some non-critical expenditures throughout the Department. These include, but are not limited to, contractual services, non-essential supplies, and other discretionary initiatives. The proposed savings would be generated in the OTPS units of appropriation for: Executive Administration; Fire Extinguishment and Response; and EMS.

Revenue PEGs

- **Elimination of Fee Exemption for Non-Profit and Charitable Organizations:** The FDNY will re-submit legislation to the City Council to charge previously exempt non-profit and charitable organizations for fire inspections. The November Plan projects annual revenue of \$3 million from this action, beginning in Fiscal 2010. The average fee for such inspections is \$210. The Department does not plan to lift the exemption for churches and faith-based organizations. This action was originally proposed in the Fiscal 2007 Preliminary Budget.
- **Additional Revenue from 2% Tax on Fire Insurance Premiums.** The November Plan forecasts an annual \$5.5 million increase in revenue from a 2-percent tax assessed on fire insurance premiums. These tax revenues are collected by New York State and then remitted to the Fire Department. They are for foreign and alien insurance companies operating in New York City whose headquarters are located outside of the City. This proposed action is not based on a tax increase, but rather on an increase in the number and size of the fire insurance policies.
- **Increase 2% Tax on Fire Insurance Premiums to 4%.** The Fire Department will re-submit legislation to the State to increase the tax on fire insurance premiums from insurers located outside of the City from 2% to 4%. If passed by the State, this action would result in additional annual revenues of approximately \$21 million beginning in Fiscal 2010.

Other Adjustments

- **Civilian Collective Bargaining.** Funds totaling \$25 million in Fiscal 2009, \$31.4 million in Fiscal 2010, \$32.6 million in Fiscal 2011 and \$32.5 million in Fiscal 2012 are being transferred from the Labor Reserve in the Miscellaneous Budget to the Fire Department to cover costs associated with recent collective bargaining agreements for various staff positions. These positions include; Staff Analysts, Uniformed Fire Officers, EMS Staff, Carpenters, Roofers, Chaplain Personnel and Supervisors of Mechanics.
- **EMS Specialty Pay Adjustment.** Funds totaling \$232,615 in Fiscal 2009, \$587,509 in Fiscal 2010, \$904,908 in Fiscal 2011 and \$967,704 in Fiscal 2012 are being transferred from the Labor Reserve in the Miscellaneous Budget to the Fire Department to cover costs of a technical adjustment to EMS Specialty pay.

Capital Budget

FY09 Executive Capital Plan vs. FY09 Adopted Capital Budget (in \$000s)

	FY09	FY10	FY11	FY12	FY13	Total
May	198,755	70,431	207,207	106,313	80,377	663,083
Sept	248,246	56,345	165,766	85,050	139,570	694,977
Variance	49,491	-14,086	-41,441	-21,263	59,193	31,894

As part of the formulization of the FY09 Adopted Capital Budget agencies were required to reduce their capital plans by twenty percent in each year from FY09-12. The funds pushed-out from these four years could roll into the fifth year of the plan, FY13. As such, even with the inevitable roll of projects from FY08 which had yet to be committed, the FY09-13 plan is significantly less than the plan presented in May 2008.

The Fire Department/Emergency Medical Services FY09-13 adopted capital plan is \$31.9 million greater than the Executive Capital Plan released in May. When taking into account the \$114.5 million of uncommitted projects rolled from FY08 the increase of \$31.9 million is actually a decrease of \$82.6 million over the five years of the plan.

Capital Plan Highlights

- In the November Capital Plan, \$18.8 million in planned commitments for a new Rescue Unit 2 firehouse (Brooklyn) would be shifted from Fiscal 2009 to Fiscal 2011. This project is currently in the design phase and will not be ready for construction until Fiscal 2011. Planned Commitments for this project total \$20 million for Fiscals 2009-2013.
- In the November Capital Plan, \$14.2 million in planned commitments for the Soundview EMS Station (Bronx) would be shifted from Fiscal 2009 to Fiscal 2011. This project is currently in the design phase and will not be ready for construction until Fiscal 2011. Planned Commitments for this project total \$14.5 million for Fiscals 2009-2013.
- Planned commitments for the Department's Fleet Maintenance Facility (Queens) would decrease by \$35 million in the November Capital Plan for Fiscals 2009-2013. The Department will identify cost efficiencies and savings to complete the project at lower cost. Planned Commitments for this project total \$90 million for Fiscals 2009-2013.
- In the November Capital Plan, approximately \$48 million of capital commitments for multiple projects planned for Fiscals 2009-2013 would be pushed to Fiscals 2014-2019.

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