

**Agenda Sheet for City Council Meeting of:**

12/06/2021

Date Rec'd

11/22/2021

Clerk's File #

ORD C36152

Renews #**Cross Ref #****Project #****Bid #****Requisition #****Submitting Dept**

MANAGEMENT & BUDGET

Contact Name/Phone

PAUL INGIOSI X6061

Contact E-Mail

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Agenda Item Type

Special Budget Ordinance

Agenda Item Name

0410 - SBO FOR YEAR-END FOR FIRE/EMS FUND

Agenda Wording

SBO to increase the expenditure appropriation levels for the Fire/EMS Fund by \$5 million to be funded from the City's Contingency Reserve account.

Summary (Background)

Management and Budget staff compared 2021 budget appropriation versus actual expenditures at the fund level through October 2021. Funds that were projected to exceed their budgeted amounts by year-end, based on prior year spending patterns, were identified. Staff reached out to the accounting team members responsible for those identified funds to compare projections and solicit feedback.

Lease? NO

Grant related? NO

Public Works? NO

Fiscal Impact**Budget Account**

Revenue \$ 5,000,000.00

99999

Expense \$ 5,000,000.00

99999

Select \$

#

Select \$

#

Approvals**Council Notifications****Dept Head**

WALLACE, TONYA

Study Session\Other

PIES 11-22-2021

Division Director

WALLACE, TONYA

Council Sponsor

CM Wilkerson

Finance

MURRAY, MICHELLE

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MANAGEMENT & BUDGET

WALLACE, TONYA

PASSED BY
SPOKANE CITY COUNCIL:

12/6/2021
[Signature]
CITY CLERK

Briefing Paper

Public Infrastructure, Environment, and Sustainability Committee

Division & Department:	Finance – Accounting
Subject:	SBO for Fire/EMS Fund Year-End Appropriation Authority
Date:	11/22/21
Contact (email & phone):	Paul Ingiosi (pingiosi@spokanecity.org / 509-625-6061)
City Council Sponsor:	Council Member Wilkerson
Executive Sponsor:	Tonya Wallace
Committee(s) Impacted:	Finance and Administration Committee
Type of Agenda item:	<input type="checkbox"/> Consent <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Strategic Initiative
Alignment: (link agenda item to guiding document – i.e., Master Plan, Budget, Comp Plan, Policy, Charter, Strategic Plan)	Budget
Strategic Initiative:	
Deadline:	
Outcome: (deliverables, delivery duties, milestones to meet)	SBO to Adjust Fire/EMS Fund Year-End Appropriation Authority
Background/History:	
<p>Management and Budget staff compared 2021 budget appropriation versus actual expenditures at the fund level through October 2021. Funds that were projected to exceed their budgeted amounts by year-end, based on prior year spending patterns, were identified. Staff reached out to the accounting team members responsible for those identified funds to compare projections and solicit feedback.</p> <p>Of the 21 funds identified as potentially exceeding their budget authority, staff recommends increasing the expenditure appropriation levels for four funds. Three funds were included in a Special Budget Ordinance (SBO); this SBO is for the fourth, the Fire/EMS Fund.</p>	
Executive Summary:	
Staff recommends increasing the expenditure appropriation levels for the Fire/EMS Fund by \$5 million to be funded from the City's Contingency Reserve account.	
Budget Impact:	
Approved in current year budget?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
Annual/Reoccurring expenditure?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
If new, specify funding source:	
Other budget impacts:	
Operations Impact:	
Consistent with current operations/policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Requires change in current operations/policy?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A
Specify changes required:	
Known challenges/barriers:	

ORDINANCE NO. C36152

An ordinance amending Ordinance No. C-35971, passed by the City Council December 14, 2020, and entitled, "An ordinance adopting the Annual Budget of the City of Spokane for 2021, making appropriations to the various funds of the City of Spokane government for the fiscal year ending December 31, 2021, and providing it shall take effect immediately upon passage", and declaring an emergency.

WHEREAS, subsequent to the adoption of the 2021 budget Ordinance No. C-35971, as above entitled, and which passed the City Council December 14, 2020, it is necessary to establish and make changes in the appropriations of the American Rescue Plan Fund, Public Safety Personnel Fund, and Fire/EMS Fund, which changes could not have been anticipated or known at the time of making such budget ordinance; and

WHEREAS, this ordinance has been on file in the City Clerk's Office for five days; - Now, Therefore,

The City of Spokane does ordain:

Section 1. That in the budget of the American Rescue Plan Fund, and the budget annexed thereto with reference to the American Rescue Plan Fund, the following changes be made:

FROM:	1425-99999	American Rescue Plan Fund	
	99999-	Unappropriated Reserves	<u>\$1,750,000</u>
TO:	1425-88155	American Rescue Plan Fund	
	22200-51215	Uniform Overtime	<u>\$1,750,000</u>

Section 2. That in the budget of the Public Safety Personnel Fund, and the budget annexed thereto with reference to the Public Safety Personnel Fund, the following changes be made:

FROM:	1625-35121	Public Safety Personnel Fund	
	22200-09310	Firefighter	\$900,000
	22200-51220	Out of Grade	10,000
	22200-51235	Holiday Pay Extra	25,000
	22200-51250	Terminated Sick Leave Pay	5,000
	22200-51260	Terminated Vacation Leave Pay	20,000
	22200-51400	Specialty Pay	1,000
	22200-51640	Deferred Compensation	85,000
	22200-52110	Social Security	17,000
	22200-52230	Pension LEOFF II	55,000
	22200-52310	Medical Insurance	<u>540,000</u>
			<u>\$1,658,000</u>
TO:	1625-35121	Public Safety Personnel Fund	
	22200-51215	Uniform Overtime	<u>\$1,658,000</u>

Section 3. It is, therefore, by the City Council declared that an urgency and emergency exists for making the changes set forth herein, such urgency and emergency arising from the need to provide additional resources through the Public Safety Personnel Fund and the Revenue Replacement ARPA Fund sources to ensure that the Fire/EMS Fund has sufficient budget capacity for 2021, and because of such need, an urgency and emergency exists for the passage of this ordinance, and also, because the same makes an appropriation, it shall take effect and be in force immediately upon its passage.

Passed the City Council December 6, 2021

[Signature]
Council President



Attest: [Signature]
City Clerk

Approved as to form: [Signature]
Assistant City Attorney

[Signature]
Mayor

12/16/21
Date

December 16, 2021
Effective Date

Memo

To: Tonya Wallace, CFO
From: Paul Ingiosi, Director of Management and Budget
Kevin Schmitt, Accounting Manager – Public Safety
Cc: Michelle Murray, Director of Accounting
Date: November 17, 2021
Re: Fire/EMS Fund 2021 Year-End

The Emergency Medical Services (EMS) Fund is on pace to exceed its expenditure authority before year-end based on current projections. After 10 months of current year actual expenditures, the fund is projected to incur up to \$62.5 million in expenditures by the close of 2021 against a current expense budget of approximately \$57.5 million. Staff calculates the EMS Fund will need to increase their budget authority by approximately \$5 million along with an infusion of revenue in the same amount as there are currently no operating reserves in the EMS Fund.

RECOMMENDATION

Staff recommends a \$5 million appropriation from the City's Contingency Reserve account in the General Fund transferred to the EMS Fund. Initial projections show expenditures more than budget by approximately \$2.7 million. There are three accounting periods left in 2021, assuming uniform-overtime is spent at the same amount as the last three accounting periods of 2020 that could add another \$1 million in expense. There is additional uncertainty surrounding uniform-overtime and staffing needs related to the retirements and resignations effective in early November. What we know so far is sick time usage spiked in August, September, and October, following announcement of the state vaccine mandate for healthcare workers and before implementation, that doubled the number of days taken in any given month even during the early months of the pandemic and continued an upward trend that began in April. Any actual impacts related to implementation of the vaccine mandate have not yet been realized in the accounting data. However, assuming an additional \$1 million over the last three periods based on historical data brings the potential total overage to approximately \$4.7 million. Transferring \$5 million to the EMS Fund should ensure solvency through the rest of the current year and any funds not needed may be transferred back to the General Fund's Contingency Reserve account.

BACKGROUND

Of the seven major expense categories, the EMS Fund is projected to finish over the current appropriation limit in four: salaries & wages, personnel benefits, other services & charges, and interfund payment for services. Salaries & wages includes base wages as well as uniform-overtime.

Since the beginning of the COVID-19 pandemic, uniform-overtime costs in the EMS Fund have increased dramatically over historical amounts. From January 2018 through February 2020, the EMS Fund averaged approximately \$232,000 per period (there are 13 periods – 12 regular and 1 year-end) or \$3 million annually. Beginning March 2020 through October 2021, the fund has averaged approximately \$576,000 per period, topping \$6 million in 2020. At the current pace, it is estimated that uniform-overtime could total approximately \$8.2 million for 2021.

Staff continues to work to identify the root cause of the exponential growth in uniform-overtime expenditures. However, initial research as to the primary drivers of the growing overtime costs appears to be caused by pre-vaccine mandate vacancies and leave utilization. The growth in overtime costs, assumed to be from pre-vaccine mandate vacancies and leave utilization, coupled with the 2021 priority funding policy change for vacant positions, results in the current funding situation of the EMS Fund.

Budgeted Positions Impact - The Spokane Fire Department (SFD) averaged 27 vacant uniformed positions during 2020. Of those vacancies, 25 were budgeted in the EMS Fund and the remaining 2 were budgeted in the Public Safety Personnel and Crime Reduction Fund (Public Safety Personnel Fund). Having the vacant positions in the EMS Fund allowed position savings to cover most of the uniform-overtime costs incurred during 2020. The number of SFD vacant uniform positions switched from 31:4 (EMS Fund: Public Safety Personnel Fund) in January 2021 to 6:30 (EMS Fund: Public Safety Personnel Fund) by February 2021. The loss of the budgeted vacancies in the EMS Fund meant SFD could no longer count on the budget savings to cover increased uniform-overtime costs for 2021. Through the first 10 months of this year, the EMS Fund averaged 10 vacant uniform positions while the Public Safety Personnel Fund averaged 20 vacancies. The financial impact to the EMS Fund is approximately \$2.3 million.

Vacancies - Uniform vacancies incrementally increased from 2020 to 2021, caused by resignations, retirements, and the inability to have a timely recruiting academy due to continued COVID-19 conditions. The next recruiting academy is scheduled for February 2022. While outside the scope of this request, it may be warranted to review the application of overtime among the existing ranks of firefighters. An initial staff review of overtime utilization showed the most significant overtime was paid to the higher-ranking officers. Comparing 2019 to 2021 YTD, those groups have seen increases in actual overtime dollars of 118 percent (Fire Equipment Operators), 208 percent (Fire Lieutenants), 28 percent (Firefighters), and 120 percent (Fire Captains).

Leave Utilization – During 2021, the Fire Department experienced increases in leave utilization and required backfilling to maintain required staffing levels. Initial staff analysis through October 2021 of sick leave only, reflected 278 FTEs in the EMS Fund utilizing sick leave that totaled approximately 45,000 hours. This compares to all of 2020 in which 292 FTEs in the EMS Fund utilized 35,000 hours of sick leave. Further detailed analysis is warranted of all leave time.

FUNDING ALTERNATIVES

Staff looked at alternative funding sources to cover the potential \$5 million gap and focused on two potential areas: Public Safety Personnel Fund and the American Rescue Plan Fund.

Expenditures from the Public Safety Personnel Fund may only be for Spokane Police Department personnel, Spokane Fire Department personnel, and crime reduction programs. The main revenue source for the fund is the property tax levy levied for the purpose of hiring additional police and fire personnel and funding crime reduction programs. As the majority of the costs incurred in the EMS Fund leading to the increased expenditures are neither hiring nor crime reduction related, staff determined a transfer from the fund to be not appropriate.

While the federal American Rescue Plan (ARP) Act dollars may be spent on public health, negative economic impacts, services to disproportionately impacted communities, premium pay, infrastructure, revenue replacement, and administration, the City Council has established through Resolution No. 2021-0045 their four main focus areas for City ARP funds: replenish, reach out, resiliency, and relief. It is unclear if increased expenditures in the EMS Fund due to uniform-overtime costs, vacancies, or supply-chain issue would fit into one of those categories. Also, as of the date of this memo a formal process to request City ARP funds has not been established.

ATTACHMENTS

Attached are two worksheets, the first a projection of EMS Fund expenditures through the rest of 2021 based on historical spending rates and estimated uniform-overtime usage over the final three periods of the year (November, December, Period 13). The second worksheet is a snapshot of Fire Sick Leave usage comparing 2020 to 2021.

Fire/EMS Sick Leave Taken Data 2020 vs 2021

Prepared November 11, 2021

Date	Data Year		Paid Hours		Total Count of Dates	Total Paid Hours
	Count of Dates	Year	2020	2021		
Jan	290	281	3,172	3,163	571	6,334
Feb	354	265	3,798	2,943	619	6,741
Mar	323	294	3,478	3,261	617	6,739
Apr	225	375	2,441	4,204	600	6,645
May	214	338	2,343	3,838	552	6,181
Jun	299	344	3,291	3,883	643	7,173
Jul	295	371	3,327	4,216	666	7,543
Aug	239	538	2,648	6,040	777	8,687
Sep	199	568	2,151	6,257	767	8,409
Oct	282	652	3,074	7,544	934	10,617
Nov	238	150	2,544	1,681	388	4,225
Dec	256		2,692		256	2,692
Grand Total	3,214	4,176	34,957	47,028	7,390	81,986

Unique FTEs 292 278

Fire/EMS Fund EXPENDITURES												1970	
		/----- Current Monthly -----/											
		2019	2020	2021	vs. Prior Yr	YTD	Budget YTD	Over/(Under) YTD Budget	YTD % Variance				
	2018	2019	2020	2021	vs. Prior Yr	YTD	Budget YTD	Over/(Under) YTD Budget	YTD % Variance				
JAN	2,157,847	2,264,702	3,569,782	3,630,287	60,505	3,630,287	3,693,391	(63,104)	-1.71%	3,630,287	2021 Actual		
FEB	4,294,745	4,603,180	4,280,701	4,635,765	355,064	8,266,053	8,122,318	143,735	1.77%	4,635,765	2021 Actual		
MAR	5,349,169	5,798,572	4,112,040	4,407,543	295,503	12,673,596	12,376,744	296,852	2.40%	4,407,543	2021 Actual		
APR	4,102,636	4,251,972	4,059,225	4,505,501	446,277	17,179,097	16,576,526	602,571	3.64%	4,505,501	2021 Actual		
MAY	4,563,998	4,593,388	4,237,390	5,026,659	789,269	22,205,756	20,960,642	1,245,114	5.94%	5,026,659	2021 Actual		
JUN	4,154,977	4,281,163	4,030,368	4,585,712	555,345	26,791,468	25,130,568	1,660,901	6.61%	4,585,712	2021 Actual		
JUL	4,445,977	4,532,354	5,989,480	6,487,015	497,535	33,278,483	31,327,442	1,951,041	6.23%	6,487,015	2021 Actual		
AUG	6,334,903	6,601,731	4,552,195	5,296,303	744,107	38,574,786	36,037,265	2,537,521	7.04%	5,296,303	2021 Actual		
SEP	4,329,080	4,225,509	4,484,939	4,802,749	317,809	43,377,535	40,677,502	2,700,033	6.64%	4,802,749	2021 Actual		
OCT	4,306,035	4,154,895	4,381,285	4,557,031	175,746	47,934,565	45,210,495	2,724,070	6.03%	4,557,031	2021 Actual		
NOV	4,705,231	4,701,924	4,799,306		(4,799,306)	47,934,565	50,175,985	(2,241,420)	-4.47%	5,715,490	est		
DEC	4,240,381	4,314,854	6,303,701		(6,303,701)	47,934,565	56,697,962	(8,763,396)	-15.46%	7,271,976	est		
Pd 13	2,288,590	2,261,095	770,415		(770,415)	47,934,565	57,495,053	(9,560,488)	-16.63%	1,547,091	est		
Totals	55,273,567	56,585,340	55,570,827	47,934,565	(7,636,261)					62,469,123			
					2020 Actual	55,570,827							
					2021 Budget	57,495,053							