

**Fire Department Overtime Expenditure Review**  
**CITY OF MONTEREY, CALIFORNIA**

**FINAL REPORT**



**November 2015**

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# **1. INTRODUCTION AND EXECUTIVE SUMMARY**

This chapter provides an introduction to our study, an executive summary and table of recommendations.

## **1. INTRODUCTION**

An evaluation of overtime is an exercise that goes beyond an analysis of budgets and expenses. Overtime is a key method to efficiently and effectively manage the completion of work. It is critical to recognize that the underpinnings of overtime usage are ultimately an exercise in risk management and fiscal prudence. Balancing employee, department, City, and community needs through the use of overtime as opposed to other work-related options is ultimately an effort in judging risk. Overtime should not be considered a line item expense that has an ability to be calculated and measured simply. It is actually a complex representation of the ability to complete core business services at the greatest productivity with the least amount of risk. As such, creation of an overtime budget should be considered an annual “project effort” and afforded significant due diligence and attention in its annual development.

With respect to the specific tasks required and addressed in this report, the City of Monterey wished the following overtime features to be examined with regard to the Fire Department with associated findings, conclusions and recommendations.

- Review of all overtime expenditures to verify proper accounting.
- Evaluation of overtime expenditures to determine how they compare with Fire Service Industry norms/standards.
- Identify factors that impact varying overtime amounts and a methodology to allow for year-to-year comparisons that account for those factors.

- Identify potential areas for savings in overtime.
- Suggest communication strategies for City Council, public and other forums.

This report is the product of a thorough review of the overtime drivers and analysis to determine the root causes of overtime, opportunities to reduce overtime and provide a framework for the discussion and annual budgeting related to overtime in the Monterey Fire Department.

## **2. EXECUTIVE SUMMARY**

This section of the report summarizes the results of the project team's assessment and analysis.

The following key findings and recommendations reflect information discussed within this report.

### ***FINDINGS***

- Based on comparative data from peer agencies the Monterey Fire Department is in line with current overtime costs of similar communities in California.
- The largest proportion of overtime expenditure is related to achieving stated staffing requirements. The lack of relief staffing equivalent to leave allowances drives the need for overtime to provide minimum staffing on apparatus and emergency response capabilities 24 hours per day 365 days per week.
- It is cheaper for Monterey to pay overtime as "Classic" employees have a benefit rate of 55.8% and overtime is paid at 50% of base pay.
- The Monterey Fire Department currently does not have limits on work hours or overtime that can be volunteered for which results in some employees having higher overtime utilization than others.
- Current overtime use is overall above what is considered "cost effective" from a business best practice as it exceed 10% of salary costs; the benefit costs noted above have resulted in Monterey staffing at below optimal levels to provide relief coverage, but represents effective use of taxpayer dollars.
- The Fire Department monitors overtime expenditures very closely and has a double verification check in place to ensure appropriate bill when overtime costs are reimbursable from the State or other agency.

- The Monterey Fire Department has effective controls in place to monitor overtime expenditures and ensure proper accounting and billing for overtime that is reimbursable.
- The current staffing levels in the Operations Division are not adequate to cover allowed planned absences of five per shift. Currently there is only a single relief position budgeted to cover leave usage in the Fire Department. This results in high overtime costs related to ensuring minimum staffing of emergency apparatus.
- There are provisions in place to attempt to equalize overtime utilization by personnel, but personnel are typically not ordered in and the rotation through the list can result in some personnel receiving higher overtime amounts.
- The current MOU allows leave usage to be counted as time worked for the purposes of FLSA overtime calculation. This results in 5 hours of built in overtime each 24-day FLSA cycle regardless of whether Fire Operations personnel actually worked all scheduled shifts.
- There is currently no policy limiting the number of consecutive hours a Fire Operations employee can work without a mandatory rest period. This results in the opportunity for employees to volunteer for a large amount of overtime.
- Monterey is below the overall average of the comparative cities surveyed of 27% in terms of percentage of overtime in relation to salaries and 14% when salaries and benefits are factored together. The overtime experienced in Monterey is identical to the comparative cities at 11% of the overall budget in in FY 13 and 10% in FY 14.
- The decision to not fund the positions previously paid through the SAFER grant will result in increased overtime costs for providing backfill coverage in FY 2016 as compared to FY 2015.

### **RECOMMENDATIONS**

- There may be opportunities to use “temporary” or “apprentice” firefighters to lower overall costs of staffing relief positions on emergency apparatus and lower the need for overtime to backfill apparatus.
- The Monterey Fire Department should conduct a risk hazard analysis, develop performance objectives and determine their ability to meet objectives to ensure line staffing and station locations are appropriate or whether opportunities exist to brownout apparatus during slower periods of call demand (late nights) without impacting service delivery.

- The City and Fire Department should revise overtime projections to meet this benchmark to reflect actual historical overtime demand based on the daily minimum staffing requirements of the Department and authorized staffing levels.

Details regarding these findings and recommendations can be found in the body of this report.

## **2. OVERTIME FRAMING ELEMENTS**

With respect to the specific tasks required and addressed in this report, the City of Monterey wished the following overtime features to be examined with regard to the Fire Department with associated findings, conclusions and recommendations.

- Review of all overtime expenditures to verify proper accounting.
- Evaluation of overtime expenditures to determine how they compare with Fire Service Industry norms/standards.
- Identify factors that impact varying overtime amounts and a methodology to allow for year-to-year comparisons that account for those factors.
- Identify potential areas for savings in overtime.
- Suggest communication strategies for City Council, public and other forums.

This report examines these issues and, from a broader perspective, develops an overall understanding that overtime usage in an agency can reflect symptoms or solutions to more fundamental issues or operating protocols within an industry. As such, the following foundational information and framing elements are offered to provide broader context with respect to Monterey Fire Departments overtime use.

### **1. THE KEY CAUSES OF OVERTIME.**

In nearly every industry, the primary causes of overtime have common characteristics irrespective of the kind of industry in which overtime occurs. As overtime is studied, it is helpful to keep these key causes in mind as they have short and long term effects when implemented. These key causes are noted in the sub-sections below.

**(1) To Provide Baseline Staff to Meet Work Demands.**

In every industry a certain minimum staffing level is formally or informally identified to meet work demands. These work demands can vary widely, from developing a product within recurring deadlines, to meeting specific customer service goals, to ensuring safe practices. If the industry/agency does not have sufficient initial staff resources to meet these baseline (minimum) staffing requirements, overtime will be required unless the agency chooses to allow work demand outputs and outcomes to decline/suffer. In general, overtime dedicated consistently to this category will result in long-term negative consequences.

**(2) To Address Variations and Fluctuations in Baseline Staff.**

An agency that has hired employees to a baseline minimum standard (or above) will require overtime for planned and unplanned absenteeism that can be the result of numerous factors such as scheduled and unscheduled leave (e.g. vacation and sick time), turnover, military leave, injury, etc. Unless overtime is used to meet the minimum staffing levels as a consequence of these variations, work demand outputs and outcomes will also decline/suffer.

**(3) To Address Actual or Potential Fluctuating Workload.**

In many industries, workload can fluctuate in both a planned and unplanned fashion. Unexpected events (natural disasters) can lead to significant overtime in numerous agencies. Conversely, infrequently occurring events such as once-per-year special events, or seasonal spikes in work are opportunities to use overtime effectively. Stand-by pay is provided in a variety of industries to provide coverage for potential

fluctuating workloads. Overtime use for meeting the demands of fluctuating workload that is not “long-term” is considered a best practice.

**(4) To Address Short-Term but Recurring Tasks.**

While a sub-set of fluctuating workload, overtime is used to provide coverage for tasks that are persistent but of generally “short duration.” These usually include weekly, bi-weekly or monthly activities that must be performed, but these tasks have special characteristics that do not allow them to be accomplished during regular work time. Examples include financial reconciliations, inventory counts, etc.

**(5) To Complete Work That Has a Deadline.**

While it can be argued that this can actually be traced to one of the other key causes noted above, it is of sufficient magnitude to be noted. Overtime is used to complete projects or tasks that have a definitive and unalterable deadline. These include a huge variety of possibilities from building an asset to developing a product.

With little exception, overtime can be broadly categorized into one of these key five causes which will address various work demand issues. Moreover, “excessive” overtime use in these categories can reflect broader symptoms of organizational difficulties that should be addressed. Overtime is an industry management tool and can be a benefit to workers if effectively used. However, overtime has the potential to be overused or inappropriately used at all organizational levels, resulting in unintended consequences and additional costs and / or risks to be discussed in the following sections.

## **2. THE KEY POSITIVE AND NEGATIVE CHARACTERISTICS OF OVERTIME.**

The use of overtime has significant potential benefits as well as disadvantages, and balancing these requires close management, best practice protocols and thoughtful consideration of a variety of other factors related to staff and operations. There are key positive and negative characteristics of overtime, as discussed in the following sub-sections. These are the flexibility overtime brings to staffing; employees desire to use overtime to increase income and potential negative impacts on health and productivity.

### **(1) The Primary Benefit to an Organization for Overtime Use is the Ability to Flexibly Use Staff Resources Without the Cost of Hiring Additional Personnel.**

As is well known, the primary benefit an organization derives from using overtime is the cost avoidance of hiring additional personnel. Indeed, proper management of overtime can avoid many undesirable outcomes such as missed deadlines, poorer customer service, cost overruns, staff lay-offs, and a variety of other consequences detrimental to both the organization and employee. Furthermore, overtime to a certain degree is perceived by most to be a desirable benefit, thereby allowing an organization to attract and retain personnel if a moderate amount of overtime is a regular part of the operational culture.

While overtime is fiscally advantageous to an organization based on the avoidance of paying for additional fixed costs such as insurance, sick leave earning, vacation earning, etc., it is only beneficial to a point. There is a “break-even” point where the variable costs (time and-one-half payment, retirement costs, employment taxes, etc.) do not compensate for fixed cost savings. While every single agency would be different dependent upon their unique compensation structures, a general rule of

thumb that should be used when considering the fiscal elements of overtime usage compared to the use of new staff positions is:

***As a guideline, 54 work hours per employee per week represents the fiscal benchmark break-even point for paying (14-hours weekly) overtime.<sup>1</sup>***

It needs to be recognized that the above benchmark is a guideline only and based on a 40-hour employee, not the 56 average work week the personnel in Monterey Fire Operations work. Every unique position in any different agency will have its own “fiscal benchmark outcome” based on the salary, benefit, retirement, and taxing structure that influences overtime costs. The noted benchmark provides guidance that once overtime approaches this benchmark “ceiling,” from a fiscal standpoint exclusively a new position should be hired in the vast majority of instances. As discussed subsequently, the fiscal reasons to hire personnel instead of use overtime should be considered of secondary importance.

**(2) Many Organizational Employees Look Positively on the Opportunity to Earn a Moderate Amount of Overtime.**

Research data suggest that many employees appreciate the opportunity to earn a moderate amount of overtime over the course of a year. According to *Shiftwork Solutions LLC*, “Employers that offer modest amounts of overtime will not only satisfy a majority of their employees, but also will improve their competitive position in the local market.” This is reflected by the results of their shift work surveying which demonstrated that the majority of employees would like some level of weekly overtime

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<sup>1</sup> *Municipal Solid Waste Professionals* article:  
[http://www.mswmanagement.com/MSW/Articles/Overtime\\_The\\_Effect\\_on\\_Cost\\_4174.aspx](http://www.mswmanagement.com/MSW/Articles/Overtime_The_Effect_on_Cost_4174.aspx)

(averaging 7.3 hours per week), but with more than 4-in-10 desiring less than 6 hours per week<sup>2</sup>:

When the desired level of weekly overtime by employee is compared against the fiscal benchmark break-even point for overtime, a clear difference emerges. On average employees would desire approximately one-half the fiscal benchmark with only one-in-six employees having a willingness to work that much overtime on a weekly basis. This differential helps frame the potential negative characteristics of overtime, as discussed further below.

**(3) Research Suggests There Are Negative Mental, Physical and Productivity Impacts Associated With Working Longer-term Overtime.**

A wealth of research data suggests there are various negative consequences for working extended hours over the longer-term. These include:

- According to a 2005 article by *Occupational and Environmental Medicine*, working in jobs with overtime schedules was associated with a 61% higher injury hazard rate compared to jobs without overtime. Working at least 12 hours per day was associated with a 37% increased hazard rate and working at least 60 hours per week was associated with a 23% increased hazard rate.<sup>3</sup>
- A large amount of research has been accomplished in the nursing field, which was one of the earliest adopters of extended shifts that also required subsequent overtime. According to studies, “Working overtime, whether at the end of a regularly scheduled shift (even an 8-hour shift) or working more than 40 hours in a week, was associated with a statistically significant increase in the risk of making an error. The most significant elevations in the risk of making an error occurred when nurses worked (daily) 12.5 hours or longer; the risk was unaffected by whether the nurse was scheduled to work 12.5 hours or more, volunteered to work longer than scheduled, or was mandated to work overtime. Nurses working 12.5 hours or longer were significantly more likely to report difficulties remaining alert than nurses working fewer hours per day, and they obtained on average 30 minutes less sleep.”<sup>4</sup>

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<sup>2</sup> Why Overtime? *Shift Schedule Design*: [www.shift-schedule-design.com](http://www.shift-schedule-design.com)

<sup>3</sup> <http://oem.bmj.com/content/62/9/588.full>

<sup>4</sup> US Department of Health and Human Services, “Patient Safety and Quality: An Evidence-Based Handbook for Nurses” Chapter 40, page 3-4.

- The following abstract, regarding extended work shifts is from the *Texas Law Enforcement Management and Administrative Statistics Program*.

*Work fatigue has become so great a concern that the federal government now controls the amount of work hours for locomotive engineers, truckers, commercial pilots, and nuclear power plant operators, for example. Police officers, however, are not on this list (Vila, 2000). With lawsuits increasingly prevalent, it is important that police administrators provide pertinent information to their officers about coping with fatigue. To illustrate, Vila, Morrison & Kenney (2002) cite three tragic incidents occurring in 1999 alone that were attributed to fatigue. In June 1999, an exhausted Margate, Florida officer ran a red light and crashed her patrol car into a sheriff's van, seriously injuring a deputy, and in August 1999, a Muskegon, Michigan officer who had been working nearly 24 hours straight was critically injured after crashing his cruiser into a tree while pursuing a fleeing motorist. In November 1999, a Cincinnati police officer fell asleep at the wheel while travelling home, ran off the road, and hit and killed a jogger. Two studies (Dawson & Reid, 1997; Williamson & Feyer, 2000) further concluded that approximately 17 to 19 hours of non-sleep can impair an individual's performance, the same as having a .05% blood alcohol count (BAC), and remaining awake 24 consecutive hours is approximately the same as having a .10% BAC (legally intoxicated). With evidence that sleep deprivation has the same capability to impair an individual as alcohol, it is vital that departments acknowledge and implement policies that do not overload its officers. Surprisingly, according to Vila et al, (2002) officers who worked shifts consisting of fewer but longer workdays tended to be somewhat less fatigued than officers who worked the traditional 5-day, 8-hour schedule<sup>5</sup>.*

In sum, the evidence for long hours worked in short daily periods or over an extended period of time is overwhelming with respect to the negative possible outcomes with such work behaviors. In effect, management of overtime is a serious risk management endeavor, and as such, should be approached with the greatest due diligence.

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<sup>5</sup> Telemasp Bulletin, Volume 15, No. 2, March/April 2008.

While these studies do not specifically describe issues associated with excessive overtime by fire personnel, the evidence is clear with respect to the long-term effects of working extensive weekly hours as a consequence of overtime or other requirements mandating long hours over a period of time. Therefore Monterey Fire Department should employ some risk management to the use of overtime to ensure there is a balance of the required need for overtime with adequate periods of rest for personnel.

It is interesting to note that in Monterey, the employees receiving the most hours of overtime are do not show an increase in work injuries. The following table illustrates the findings of overtime accumulation and work injuries in the Monterey Fire Department. Each employee on the list was given a unique employee number. So for example if employee #1 for overtime also had high workman's compensation claims, employee #1 would be present in both tables.

**Monterey Fire Department**  
**FY 2015 Top 10 Overtime and Workman's Compensation**

**FY 15 Overtime Earned**

<b>Employee</b>	<b>Overtime Hours</b>	<b>Cost</b>
#1	1,846	\$99,466
#2	1,464	61,939
#3	1,091	38,823
#4	1,045	34,292
#5	929	31,506
#6	907	31,121
#7	893	30,633
#8	864	28,144
#9	859	41,552
#10	858	42,518

**FY 15 Workman's Compensation**

<b>Employee</b>	<b>Workman's Comp Hours</b>	<b>Cost</b>
#11	1,979	\$53,952
#12	1,619	51,269
#13	1,411	44,357
#14	1,104	28,559
#15	888	23,593
#16	192	7,862
#17	-	4,731
#18	115	2,962
#19	72	2,752
#20	48	2,876

As shown above, there were no employees in the top 10 accumulated overtime that were in the top 10 in workman's compensation hours claimed in the Monterey Fire Department for FY 2015.

**3. THE CORE RESPONSIBILITY OF EFFECTIVELY AND EFFICIENTLY MANAGING OVERTIME IS MANAGING RISK.**

While any overtime study with specific task requirements is both informative and important, it is critical to recognize that the underpinnings of overtime usage are an exercise in risk management. Balancing employee, department, City, and community needs through the use of overtime as opposed to other work-related options is ultimately an effort in judging risk. This framing element should be a core management principle as recognizing the symptoms of poorly used overtime as well as solutions that overtime use can bring is tantamount to efficient and effective agency operations. A March 2013 study entitled 'Management of Overtime' by the *Amtrak Office of Inspector General* went into detail to discuss overtime (and related issues) in the context of managing risk.<sup>6</sup>

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<sup>6</sup> Management of Overtime Report OIG-A-2013-009, March 26, 2013 pgs 14-16

In conclusion, our project team will be evaluating and analyzing the various work requirement tasks of this engagement in the broader context of risk. As a result, the following chapter is dedicated to overtime best management practice followed by a discussion of the overall overtime analysis specific to the Monterey Fire Department.

### **3. PROFILE OF THE MONTEREY FIRE DEPARTMENT**

The initiation of the project began with interviews conducted with the key personnel of the City of Monterey Fire Department as well as City Management, Finance, Human Resources and the Cities that contract for services with the Monterey Fire Department to gain an understanding of the current issues surrounding the overtime expenditures in Monterey.

The purpose of the agency profile is to document the project team's understanding of the organizational structure, allocation of staff by unit and function, and principal programs and services provided. These profiles were developed based on interviews and data collection efforts as well as review of relevant documents provided to the Matrix Consulting Group project team. The profile does not contain any recommendations. The organization of this profile is as follows:

- Organization and Staffing
- Operations Daily Staffing
- Personnel Costs
- Fire Department Response and Workloads
- Department Budget
- Operations Division Budget & Overtime

The first section that follows provides the general overview of the Monterey Fire Department, including its organization and authorized staffing.

**1. GENERAL INFORMATION**

Fire Protection Services are provided by six (6) Fire Stations of the Monterey Fire Department, serving a total of population of approximately 47,660 residents. The communities served by the Fire Department include: Monterey, Pacific Grove, Carmel-by-the-Sea, Sand City, Presidio of Monterey, Naval Postgraduate School and La Mesa Village and the Monterey Regional Airport. The service area is comprised of:

**Monterey Fire Departments Demographics**

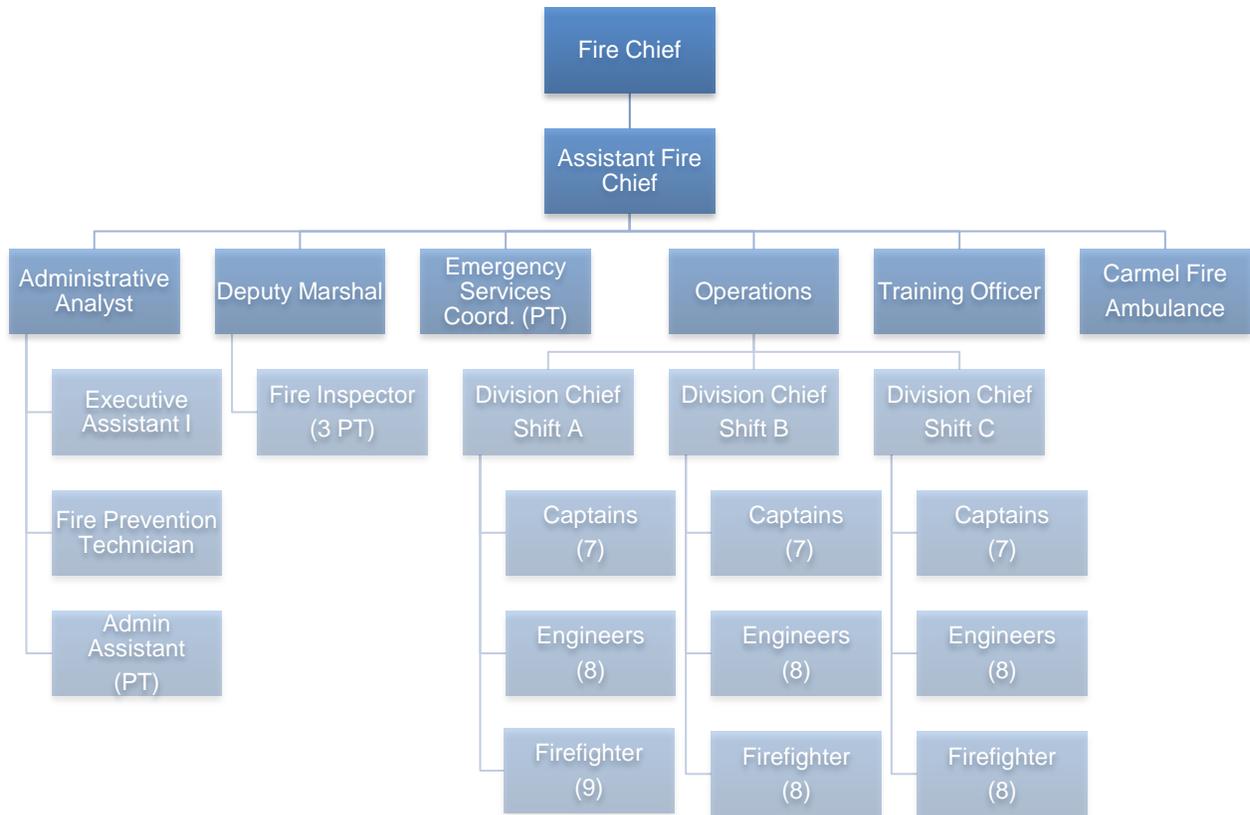
<b>Demographics</b>	<b>2015 Population</b>	<b>Square Miles</b>	<b>Density/Square Mile</b>	<b>Stations</b>
Monterey FD	47,660	13.7	3,471.8	6

The Monterey Fire Department is dedicated to providing high levels of service to the City of Monterey and the communities they partner with to provide services. The Department’s Mission Statement is “to provide emergency medical aid, fire prevention, public education, suppression, disaster response, and related emergency services to members and guests of our community”.

The Monterey Fire Department provides response to fires, emergency medical emergencies, hazardous materials incidents, natural and man-made disasters, airport fire protection, mutual aid assistance to neighboring departments, state-wide mutual aid, harbor and related emergencies in an effort to reduce life and property loss. In addition, the Fire Department inspects businesses and properties, approves permits for fire protection and alarm systems, and conducts public education programs. The functions are performed with an authorized sworn staff of 80 full-time personnel. There are five functional areas in the Monterey Fire Department: Administration, Fire Prevention, Fire Operations, Training, and Emergency Preparedness.

The organization chart, below, shows the fiscal year 2015 - 2016 organizational structure of the Monterey Fire Department:

**Organizational Chart  
 Monterey Fire Department**



The table, which follows, shows the number of authorized positions over the past four fiscal years, as well as the current number of vacancies within the Monterey Fire Department:

**Monterey Fire Department  
Authorized Positions**

<b>Position</b>	<b>FY 2012/13 Amended</b>	<b>FY 2013/14 Amended</b>	<b>FY 2014/15 Adopted</b>	<b>FY 2015/16 Actual</b>	<b>FY 2016/17 Adopted</b>	<b>Current Actual 8/1/15</b>
Chief	1	1	1	1	1	1
Assistant Chief	1	1	1	1	1	1
Deputy Fire Marshal	1	1	1	1	1	1
Division Chief	3	3	3	3	3	3
Captain of Operations	18	21	21	21	21	21
Engineer	18	24	24	24	24	18
Firefighter	27	28	28	25	25	30
Captain of Training	0	0	0	1	1	1
Fire Academy Training	0	0	0	0	0	0
<b>Total Sworn FTE</b>	<b>69</b>	<b>79</b>	<b>79</b>	<b>77</b>	<b>77</b>	<b>76</b>
Administrative Analyst	1	1	1	1	1	1
Fire Prevention Technician	1	1	1	1	1	1
Executive Assistant I	1	1	1	1	1	1
<b>Total Civilian FTE</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>TOTAL STAFF</b>	<b>72</b>	<b>82</b>	<b>82</b>	<b>80</b>	<b>80</b>	<b>79</b>

The following points highlight the information presented in the table above:

- The current number of authorized full-time positions is 80 and includes 6 vacancies in the engineer position with 5 positions overstaffed in the firefighter position awaiting promotional testing.
- Pacific Grove and Carmel by the Sea each fund 3 Captains, 3 Engineers and 3 Firefighters that staff the stations in their perspective cities that operate under the Monterey Fire Department.
- The Monterey Airport pays a flat annual fee for 3 Captains, 6 Engineers and 3 Firefighter positions that operate under the Monterey Fire Department
- The Department had a SAFER Grant funding 6 Firefighter positions that operate under the Monterey Fire Department. This funding expired in July 2015 resulting in a reduction of 3 firefighter positions in the FY 2015/16 budget.
- In addition, there are a total of 5 part-time authorized and filled positions in FY 2015/16, which are a total equivalence of 2.75 FTE positions.

The next section provides information on the MFD's current daily staffing.

**2. OPERATIONS DAILY STAFFING**

The following table shows the locations of the Monterey Fire Department’s six (6) station locations that provide services to Monterey, Pacific Grove, Carmel-by-the-Sea, Sand City, Presidio of Monterey, Naval Postgraduate School and La Mesa Village and Monterey Regional Airport.

**Monterey Fire Department  
Fire Department Stations**

<b>Station Number</b>	<b>Street Address</b>	<b>City/Area</b>	<b>Staffing (Max/Min)</b>
1	600 Pacific Street	Monterey	8/6
2	582 Hawthorne Street	Monterey	3/3
3	401 Dela Vina Avenue	Monterey	3/3
4	600 Pine Avenue	Pacific Grove	3/3
5	6th Avenue between Mission & San Carlos	Carmel-by-the-Sea	3/3
6	150 Olmsted Way	Monterey Regional Airport	4/4

Personnel work 48-hour shifts on a rotating basis with 96 hours off after each 48-hour shift worked. The table, below, illustrates the number of shifts worked during the month of March 2015.

**Monterey Fire Department  
Pro forma Shift Schedule by Group March 2015**

<b>Sun</b>	<b>Mon</b>	<b>Tues</b>	<b>Wed</b>	<b>Thu</b>	<b>Fri</b>	<b>Sat</b>
A	B	B	C	C	A	A
B	B	C	C	A	A	B
B	C	C	A	A	B	B
C	C	A	A	B	B	C
C	A	A				

The next section provides information on personnel costs, use of leave, and overtime utilization.

### 3. PERSONNEL COSTS

The project team collected salary data for the Fire Department. The table, below, shows the salary steps by position:

**Monterey Fire Department  
Salary Steps by Position**

Position	Step 1	Step 2	Step 3	Step 4	Step 5
Deputy Fire Marshal	\$92,544	\$97,152	\$102,048	\$107,088	\$112,440
Division Chief	\$123,048	\$129,192	\$135,648	\$142,440	\$149,568
Captain	\$88,104	\$92,496	\$97,128	\$101,976	\$107,064
Engineer	\$76,080	\$79,920	\$83,904	\$88,104	\$92,496
Firefighter	\$72,480	\$76,080	\$79,920	\$83,904	\$88,104

### 4. FIRE DEPARTMENT EMERGENCY RESPONSE & WORKLOAD

The following calls for service (CFS) data was obtained from the agency's Records Management System (RMS) and shows the calls for service responded to by MFD from 2011 to 2014 calendar year. Incident types are broken down based on National Fire Incident Reporting System (NFIRS) codes.

**Calls for Service by Incident Type  
2011 – 2014**

Incident Type	2011	2012	2013	2014	% Change
False Alarms (700)	489	627	538	653	33.54%
Fires (100)	140	149	149	168	20.00%
Good Intent (600)	641	588	737	841	31.20%
Hazardous Condition (400)	311	355	312	396	27.33%
Natural Conditions (800)	1	4	0	9	800.00%
Public Service Assistance (500)	583	673	685	858	47.17%
Rescue & Emergency Medical (300)	4,057	4,538	4,472	4,752	17.13%
Rupture, Steam, Explosion & Overheating (200)	7	7	4	8	14.29%
Other Types of Incidents (900)	4	7	3	2	-50.00%
<b>Total</b>	<b>6,233</b>	<b>6,948</b>	<b>6,900</b>	<b>7,687</b>	<b>23.33%</b>

As shown, Monterey Fire Department responded to a total of 7,687 CFS during 2014. Fire and Explosion incidents account for approximately 2.2% of the total in 2014, while Rescue and Emergency Medical incidents account for approximately 61.8% of the

total calls for service. It is important to note that the call increases shown above are largely due to the expansion of services and staffing additional contract stations.

The following table illustrates the apparatus for the Department:

**MFD Agency Apparatus**

<b>Apparatus</b>	<b>Front Line</b>	<b>Reserve</b>
Engine	6	5
Truck	1	1
Heavy Rescue	1	0
Wildland Engine	1	0
Aircraft Rescue	1	1
Fireboat	1	0
<b>Total</b>	<b>11</b>	<b>7</b>

The tables on the following page illustrate the Monterey Fire Department budget from FY 2008 through FY 2015 with budgeted and actual general fund expenditures for each operational division depicted.

**5. DEPARTMENT BUDGET**

The table below shows the MFD general fund budgets (including mid-year adjustments) for the FY 2014/2015 budget and historical budget figures for the Department by each of division as well as the percentage change in costs since FY 2008:

**Monterey Fire Department Budget  
 General Fund Budget FY 2008 - 2015**

Expense Type	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	% Change
Administration	817,495	913,757	1,004,340	949,995	1,146,803	1,041,547	1,230,384	1,288,272	57.6%
Prevention	236,868	394,506	643,929	551,546	343,850	386,842	329,412	353,606	49.3%
Operations	8,165,802	9,338,601	9,791,524	10,204,081	10,892,295	12,293,206	13,815,250	14,893,255	82.4%
Training	243,653	259,515	263,089	285,130	46,381	41,761	47,801	135,263	-44.5%
Emergency Preparedness	59,577	60,757	48,145	40,326	87,602	115,645	103,179	104,659	75.7%
<b>Total Budget</b>	<b>\$9,523,395</b>	<b>\$10,967,136</b>	<b>\$11,751,027</b>	<b>\$12,031,078</b>	<b>\$12,516,932</b>	<b>\$13,879,001</b>	<b>\$15,526,027</b>	<b>\$16,775,055</b>	<b>76.1%</b>

**Monterey Fire Department Actual Expenditures  
 General Fund FY 2008 - 2015**

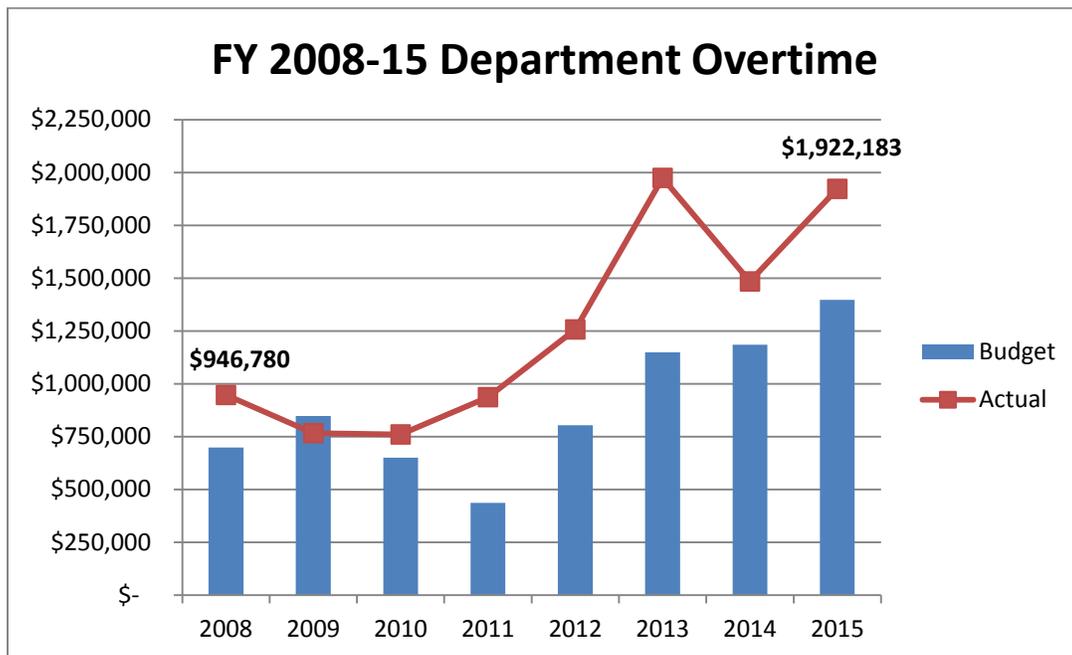
Expense Type	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Preliminary FY 2015	Budget to Actual
Administration	778,309	807,308	1,002,934	930,668	1,127,925	1,147,776	1,283,965	1,352,816	+5.0%
Prevention	253,968	389,970	647,743	564,015	403,144	349,718	340,989	345,864	-2.2%
Operations	8,526,610	9,305,850	10,082,577	10,068,299	11,122,467	12,739,928	14,109,769	15,256,447	+2.4%
Training	269,008	258,750	279,714	203,771	22,684	29,100	33,953	92,483	-31.6%
Emergency Preparedness	32,897	41,481	39,913	26,978	94,935	96,826	101,052	98,175	-6.2%
<b>Total Actual Expenditures</b>	<b>\$9,860,792</b>	<b>\$10,803,358</b>	<b>\$12,052,882</b>	<b>\$11,793,730</b>	<b>\$12,771,155</b>	<b>\$14,363,348</b>	<b>\$15,869,728</b>	<b>\$17,145,785</b>	<b>+2.2%</b>

As shown above, the MFD actual expenditures were 2.2% above budgeted allocations in FY 2015. The largest overage is attributed to actual Operations Division expenses that were above budget by 2.4% or \$363,192.

The next section discusses Departmental overtime expenditures.

## **6. DEPARTMENT OVERTIME**

Overtime expenditures within the Monterey Fire Department have fluctuated over the last eight years but there is a pattern of overtime expenditures exceeding the amount budgeted for overtime, excluding FY 2009. These trends are reflected in the following graph:



Pacific Grove added 12/16/08 (FY 2009), Carmel 01/01/12 (FY 2012) and Airport 01/01/14 (FY2014)

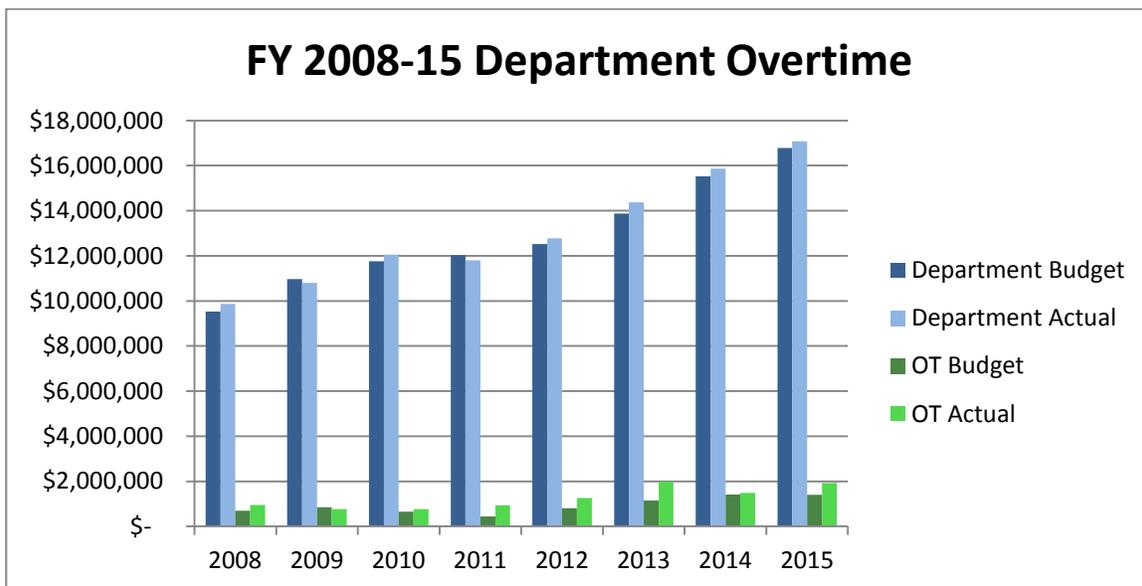
As shown above, the overtime within the Monterey Fire Department has fluctuated over the past eight fiscal years from both a budgeted and actual expenditure standpoint. For FY 2008 – FY 2015, excluding FY 2009, the overtime expenditures for the Fire Department have exceeded the budget each year except FY 2009. The high for exceeding the budgeted overtime occurred in FY 2013 when \$1.148 million was budgeted and the Fire Department had actual overtime expenditures of \$1.97 million or 33.1% over budget.

Actual and budgeted expenditures relating to overtime costs were collected in order to analyze historical use of overtime. The project team utilized budgeted and actual expenditure information from the past seven fiscal years and budgeted numbers for the current fiscal year. The following table details the budgeted and actual expenditures for the Monterey Fire Department for FY 2008 – FY 2015.

**Monterey Fire Department  
 Departmental & Overtime Expenditures**

Fiscal Year	Department		Overtime	
	Budget	Actual	Budget	Actual
2008	\$9,523,395	\$9,860,792	\$698,741	\$946,780
2009	\$10,967,136	\$10,803,358	\$847,340	\$766,375
2010	\$11,751,027	\$12,052,882	\$649,784	\$759,939
2011	\$12,031,078	\$11,793,730	\$437,243	\$936,439
2012	\$12,516,932	\$12,771,155	\$804,631	\$1,256,878
2013	\$13,879,001	\$14,363,348	\$1,148,215	\$1,973,968
2014	\$15,526,027	\$15,869,728	\$1,185,556	\$1,484,023
2015	\$16,775,055	\$17,145,785	\$1,396,715	\$1,922,183

The following chart illustrates the overall budget and overtime expenditures over the same eight year fiscal period.



As shown above, in each fiscal year except 2009 and 2011 the overall actual expenditures exceeded budgeted amounts.

The project team also analyzed overtime costs over the most recent eight years in the context of salary expenditures. The following table presents a comparison of salary costs and overtime expenditures for the Monterey Fire Department.

**Monterey Fire Department  
FTE Salary vs. Overtime Spending**

Fiscal Year	Budgeted	Actual Expenditures		% of OT to Salary
	Salary	Salary	Overtime	
2008	\$4,978,085	\$4,898,058	\$946,780	19.3%
2009	\$5,707,391	\$5,537,354	\$766,375	13.8%
2010	\$6,422,797	\$6,523,609	\$759,939	11.6%
2011	\$6,489,919	\$6,279,677	\$936,439	14.9%
2012	\$6,179,634	\$6,382,196	\$1,256,878	19.7%
2013	\$6,759,695	\$6,870,106	\$1,973,968	28.7%
2014	\$7,995,611	\$7,605,363	\$1,484,023	19.5%
2015	\$8,220,363	\$8,167,302	\$1,922,183	23.5%
<b>Eight-Year Average:</b>				<b>18.9%</b>

The actual salary expenditures for the Fire Department increased approximately 66.7% from FY 2008 to FY 2015 while overtime expenditures increased by approximately 103% during the same time period. As shown in the table above, the average percentage of overtime to salary costs over the eight-year period was approximately 18.9%. The next table illustrates the overtime costs as compared to salary and benefit costs over the same 8-year period.

**Monterey Fire Department  
FTE Salary and Benefits vs. Overtime Spending**

Fiscal Year	Budgeted	Actual Expenditures		% of OT / Comp
	Salary+Ben	Salary+Ben	Overtime	
2008	\$7,497,182	\$7,654,956	\$946,780	12.4%
2009	\$8,727,757	\$8,672,200	\$766,375	8.8%
2010	\$9,825,437	\$10,070,338	\$759,939	7.5%
2011	\$10,004,860	\$9,838,695	\$936,439	9.5%
2012	\$9,783,493	\$10,213,901	\$1,256,878	12.3%
2013	\$10,674,392	\$10,946,305	\$1,973,968	18.0%
2014	\$12,185,506	\$12,132,416	\$1,484,023	12.2%
2015	\$13,240,832	\$13,142,084	\$1,922,183	14.6%
<b>Eight-Year Average:</b>				<b>11.9%</b>

As shown on the previous page, the eight-year average for percentage of overtime costs to salaries and benefits was approximately 11.9%.

**7. OPERATIONS BUDGET & OVERTIME**

The following table illustrates the total overtime hours and cost summary for the FY 2015 Fire Department Operations Division, where approximately 99.7% of the total overtime was incurred. This is important as the staffing of emergency apparatus 24 hours per day / 365 days per year is the primary driver of overtime in the Monterey Fire Department.

**Monterey Fire Department – Operations Division  
FY 2015 Overtime Hours Summary**

Overtime Type	Hours	%	Cost
Leave Backfill	24,202	56.0%	\$1,073,896
Reimbursed	5,285	12.3%	\$235,983
Training	1,878	3.7%	\$69,995
Programs	1,593	3.3%	\$63,096
Emergency	855	2.9%	\$55,748
Misc	603	1.5%	\$28,320
Administration	386	0.9%	\$16,454
<b>Overtime</b>	<b>34,801</b>		<b>\$1,543,493</b>
Other OT Costs (Non-Discretionary)			\$373,407
<b>Total Overtime Costs</b>			<b>\$1,916,900</b>

As shown, paying overtime to backfill emergency apparatus accounted for 56% of overtime expenditures in the Operations Division in FY 2015. Overtime that was reimbursed for providing assistance on statewide mutual aid response accounted for 12.3% of overtime. The remaining causes of overtime, including the non-discretionary overtime, totaled 31.7% of overtime expenses.

The table on the following page illustrates the detailed total overtime hour and cost for the Operations Division in FY 2015:

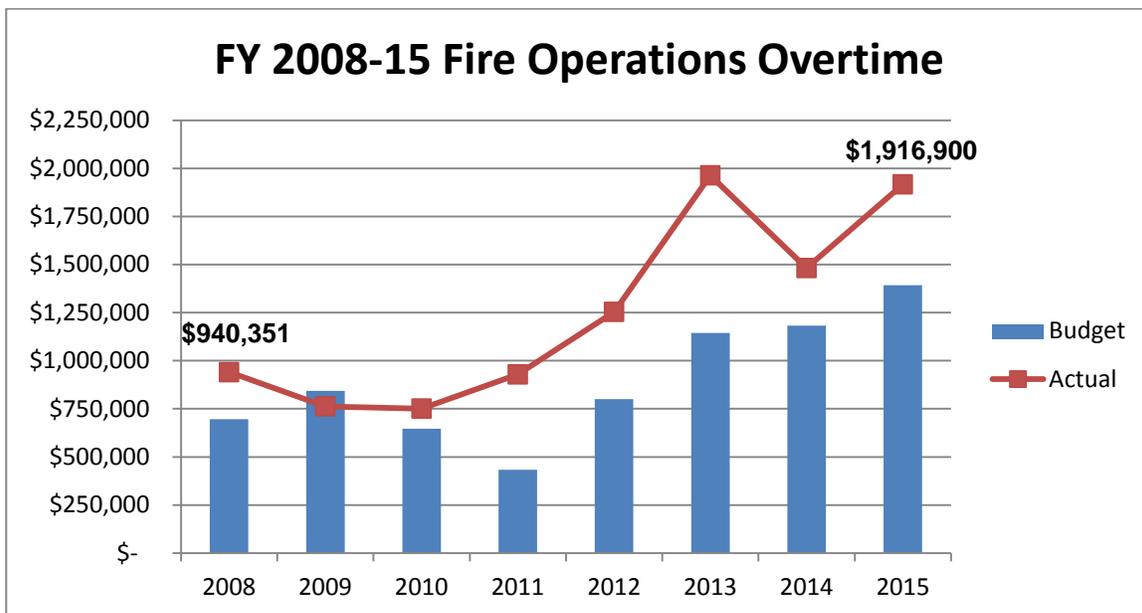
**Monterey Fire Department – Operations Division**  
**FY 2015 Detailed Overtime Hours by Type**

<b>Overtime Type</b>	<b>Hours</b>	<b>%</b>	<b>Cost</b>
Carmel Ambulance Backfill	703	2.0%	\$32,514
CPR Training	84	0.2%	\$3,988
Emergency Response	109	0.3%	\$4,781
Fire Call	707	2.0%	\$49,116
General Admin Mtgs	226	0.7%	\$9,926
Leave Backfill, Vacation	7,692	22.1%	\$358,481
Leave Backfill, Comp Time	7,268	20.9%	\$307,838
Leave Backfill, Sick	5,913	17.0%	\$266,444
Leave Backfill, Workers Comp	2,532	7.3%	\$107,038
Marine Safety / Shore Ops	315	0.9%	\$9,445
Misc Hold-Overs	515	1.5%	\$24,120
Car Auctions, Fire Watch	89	0.3%	\$3,059
Mutual Aid (non-reimbursable)	39	0.1%	\$1,851
Non-Discretionary OT Payments	0	0.0%	\$373,407
Physical Exams	112	0.3%	\$4,174
Public Education	23	0.1%	\$1,040
Recruitment	88	0.3%	\$4,201
SCBA Service Testing	221	0.6%	\$10,160
Strike Team	4,493	12.9%	\$200,411
Training Attendance	776	2.2%	\$25,692
Training Backfill Coverage	563	1.6%	\$22,381
Training EMS (CSA74)	223	0.6%	\$7,660
Training Instruction & Setup	316	0.9%	\$14,263
Union Leave Backfill	170	0.5%	\$7,869
USAR Backfill	348	1.0%	\$13,953
USAR Emergency Response	116	0.3%	\$4,376
USAR Fire Call	42	0.1%	\$2,559
USAR Instruction & Setup	37	0.1%	\$1,474
USAR Training Attendance / Backfill	408	1.2%	\$16,101
Vacant Position Backfill	627	1.8%	\$26,226
Vehicle Shuttling	48	0.1%	\$2,354
<b>OVERTIME &amp; FIRE CALL</b>	<b>34,801</b>	<b>100.0%</b>	<b>\$1,916,900</b>
<b>EXTRA DUTY</b>	<b>473.00</b>		<b>\$21,279.49</b>
<b>TOTAL FIRE OPERATIONS</b>	<b>35,274</b>		<b>\$1,938,179.65</b>

Again, when overtime by type is examined, the direct cause for overtime is attributed to backfilling apparatus to ensure minimum staffing levels exist for emergency response. Vacation backfill accounted for 22.1% of overtime hours, compensatory time off backfill 20.9%, sick time usage backfill 17.0% and backfill due to workman’s comp

injuries 7.3%. In total, backfilling emergency apparatus to ensure minimum staffing levels were maintained accounted for 67.3% of overtime hours in FY 2015.

The next graph illustrates the overtime expenditure trend for the Operations Division from FY 2008 – FY 2015:



Overtime within the Monterey Fire Operations Division fluctuated over the past eight fiscal years from both a budgeted and actual expenditure standpoint and shows the same trends as overall Departmental overtime. For FY 2008 – FY 2015, excluding FY 2009, the overtime expenditures for the Fire Operations Division exceeded the budget each year except FY 2009. The high for exceeding the budgeted overtime occurred in FY 2013 when \$1.14 million was budgeted and the Fire Operations Division had actual overtime expenditures of \$1.96 million or 58.1% over budget.

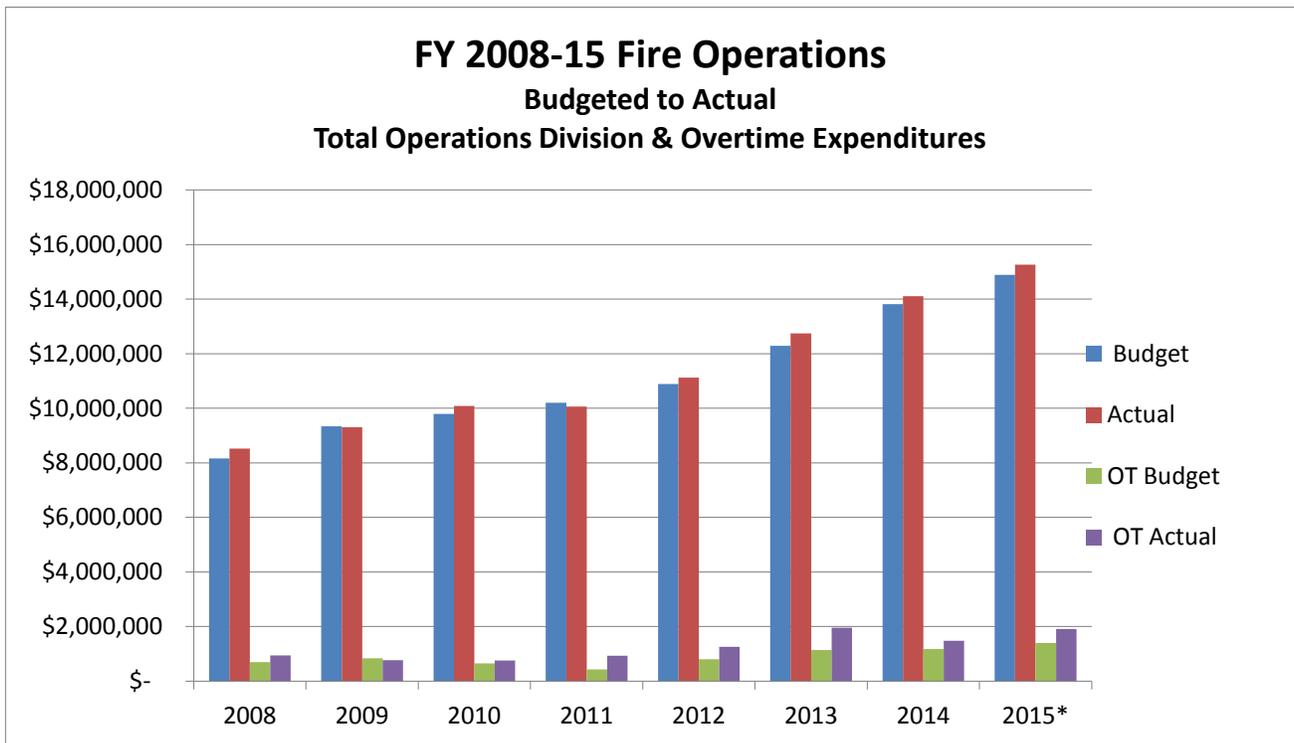
Actual and budgeted expenditures relating to overtime costs were collected in order to analyze historical use of overtime. The project team utilized budgeted and actual expenditure information from the past seven fiscal years and budgeted numbers

for the current fiscal year. The following table details the budgeted and actual expenditures for the of Fire Operations Division for FY 2008 – FY 2015.

Fiscal Year	Operations Division		Operations Division Overtime	
	Budget	Actual	OT Budget	OT Actual
2008	\$8,165,802	\$8,526,610	\$695,409	\$940,351
2009	\$9,338,601	\$9,305,850	\$843,907	\$763,056
2010	\$9,791,524	\$10,082,577	\$646,352	\$751,202
2011	\$10,204,081	\$10,068,299	\$433,708	\$928,763
2012	\$10,892,295	\$11,122,467	\$800,990	\$1,253,877
2013	\$12,293,206	\$12,739,928	\$1,144,574	\$1,963,687
2014	\$13,815,250	\$14,109,769	\$1,181,915	\$1,481,788
2015	\$14,893,255	\$15,261,247	\$1,393,074	\$1,916,900
<b>% Change</b>	<b>82.39%</b>	<b>78.98%</b>	<b>100.32%</b>	<b>103.85%</b>

\* Includes mid-year adjustment and preliminary end of year figures

The following chart illustrates the overall budget and overtime expenditures over the same eight year fiscal period.



As shown above, in fiscal years 2009 and 2011 overall actual expenditures were below budgeted amounts, yet in seven of the eight years, actual overtime expenditures exceeded the budgeted amount.

With respect to more detailed analysis, the project team analyzed overtime costs over the most recent eight years in the context of salary expenditures. The following table presents a comparison of salary costs and overtime expenditures for the Fire Operations Division.

**Monterey Fire Operations  
FTE Salary vs. Overtime Spending**

Fiscal Year	Actual Expenditures		% of Overtime to Salary Costs
	Salary Only	Overtime	
2008	\$4,304,357	\$940,351	21.8%
2009	\$4,775,640	\$763,056	16.0%
2010	\$5,542,858	\$751,202	13.6%
2011	\$5,336,713	\$928,763	17.4%
2012	\$5,633,964	\$1,253,877	22.3%
2013	\$6,065,261	\$1,963,687	32.4%
2014	\$6,853,555	\$1,481,788	21.6%
2015	\$7,378,615	\$1,916,900	26.0%
<b>Eight-Year Average:</b>			<b>21.4%</b>

The actual salary expenditures for the Fire Operations Division increased approximately 71.4% from FY 2008 to FY 2015 while overtime expenditures increased by approximately 103.8% during the same time period. These increases in staffing costs can be attributed to the assumption of emergency response services for Pacific Grove, Carmel and the Monterey Municipal Airport and the fact that additional relief fire shift personnel have not been added as new response areas have contracted for services. As shown in the table above, the average percentage of overtime to salary costs over the eight-year period was approximately 21.4%. The next table illustrates the overtime costs as compared to salary and benefit costs over the same 8-year period.

**Monterey Fire Department**  
**FTE Salary and Benefits vs. Overtime Spending**

<b>Fiscal Year</b>	<b>Actual Expenditures</b>		<b>% of Overtime to Salary + Benefits Costs</b>
	<b>Salary + Benefits</b>	<b>Overtime</b>	
2008	\$6,784,987	\$940,351	13.9%
2009	\$7,578,713	\$763,056	10.1%
2010	\$8,645,848	\$751,202	8.7%
2011	\$8,445,570	\$928,763	11.0%
2012	\$9,057,537	\$1,253,877	13.8%
2013	\$9,784,749	\$1,963,687	20.1%
2014	\$11,020,719	\$1,481,788	13.4%
2015*	\$11,921,582	\$1,916,900	16.1%
<b>Eight-Year Average:</b>			<b>13.4%</b>

As above, the eight-year average for percentage of overtime costs to salaries and benefits was approximately 13.4% in the Operations Division.

## 4. BEST MANAGEMENT PRACTICES RELATING TO OVERTIME

While this Monterey overtime analysis report is designed to provide a comprehensive analysis of overtime utilization in the Fire Department, this chapter represents an important step for the project team to identify issues associated with current practices as well as performance targets for the future. In conjunction with the framing elements discussed in the last chapter, this chapter helps further refine overtime areas for more detailed exploration. To accomplish this, the project team developed a set of measures, which we call “Best Management Practices” against which to evaluate overtime utilization and administration.

The best practices developed have been derived from the project team's collective experience in the municipal service industry as well as independent research sourcing government, education and private sector entities, and represent the following key points developed for each best practice shown in the following pages.

- Individual statements of "effective approaches" or “best practice standards”
- Identification of whether and how the City meets the best practice target, defined as its “strength”
- Opportunities for improvement indicate what is not being done and are areas which will be further analyzed in this overtime report.

This assessment of overtime groups the discussion in four major best practice areas, including:

OVERTIME BEST PRACTICE AREAS
Overtime Policies
Overtime Controls
Overtime Budgeting and Reporting
Personnel Practices

In order to conduct business effectively, all organizations should implement Best Management Practices as practical. These go beyond what is considered common practice. It should be noted, however, that agencies may not be able (or are unwilling) to completely implement a best practice for a variety of reasons that include:

- Insufficient resources, whether personnel or fiscal, to adopt a best practice.
- Inadequate available time to emphasize and proactively implement new practices as a consequence of focus on managing critical day-to-day issues (core business).
- Insufficient support from political, executive, or managerial personnel to adopt a best practice.
- Inadequate buy-in from line staff to implement a best practice and/or some that may be contrary to bargaining group (union) agreements.
- Disagreement that the best practice, although successfully implemented in other agencies, would be successful in the agency under BMP review (for various cultural, organizational, or local/regional issues), and therefore is not a “best practice” from said agency’s perspective.

Although there are relevant reasons, as noted above, to not implement an identified best practice, the ultimate intent should be to strive for implementing as many best practices as feasible within the capabilities of the organization.

The following matrix is not only used to discuss best practices, but also as a diagnostic assessment tool to key on particular core thematic issues to be further discussed in later chapters. The data below presents the Best Management Practices listing with the noted information.

**Best Management Practices Assessment**

Best Management Practice	MFD Strengths	MFD Opportunities for Improvement
<b>OVERTIME POLICIES</b>		
1. A policy has been adopted covering overtime usage and procedures.	An overtime policy has been developed and minimum staffing levels are clearly defined.	
2. Training on the overtime policies is part of periodic supervisory training.		Overtime management is not listed as a component of supervisory duties in the documents provided to the project team.
3. Overtime policies are designed to ensure that all employees carry their "fair share" of overtime hours.	The Department has a process to ensure all eligible employees are offered overtime on a rotating basis.	There is no provision to ensure all operations personnel carry an equitable overtime load as personnel can turn down overtime and are not ordered in or to hold over unless no personnel accept the overtime.
4. Overtime policies are designed to provide access to all qualified employees for overtime opportunities.	The policies are designed to offer equal access.	
5. City policy provides penalties (i.e., disciplinary action) for individuals who work overtime without proper authorization.	The policy specifies that employees are required to have appropriate authorization to work overtime.	
6. A policy has been adopted outlining procedures for utilizing temporary and/or part-time employees to cover absences caused by extended employee leaves of absence where overtime may otherwise be required.		There is no policy or practice in place regarding the use of temporary or part-time employees to mitigate the need for overtime.
7. Fire Operations Employees are not allowed (except in emergency situation) to work more than a specified number of hours without a mandatory rest period.		The practice of the MFD is to not force overtime after 48 hours worked, but personnel can volunteer to work in excess of 48 straight hours without a mandatory rest period.

Best Management Practice	MFD Strengths	MFD Opportunities for Improvement
8. Policies limit the total number of overtime hours that may be worked in an individual workweek by employees.		Overtime limits for a given pay period are not specified in the policies provided to the project team.
9. City policy and/or collective bargaining agreements require the utilization of compensatory balances prior to use of other accrued leave such as vacation.		This is not listed as a requirement in the documents provided to the project team.
10. A City policy has been adopted on Compensatory Time and addresses when it is appropriate, the amount that may be accrued, the amount that may be carried forward, and the circumstances under which comp time may be paid out. Comp time is capped more aggressively than generous FLSA requirements.	Policy addresses the amount of compensatory time that may be accrued and excess balances are paid to employees annually.	
<b>OVERTIME CONTROLS</b>		
11. All overtime worked by employees is pre-approved by a managerial/supervisory employee in advance with documentation regarding the need for overtime.	All overtime must be approved beforehand by the authorized supervisor.	
12. All overtime hours worked are reviewed and receive sign-off by a supervisor as accurate prior to payment.	All overtime hours are reviewed for proper coding and re-imburement. There is a double check system in place in the MFD to ensure accurate accounting of overtime.	
13. All supervisory and management employees are evaluated, as part of an annual evaluation, on their effectiveness in managing and controlling overtime (including compensatory time) usage.		Overtime management is not listed as a component of supervisory duties in the documents provided to the project team.

**CITY OF MONTEREY, CALIFORNIA**  
**Overtime Expenditure Review Report**

Best Management Practice	MFD Strengths	MFD Opportunities for Improvement
14. Only overtime required to meet vital service demands of the City is authorized.	Overtime for staffing operations functions accounts for over 96% of all overtime, which indicates vital services are the primary driver of overtime.	
<b>OVERTIME BUDGETING AND REPORTING</b>		
15. Activity codes are assigned to all overtime hours worked enabling analysis of the reason for the overtime. Codes are consistent citywide and are at a level of detail for meaningful analysis to occur.	Activity codes are used to track overtime by type.	
16. Overtime budgets are developed at the departmental program level.	Overtime is budgeted at the department level.	
17. Overtime amounts are budgeted seasonally to enable accurate comparisons throughout the year of actual to projected overtime.		Overtime is not budgeted seasonally, but rather annually.
18. Reimbursable overtime is charged to a separate line item enabling easy comparison of paid overtime versus reimbursed overtime.	Reimbursable and paid OT are charged and recorded separately.	
19. Billing and collection of reimbursable overtime is reconciled quarterly to reimbursements received.	Reimbursable overtime is tracked on a monthly basis.	
20. Monthly reports are prepared and reviewed regarding actual to budgeted overtime usage at the program level.	Actual overtime is compared to projected overtime every month.	
21. Quarterly reports of overtime expenditures are compared to budget, with justifications for significant deviation provided to the City Council for informational purposes.	Overtime expense is compared to projections monthly.	There is no data to suggest that quarterly reporting of overtime in excess of projected budgets is provided to the City Council.

Best Management Practice	MFD Strengths	MFD Opportunities for Improvement
<b>PERSONNEL PRACTICES</b>		
22. All positions are reviewed at least every 3 to 5 years for conformance with FLSA exempt/non-exempt classification for overtime eligibility.		This provision is not specified in the policies and documents provided to the project team.
23. Compensatory time off accrued must be utilized within a reasonable time period (e.g., one year). It may not remain “on the books” for unlimited time periods.	Compensatory time must be used or paid out within one year.	
24. City policies regarding the accrual of compensatory time retain the right of the City to pay out compensatory time at any point.	Payout is done on an annual basis.	
25. Compensatory time balances are reviewed annually for all employees.	Because annual limits are in place, annual reviews are necessary.	
26. Time absent from work due to scheduled or unscheduled leave is not counted as hours worked for calculation of overtime payments due that week in accordance with FLSA provisions.		Schedule and unscheduled leave is counted toward hours worked for the calculation of FLSA overtime, resulting in 5 hours of overtime each 24 day FLSA pay cycle.

Based on the preceding comparison of Monterey Fire Department’s current overtime and related compensatory time usage and internal controls to the Best Management Practices matrix, while the City has adopted some best management principals, there are some key issues deserving further exploration surrounding common themes:

- With respect to overtime policies, there are a variety of standard operating practices that can be included related to policies and procedures to help better manage, track and control overtime.

- With respect to personnel practices surrounding overtime, the City of Monterey has adopted several best practices with respect to this category, but has not implemented work limits requiring mandatory rest periods.

Some specific issues identified in the best practices are further explored in Chapter 5 of the report.

***Recommendation: As practical, implement the best management practice protocols provided above in the Monterey Fire Department where improvement opportunities exist.***

## 5. ANALYSIS OF OVERTIME USE

The project team utilized the data contained in the previous chapter along with details from interviews with employees of the City to conduct an assessment of the current scheduling practices, staffing levels, deployment and cost recovery related to overtime. The following bullet points illustrate the findings of the project team related to the areas cited above and which will be used to develop recommendations in the report. Critical findings related to overtime are discussed first, followed by recommendations to address the findings.

### 1. CURRENT SCHEDULING PRACTICES FOR FIRE OPERATIONS.

Fire Operations personnel work 48-hour shifts on a rotating basis with 96 hours off after each 48-hour shift worked. This shift schedule results in a 56-hour average workweek. According to this schedule there would be built in overtime of ten (10) hours every 24 days resulting in 5 hours pay due to the Fire Operations employees. The MOU with the Fire Union, revised in May 2011, includes hours of leave taken to be counted as hours worked for the purposes of calculating FLSA overtime so long as the employee is in a “paid status”. The table, below, illustrates the number of shifts worked during the month of July 2015 for personnel assigned to the Fire Operations Division:

**Monterey Fire Department  
Pro forma Shift Schedule by Group July 2015**

Sun	Mon	Tues	Wed	Thu	Fri	Sat
			B	C	C	A
A	B	B	C	C	A	A
B	B	C	C	A	A	B
B	C	C	A	A	B	B
C	C	A	A	B	B	

**Finding:** *The current shift schedule has mandatory FLSA overtime built in. MOU provisions cause an increase in mandated FLSA overtime.*

**2. DEPLOYMENT OF FIRE OPERATIONS PERSONNEL.**

As shown in the previous chapter of the report, Fire Operations personnel are deployed in six fire stations, staffing a total of eight (8) emergency response apparatus each day. This includes six (6) engine companies, one (1) truck company and one (1) Aircraft Rescue company.

The following table illustrates the scheduled daily staffing and minimum staffing required on these eight (8) emergency response apparatus on each shift:

**Monterey Fire Department  
 Fire Department Apparatus Deployment**

<b>Station Number</b>	<b>Apparatus</b>	<b>Staffing (Scheduled/Minimum)</b>		
<b>1</b>	Engine	3 / 3	3 / 3	4 / 3
	Truck	4 / 3	4 / 3	4 / 3
<b>2</b>	Engine	3 / 3	3 / 3	3 / 3
<b>3</b>	Engine	3 / 3	3 / 3	3 / 3
<b>4</b>	Engine	3 / 3	3 / 3	3 / 3
<b>5</b>	Engine	3 / 3	3 / 3	3 / 3
<b>6</b>	Engine	3 / 3	3 / 3	3 / 3
	Aircraft Rescue	1 / 1	1 / 1	1 / 1
	Division Chief	1 / 1	1 / 1	1 / 1
<b>Total</b>		<b>24 / 23</b>	<b>24 / 23</b>	<b>25 / 23</b>

As shown in the table above, there are a total of 24-25 personnel scheduled to staff emergency response apparatus, including the Division Chief, on a daily basis in the Monterey Fire Department. The minimum number of personnel required to staff these apparatus is 23. This results in a relief factor of four (4) personnel in operations: one (1) on each of two (2) shifts and two (2) on one (1) shift. The current contract allows for five (5) personnel to be on planned leave (vacation or compensatory time) off each shift. This is regardless of vacancies in the Department or the number of personnel off on workman’s compensation leave. Having a relief factor below the required minimum

staffing for emergency apparatus will cause overtime to occur nearly every shift. In addition, personnel have unplanned leave such as sick time utilization, personal emergencies and other unforeseen instances that cause the need for additional required overtime to meet the minimum daily staffing needs of the Fire Operations Division.

***Finding: Current authorized staffing levels in Fire Operations do not include enough relief personnel to mitigate the need for overtime to cover minimum staffing levels.***

**3. THERE ARE NO PROVISIONS FOR USING PART-TIME OR TEMPORAY EMPLOYEES IN FIRE OPERATIONS TO REDUCE THE NEED FOR OVERTIME.**

Many fire agencies that have a similar staffing and deployment model to the one used in Monterey have found the use of part-time or temporary firefighters a cost effective option to minimize the required overtime to staff positions. These agencies include Redding (CA), Huntington Beach (CA) and Peachtree City (GA).

**(1) Part-time Personnel**

The use of part-time personnel to assist in meeting the minimum staffing requirements of emergency apparatus is a potential option, as they can work a single 24-hour shift each week to cover for planned and unplanned vacancies without being eligible for full-time benefits. Also, the pay is typically lower for these positions than for full-time personnel. The downside of this option is the limited availability of part-time personnel, the training required to ensure they are able to perform to the same standards as career personnel and the costs associated with providing the 2 sets of structural firefighting gear and 1 set of Wildland firefighting gear as required by the State of California. These significant expenses and the fact that the duration of a part-time

employee's service to the agency make it a less desirable option than the use of full-time temporary employees.

## **(2) Temporary Personnel**

Temporary or limited duration employees have also become a popular trend, as these personnel are paid a lower rate and are used to staff apparatus to the maximum level, thus providing the relief factor to minimize overtime. Typically their employment is limited to five (5) years with the City unless they are made a permanent full time employee prior to five years of service. This allows the City to bring personnel on board that typically have no prior fire service experience, can be paid at a lower hourly rate and would not be considered a "Classic" employee from a PERS perspective, resulting in a much lower total compensation cost to the City.

The current "Classic" employee benefit rate is 55.796% of salary and the Public Employees' Pension Reform Act (PEPRA) benefit rate for non-experienced personnel is 35.10%. As shown, this makes hiring these personnel more cost effective than paying the higher salaries and benefit rates of Classic employees. Whereas the fully loaded cost of Classic employees makes the use of overtime more cost effective than hiring additional personnel to provide relief coverage, the project team has worked with other California agencies, such as Redding and Huntington Beach that are utilizing this staffing approach to help control costs.

Typically the salary for these temporary employees is 60% of a full-time career firefighter. In Redding, for example, the apprentice firefighter is paid \$10 per hour compared to a starting pay of \$16.82 for a career firefighter. In Monterey, this would represent an annual salary of approximately \$43,500 compared to a step one salary of

\$72,480. Adding four additional temporary “apprentice” firefighters per shift would have an annual salary and benefit cost of approximately \$705,222. This represents an annual savings of \$360,805 compared to the backfill costs of \$1,066,027 paid in FY2015 for leave and vacancies. It would also provide a relief factor for times when all five authorized leaves per day are not utilized, which would allow coverage when personnel are off sick, on injury leave or there is a vacancy on a shift prior to overtime being required to ensure minimum staffing levels are met, further reducing the overtime required when unplanned leave is utilized.

It is important to note that the addition of “temporary” or “apprentice” personnel would have to be negotiated with the Union, and the addition of these personnel should not cause a change in the number of planned leave (vacation and comp time) days allowed each shift, which is currently five (5). Increasing the number of planned absences allowed would quickly erode any savings realized by hiring the temporary employees. Also, the addition of these employees will not eliminate the need for backfill overtime to ensure minimum staffing levels are maintained, it will only reduce the need for this type of overtime.

It is also critical to recognize that overtime cost in FY2016 will increase further due to the expiration of the Staffing for Adequate Fire and Emergency Response (SAFER) grant and the decision not to fund three (3) firefighter positions previously paid for with the grant funds.

***Recommendation: Consider hiring “temporary” employees limited to five-years of employment with the City to provide relief coverage and reduce the need to pay overtime each shift for planned absences.***

#### **4. COMPARATIVE ANALYSIS OF PEER CITIES**

As part of the project, the team conducted a comparative analysis of cities similar to Monterey for the purposes of identifying current industry norms for communities similar to Monterey and the costs of overtime in those communities from a comparative perspective. For this comparative assessment, we looked for fire departments providing services from a similar station network, with a similar population, with tourism and/or similar community demographics. As it is impossible to find a community which exactly mirrors Monterey, the project team chose Beverly Hills, Manhattan Beach, Napa, Pacifica, San Luis Obispo, Novato FPD and Palm Springs for the comparative research. To ensure the data compared was the same for each agency, the project team utilized the Transparent California website ([www.transparentcalifornia.com](http://www.transparentcalifornia.com)) for CY 2013 and CY 2014 budget data.

The table on the following page illustrates the findings of this research:

**Comparative Analysis of Overtime Costs**

City	CY 2013								
	Total Salary	Total Overtime	Total Salary & Benefits	CY 2012 Budget	CY 2013 Budget	OT % of Salary	OT % of Salary + Benefits	OT % of Budget CY 2012	OT % of Budget CY 2013
<b>Monterey</b>	<b>\$6,559,579</b>	<b>\$1,541,939</b>	<b>\$12,078,993</b>	<b>\$13,879,001</b>	<b>\$15,526,027</b>	<b>24%</b>	<b>13%</b>	<b>11%</b>	<b>10%</b>
Beverly Hills	\$13,787,855	\$3,913,447	\$19,503,936	\$32,720,500	\$33,998,102	28%	20%	12%	12%
Manhattan Beach	\$3,671,976	\$1,641,081	\$7,733,564	\$10,458,323	\$17,095,087	45%	21%	16%	10%
Napa	\$6,112,886	\$1,330,213	\$11,541,724	\$13,498,090	\$13,241,864	22%	12%	10%	10%
Pacifica	\$2,680,898	\$394,071	\$4,177,146	\$5,367,652	\$5,451,486	15%	9%	7%	7%
San Luis Obispo	\$4,299,211	\$1,697,941	\$8,920,750	\$9,974,000	\$9,516,900	39%	19%	17%	18%
Santa Cruz	\$5,759,883	\$591,202	\$9,882,781	\$12,928,521	\$12,399,155	10%	6%	5%	5%
Palm Springs	\$4,985,556	\$1,432,755	\$10,274,396	\$10,433,848	\$10,991,947	29%	14%	14%	13%
Novato FPD	\$7,335,369	\$2,072,935	\$15,623,007	\$22,949,297	\$23,175,789	28%	13%	9%	9%
					<b>Overall Average</b>	<b>27%</b>	<b>14%</b>	<b>11%</b>	<b>10%</b>

As shown above, Monterey is below the overall average of the comparative cities of 27% in terms of percentage of overtime in relation to salaries and 14% when salaries and benefits are factored together. The overtime experienced in Monterey is identical to the comparative cities at 11% of the overall budget in FY 13 and 10% in FY 14. Best practices for healthy organizations typically target 10% of salary costs as a baseline measure for effective cost controls.

## **5. OPPORTUNITIES FOR IMPROVEMENT IN THE MONTEREY FIRE DEPARTMENT.**

Given the amount of overtime currently required to adequately staff the emergency apparatus of the Monterey Fire Department there are a number of opportunities the City and the Fire Department can take to lessen the overtime impact in the future.

### **(1) To Provide Baseline Staff to Meet Work Demands**

As noted previously, the largest single overtime expenditure is related to ensuring the adequate staffing of emergency apparatus and critical service positions on a daily basis to ensure the Monterey Fire Department can respond to emergency calls for service in an effective manner.

In order to determine the full nature of overtime requirements related to staffing the Operations Division, it would require a staffing study to determine the minimum staffing requirements that overtime is used to meet. This is complicated, as staff levels can be impacted by the types of apparatus deployed, the number of stations, response protocols and preferred staffing levels on each response vehicle. As a staffing study is beyond the scope of this particular project, the project team thought it should provide general guidance into how emergency apparatus staffing decisions should be based for the Fire Department. The current best practices for these decisions involve a risk assessment, establishment of performance objectives and assessment of the ability to deploy an effective response force to meet the objectives and individual unit workload.

The following table illustrates how a general risk assessment is conducted and the types of risks typically designated by fire agencies:

**Risk Categories by Occupancy Type**

<p><b>Moderate</b></p> <ul style="list-style-type: none"> <li>• Detached single family dwellings</li> <li>• Older multi-family dwellings easily reached with pre-connected attack lines</li> <li>• Railroad facilities</li> <li>• Mobile homes</li> <li>• Industrial or commercial occupancies under 10,000 sq. ft. without high fire load</li> <li>• Aircraft on airport property</li> <li>• Loss of life or property limited to occupancy</li> </ul>	<p><b>High</b></p> <ul style="list-style-type: none"> <li>• Concentrations of older multi-family dwellings</li> <li>• Multi-family dwellings that are more than two stories tall and require major hose deployment</li> <li>• Buildings with low occupant load, but with high concentrations of fuel load or hazardous materials</li> <li>• Aircraft off airport property</li> <li>• Mercantile facilities</li> <li>• Built-up areas with high concentrations of property with substantial risk of life loss, severe financial impact upon the community or the potential for unusual damage to the property or the environment</li> </ul>
<p><b>Low</b></p> <ul style="list-style-type: none"> <li>• Automobile fires</li> <li>• Carbon monoxide calls</li> <li>• Grass and low fuel type fires</li> <li>• Single patient EMS calls</li> <li>• Automobile accidents or industrial accidents</li> <li>• Tractor trailer fires</li> <li>• Storage sheds</li> <li>• Out buildings</li> <li>• Detached garages</li> </ul>	<p><b>Special Risk</b></p> <ul style="list-style-type: none"> <li>• Apartment complexes over 25,000 sq. ft.</li> <li>• Government or infrastructure risks</li> <li>• Hospitals</li> <li>• Nursing Homes</li> <li>• Industrial complexes with fire flows of more than 3,500 GPM</li> <li>• Refineries and warehouses</li> <li>• Vacant/abandoned structures</li> <li>• All building where available water supply is less than projected fire flow</li> </ul>

As shown above, there are typically four risk types given to occupancies ranging from low risk to special risk. Each of these risk types require a different number of fire personnel to be dispatched to the emergency to develop an “effective response force” and ensure the prompt mitigation of the emergency conditions. The development of performance objectives is critical to ensure the Fire Department can respond quickly and mitigate the emergency conditions before they escalate. The following are the current nationally accepted baseline and benchmark performance standards for Urban fire agencies, such as Monterey. The Fire Department should strive to meet the baseline standard as a minimum level of acceptable performance.

**CITY OF MONTEREY, CALIFORNIA**  
**Overtime Expenditure Review Report**

Standard	Baseline Performance	Benchmark Performance
Call Processing Time – Time emergency call received to the dispatch of apparatus.	90 seconds 90% of the time for high priority calls.	60 seconds or less 90% of the time for high priority calls.
Turnout Time _ Time from dispatch of call to the unit(s) response.	90 seconds 90% of the time for high priority calls.	80 seconds or less 90% of the time for high priority calls.
Travel Time – Time from unit going enroute to first unit arriving on scene.	5 minutes 12 seconds or less 90% of the time for high priority calls.	4 minutes or less 90% of the time for high priority calls.
Travel Time (First Alarm Assignment) – Time for the full first alarm assignment to arrive.	10 minutes 24 seconds 90% of the time.	8 minutes or less 90% of the time.

The following table shows the number of personnel required to handle these risks. Special risks will need to be individually assessed to determine an effective response force.

**Effective Response Force by Risk Category**

Critical Task	Maximum Risk	High Risk	Moderate Risk	Low Risk
Attack Line	4	4	4	2
Search and Rescue	4	2	2	0
Ventilation	4	2	2	0
Backup Line	2	2	2	2
Rapid Intervention	2	2	0	0
Pump Operator	1	1	1	1
Water Supply	1*	1*	1*	1*
Support (Utilities)	1*	1*	1*	1*
Command	1	1	1	1
Safety Officer	1	1	1	1
Salvage/Overhaul	2	2	0**	0
Command Aid	1	1	0	0
Operations Chief	1	1	0	0
Logistics	1	0	0	0
Planning	1	0	0	0
Staging Officer	1	1	0	0
Rehabilitation	1	1	0	0
Division Supervisors	2	1	0	0
High-rise Evacuation	10	0	0	0
Stairwell Support	10	0	0	0
<b>Total Personnel</b>	<b>50-51</b>	<b>23-24</b>	<b>14-15</b>	<b>8-9</b>

\* Can be completed by personnel as an additional task

\*\* Can be completed by suppression personnel

The next factor in determining adequate staffing is evaluating the workload of individual companies. The following are currently established rules of thumb for workload capacity of suppression units. Obviously, the types of calls responded to and the time required to mitigate emergency situations can cause fluctuation from the rule of thumb, but apparatus approaching these figures from a response perspective should be examined to ensure they are not being overcommitted and placing the safety of emergency response personnel at risk.

According to industry best practices, the following unit/station call loading can be used to determine if increased capacity may be needed in the system.

- Single-Unit Station 3,500 calls per year
- Two-Unit Station 8,760 calls per year
- Three-Unit Station 14,000 calls per year

In sum, these risk assessment tools can help determine appropriate staffing needs within the Monterey Fire Department, thereby addressing potentially multiple issues—including the control of overtime expenses. This type of analysis can also result in determining operational times when the full deployment of resources from six stations is not required and personnel can be redeployed in lieu of using overtime to fill vacancies on apparatus, such as closing a station in the late night hours, when call volume is low and there is appropriate overlap of resources from a neighboring station to ensure appropriate coverage and response times within performance expectations.

***Recommendation: Conduct a risk hazard analysis, develop performance objectives and determine the ability of the Monterey Fire Department to meet objectives to ensure line staffing and station locations are appropriate. This can be either internally or through additional consulting services to definitively determine staffing needs based on a variety of variables identified in this report.***

## **6. APPROPRIATE OVERTIME BUDGET LEVELS IN THE FIRE DEPARTMENT.**

As shown previously, the Fire Department has been unable to meet its allocated overtime budget for several years. A recurring issue, however, as noted earlier in this report on several occasions, is that there is no relevance to the overtime amount budgeted in comparison to operational needs. When salary and budget figures are reduced, the overtime line item has also been reduced, even if more overtime may be required to staff emergency apparatus. Reiterating, it is not possible to effectively manage a budget line item if it is not predicated on any operational realities.

As noted earlier, the appropriate overtime budget should generally mirror historical expenditure patterns based on the prior three years. The overtime budget should be proposed based upon a zero-base budgeting exercise whereby overtime is requested and rolled-up based on the aforementioned categories. This will ensure justification for the overtime budget and allow executives and political leadership to hold the Fire Chief accountable for the overtime budget. Basing an overtime budget on the reality of warranted overtime expenses should be considered a best practice.

***Recommendation: It is considered a best management practice to project budgets, based on operational and other data, within 5% of actual costs. The City and Fire Department should revise overtime projections to meet this benchmark.***

## **7. TALKING POINTS.**

A variety of data has been presented in this chapter. However, key findings and conclusions of importance include, but are not limited to:

- Based on comparative data from peer agencies, the Monterey Fire Department is in line with current overtime costs of similar communities in California.
- The largest proportion of overtime expenditure is related to achieving stated staffing requirements. The lack of relief staffing equivalent to leave allowances drives the need for overtime to provide minimum staffing on apparatus and

emergency response capabilities 24 hours per day 365 days per year.

- It is currently cheaper for Monterey to pay overtime as “Classic” employees have a benefit rate of 55.8% and overtime is paid at 50% of base pay.
- The Monterey Fire Department currently does not have limits on work hours or overtime that can be volunteered for, which results in some employees having higher overtime utilization than others.
- Current overtime use is overall above what is considered “cost effective” from a business best practice as it exceed 10% of salary costs; the benefit costs noted above have resulted in Monterey staffing at below optimal levels to provide relief coverage, but represents effective use of taxpayer dollars.
- The Fire Department monitors overtime expenditures very closely and has a double verification check in place to ensure appropriate billing when overtime costs are reimbursable from the State or other agencies.

Collectively, these points place the Monterey Fire Department’s fire overtime use in context.