



Central Whidbey Island Fire & Rescue

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2014 First Quarter Report & Proposed Budget Adjustments

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Introduction

Central Whidbey Island Fire & Rescue has expended 22.3% of its Maintenance and Operations (M&O) budget in the first three months of 2014. This is well within our target of 24.6% (on an even prorated basis). However, based on analysis of expenditures and projections, we have identified a number of areas within the M&O and Capital budgets which are recommended for adjustment.

Budget Adjustment Format

District Executive Staff have worked to provide clear, simple explanation for proposed adjustments in the Proposed Budget Change report and have provided expanded justification for major changes (defined as an adjustment of any line that is greater than \$2000).

The *2014 First Quarter Report and Proposed Budget Adjustment* is comprised of this narrative report and the *2014 Proposed Budget Changes* report (attached).

Budget Adjustment Overview

The *2014 Proposed Budget Changes* report (attached) details proposed adjustments to the General Fund and Capital Projects Fund budgets on a line-by-line basis. This report identifies:

- Original (Adopted) Budget Amount
- Proposed (Adjusted) Budget Amount
- Difference (Increase or Decrease)
- Remarks providing explanation and justification

If a change in a line (increase or decrease) is in excess of \$2,000 additional explanation and justification for this proposed adjustment is provided in this report (by line number).

Proposed budget adjustments presented in this report are divided into two sections. The first includes adjustment of lines in the Maintenance and Operations and Capital Budgets related to programs and projects that have a net zero impact on the General Fund and a positive impact (reduction in expenditure) within the General Capital Projects Fund. The second section addresses a proposed transfer from the Contingency [Administrative] Fund to the General Fund Maintenance and Operations Budget for unanticipated, but critical expenses or for expenses that were anticipated but not known in detail during budget preparation.

General Fund Adjustments

This section includes expanded explanation and justification of proposed changes (increase or decrease) greater than \$2000. Explanation and justification of proposed changes of less than or equal to \$2000 are included directly on the *2014 Proposed Budget Changes* report (attached).

General Fund

522-10-23-03 Medical Insurance

Office Manager Kim Harpe added a child to her health insurance which increased the District's annual expense and requiring an increase in this line of \$3,600.

522-10-41-06 Information Technology

Since November 2004, CWIFR has contracted with Network Solutions+ for information technology (IT) services such as maintaining the District's server, network, and computer workstations. Over that time, the District experienced a number of problems with its IT infrastructure that resulted in reduced reliability and the frequent unanticipated need to replace or upgrade hardware or software. In 2013, the District hired a consultant to perform a basic audit of the District's network and IT infrastructure. This report identified a significant number of problems in network and server configuration, timely updating of software, and lack of a proactive approach to maintenance.

In December 2013, the District released a Request for Qualifications (RFQ) for IT Services and in February completed competitive negotiations and engaged Ategan Technologies as our new contract IT service provider. Based on the previous network and infrastructure audit the District selected a comprehensive service plan that provides all in-scope work at a fixed price. While this option was significantly more expensive, given the magnitude of the work necessary to address IT infrastructure deficiencies, upgrades to software, and other work specified in the RFQ, this option provided the best value in meeting the immediate needs of the District (and we have the option to shift to a lower cost plan with a fixed number of service hours in the second year of the contract).

Ategan is in the process of addressing the following immediate priorities which should be completed by the end of May.

- Ensure reliable network and e-mail performance.
- Implement e-mail archiving to aid in compliance with Washington public records laws related to electronic documents.
- Ensure that the configuration on the current server complies with industry standards.
- Implement automated backup of the server and provide recommended options for off-site backup.
- Replace or upgrade computers running the Windows XP operating system (which is no longer supported by Microsoft after April 1, 2014).

In addition, Ategan is working with the District to develop a mid and long-range IT plan for proactive maintenance, upgrade, and replacement of hardware and software on an ongoing basis.

Monthly IT Services	\$1,620.00
Server Backup (leased software and hardware)	54.35
E-Mail Spam Filtering	108.70
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Total Monthly Expense	1,783.05

The increased cost of the IT service contract and correction of infrastructure deficiencies will require an increase in this line of \$10,730. As work progresses through the year, the District will evaluate the number of service hours required on a monthly basis and will determine at what point it may be more cost effective to switch to a service agreement with a fixed number of service hours (with any additional hours billed separately at a higher rate) rather than a comprehensive contract.

A majority of this increase will be balanced by reductions in other lines within the Maintenance and Operations Budget. However, fully funding this line will require a contingency transfer in the amount of \$4,063 which is addressed in the Contingency Fund section of this report (Page 10).

522-20-10-03 Part-Time Firefighters

In the first three months of the year, the District has expended 16% of funds budgeted for Part-Time Firefighter Wages. This was significantly less than anticipated, in part due to three vacant positions carried through the first week of March. In addition, existing part-time staff worked fewer hours than expected (23.8 hours/week rather than 35 hours per week). In combination, these two factors resulted in only 68.37% of scheduled part time hours (24 hour shift and 12 hour day shift each day) were staffed.

The District is examining part-time scheduling and the number of part-time members employed by the District in an ongoing effort to maximize average daily staffing and the effectiveness and efficiency of our staffing model.

Reduction of this line by \$6000 will offset in part the increased expense in other lines and will permit normal staffing throughout the remainder of the year.

522-20-12-01 Shift Coverage Overtime

The District budgeted \$10,244 for shift coverage overtime in 2014 based on the anticipated need to cover 25% of vacancies (excluding those resulting from Family Leave) with overtime. However, the percentage of vacancies requiring shift coverage with overtime was 38.44% and there was additional coverage required due to Family Leave.

The District endeavors to maintain staffing with at least on full-time member on-shift at all times. This provides a Lieutenant or Firefighter Acting-in-Capacity (AIC) as a Lieutenant to provide shift supervision and to serve as a company officer in emergency response. With two full-time members assigned to each shift, this necessitates the use of overtime if both full-time members are absent. Potential overtime impact is minimized by only allowing one full-time member to be on scheduled leave (e.g., annual leave)

or Kelly Day at a time. The only exception to this would be if the member's absence was in the interest of the District (e.g., a member scheduled to attend training that was not available at another time).

Note: In addition to full-time members assigned to shift, the District's Training and Recruitment Captain, and Firefighter Mechanic have a four day workweek during daytime hours. The Fire Chief and Deputy Chief work a five day week during daytime hours. In general, these members are not used to fill shift work positions, but provide additional staffing during day shift hours when volunteer members have the least availability.

The District provides for two part-time members to be scheduled during day shifts (07:30-19:30) and one part-time member to be scheduled during night shifts (19:30-07:30). This maximizes on-shift staffing when call volume is highest and volunteer availability is lowest. Part-time vacancies (e.g., sickness, training, etc.) are filled by other part-time members or qualified volunteers. The only circumstances in which a part-time vacancy would be filled by a full-time member on overtime would be if no qualified volunteer or part-time member was available and the vacancy would result in shift staffing of less than two or lack of the required qualifications for shift staffing. The District must maintain a mix of qualifications with on-shift personnel. It is important to note that this can be accomplished with varied numbers of personnel.

Qualification	Number Required
Firefighter	2
EMT	2
Heavy Apparatus Operator	1
Company Officer or AIC	1

When confronted with a vacancy that leaves shift staffing below two or with a lack of the requisite qualifications (other than in the role of Company Officer or AIC), qualified volunteers are given first priority to fill the shift. However, not all volunteers are interested in working on shift and not all are qualified to fill the requisite roles. If no qualified volunteer is available, part-time members are offered the opportunity to fill the shift and only if no qualified part-time or volunteer members are available are full time members used to fill the shift on overtime.

Prior to 2011, the District budgeted a flat amount for overtime which was not related to maintaining a specific staffing or service delivery level. In 2011, an effort was made to estimate the amount of overtime required to maintain a specific staffing level and service delivery to the community. However, the District made a conscious decision not to budget for the overtime created by members taking Family Leave (e.g., following the birth of a child) as this is an intermittent and unpredictable occurrence. Overtime required for this purpose was planned to be addressed through a net zero budget adjustment (if possible) or through contingency transfer.

Assuming a part-time staffing level of 9 or 10 (e.g. full staffing) and full qualification of all part-time members, sick leave would be cause of most shift coverage overtime expense and this would occur

when one full-time member was already absent (e.g. Kelly Day, Annual Leave, training, etc.). Given the District's generous annual leave benefit of 25.92 hours/month after five years, most members have a yearly annual leave accrual of 311.04 hours (12.96 shifts) or a total of 77.76 vacant shifts (for all six full time personnel on shift) on an annual basis (assuming all members take all leave in the year accrued). In addition, the District's shift work schedule includes one Kelly Day per month (to reduce full-time members' average work week), which results in a shift vacancy 48 times annually. Between Annual Leave and Kelly Days there are potentially 125.76 vacant shifts out of 730 total shifts annually for an anticipated vacancy rate of 17.22%. Considering that full-time members are occasionally absent from all or part of a shift for training (e.g., out of area training such as the National Fire Academy), it would be reasonable to assume that overtime would be required to cover sick leave approximately 20% to 25% of the time.

For the last three years (2011 through 2013) the District has under estimated the amount of overtime necessary for shift coverage, but has been able to achieve a net zero budget adjustment to provide the necessary funds for shift coverage overtime. We presently face the same challenge.

There are multiple and interrelated factors that have impacted the level of overtime required for the desired level of shift coverage.

Kelly Shifts: As previously discussed, the District's shift work schedule includes one Kelly Day per month (to reduce full-time members' average work week), which results in a shift vacancy 48 times annually. This is not leave, but simply days with a single Full-Time member scheduled to work. However, as with leave, this presents an increased potential to need overtime should the scheduled Full-Time member use Sick Leave or in the event that a Part-Time member does not meet the qualification requirements for Heavy Apparatus Operator and this need cannot be met using another Part-Time or Volunteer member.

Increased Sick Leave Use: During the months of December 2013 (payroll paid in 2014), January, February, and March, the District's career staff was either personally impacted by illnesses that required time off work or needed to care for ill dependents, which also required time off work. Five overtime shifts occurred when the other career member assigned to the shift was already scheduled to be off on a Kelly Day or Annual leave.

The median sick leave used over the last three years (2011-2013) was 588 hours annually (49 hours/month). Over this three year period, sick leave use has increased (trend), but this increase has not been consistent as fewer hours were used in 2012 than in either 2011 or 2013. Leave use has not historically been uniform from month to month with a median of 77.8% of sick leave being used between November and April. Over this same three year period, the percentage of sick leave used during these months has increased from 60.14% in 2011 to 93.54% in 2013.

In the first two months of 2014, sick leave use has averaged 144 hours/month (well above the median for the last three years).

The Deputy Chief monitors Operations Division Sick Leave used on an ongoing basis to reduce the probability of inappropriate use. In addition, the Fire Chief and Deputy Chief conducted a detailed analysis of sick leave use over the last three years including percentage of Sick Leave use adjacent to a Kelly Day or Annual Leave and frequency of use by month and day of the week. This analysis indicated that there is no ongoing pattern of Sick Leave abuse by CWIFR's full time members.

The cause of the increase in sick leave use over the last several years and dramatic increase in the first two months of 2014 is unknown. However, there are a number of potential contributing factors.

- **Dependent Illness:** The number of dependents per employee has increased. As full-time employees add additional children, the likeliness of needing to take time off to care for a sick or injured child increases (a contractually appropriate reason for sick leave use). To this point, the District has not differentiated or tracked sick leave used for employee illness versus care of a sick dependent (with the exception of long-term Family Leave). However, a change in time and activity reporting is being considered to capture this data.
- **Flu Preparedness:** In 2013, the District budgeted funds for all members to be reimbursed for flu vaccination. However, no members requested reimbursement. This does not necessarily mean that members were not vaccinated, but simply that they did not request reimbursement. Island County Health Officer Dr. Brad Thomas advised that the Public Health tracks influenza deaths, but not reports of illness. He advised that anecdotally, this year's flu season was less severe than the prior year. However, he reported that "this year's H1N1 seemed to particularly attack healthy young adult males" (reflecting the majority of our workforce).

Use of Family Leave: One full-time member was out 192 hours of family leave to assist with the care of a new child requiring 72 hours of overtime coverage.

The District does not budget shift coverage overtime funds in anticipation of new children. However, in each of the last four years, we have had members take family leave, using paid leave (e.g., Sick Leave) related to birth of a child. A median of 231 hours of Family Leave has been taken related to the birth of a child (one in 2014, one in 2013, and two in 2012). It is important to note that members may take up to 12 weeks of leave related to birth of a child (Federal Family Medical Leave Act (FMLA)). District policy is that this time runs concurrently with the use of paid leave (Sick Leave first and then Annual Leave). If a member assigned to shiftwork with a 50.77 hour work week exercised this right, this would result in 609.23 hours of vacancy.

Part-Time Staff Turnover: Four overtime shifts between December 2013 and the end of March 2014 resulted from lack of a qualified part-time or volunteer member to serve as the second EMT on shift and/or as a heavy apparatus operator.

In 2013, the District lost four Part-Time Firefighters to full-time job opportunities. As there was only one part-time candidate remaining in the eligibility pool, the District hired that individual October 2013 and scheduled a recruitment process for January 2014. The three remaining vacancies were filled on March 3, 2014.

Over the last three years, the turnover rate for Part-Time Firefighters has varied between 33% and 40%. Assuming that the District has candidates in the eligibility pool, it requires between four and six weeks for an individual to complete the medical physical and psychological examination. Upon hire, Part-Time Firefighters must become qualified as Light and Heavy Apparatus Operators. Qualification as a Light Apparatus Operator takes approximately one month, and Heavy Apparatus Operator Qualification takes between three and five months depending on prior experience. This results in the potential to require another Part-Time or Qualified Volunteer to fill the Heavy Apparatus Operator Position if a Full-Time member is absent from the shift. If no Part-Time or Qualified Volunteer is available, a Full-Time Member would be hired on overtime to meet this qualification requirement.

As we move forward, the District is examining strategies for minimizing the potential need for shift coverage overtime. These include:

- Providing flu vaccination for both members and their families
- Consideration of requiring employees who have patient contact to be vaccinated (requiring discussion with Local 4299 IAFF)
- Running multiple Part-Time Firefighter recruitment processes annually to reduce potential for depletion of the pool of eligible candidates
- Examination of the cost effectiveness of increasing the length of Part-Time Firefighter training and orientation to reduce the time required to qualify members as Apparatus Operators
- Benchmarking Sick Leave use against comparable agencies and ongoing analysis of patterns of use to ensure that leave use is appropriate

Based on anticipated Sick Leave use for the remainder of the year (through November 2014), shift coverage overtime will require an increase of \$6,500. This estimate is based on analysis of sick leave use in the months of April through November over the last three years.

522-20-18-08 Quarterly Stipend

Volunteer Firefighters who meet the District's minimum activity standard receive a quarterly stipend based on their rank and role (the stipend is higher for members with multiple roles or who serve as a company officer). The District budgeted \$54,072 for volunteer quarterly stipends in anticipation of having 30 volunteer members (a significant increase over our 2013 roster). However, our projected roster by the end of 2014 will include 20 volunteer members. As such, less funding will be required for volunteer stipends for the remainder of the year.

A reduction of \$21,000 in Quarterly Stipends will in part offset increases in other lines.

Contingency Fund

522-50-48-03 Station 53 Repair & Maintenance

During the month of December, the District discovered two problems with the pump providing domestic water supply for Station 53. The first was a significant leak in the pipe leading from the submersible pump in the well casing, damage to the pump, and a short circuit in the wiring for the pump. Further investigation found that the wiring for the pump was not installed in compliance with the electrical code. Correction of these problems included installation of a new pump, new piping and new wiring. Additional electrical conduit and second water supply line was installed under the driveway at the rear of the station in anticipation of future needs. A transfer from the Contingency Fund to this line in the amount of \$7,754 is necessary to offset the emergency expenditure authorized by the Board of Fire Commissioners.

522-50-48-04 Station 54 Repair & Maintenance

The District has had an ongoing problem with the automatic transfer switch on the generator at Station 54. In November of 2013, this switch failed and was in need of replacement. The District obtained three bids to replace the automatic transfer switch and the work was completed in December

A transfer from the Contingency Fund to this line in the amount of \$7,950 is necessary to offset the expense of this unanticipated and urgent repair.

522-10-41-06 Information Technology

The issue of correcting deficiencies in the District's IT infrastructure was addressed on Pages 4-5 of this report. Due to the projected increase in expense within this line, a contingency transfer in the amount of \$4,063 will be needed to fully fund this line.

General Capital Projects Fund

522-22-63-03 Architectural & Engineering

The 2014 -2024 Capital Projects Plan included a two-phase project to assess the District's current and projected facilities needs over the next 50 years to develop a comprehensive facilities capital projects plan. As originally conceived, this project would have been completed over a two year period with an estimated cost of \$200,000 with \$25,000 budgeted in 2014 and the remaining \$175,000 planned for 2015.

- Phase 1 of this project, planned for 2014 will 1) examine all district facilities to determine their structural, seismic, and systems condition, 2) evaluate these facilities on the basis of current codes, standards, and design practices, and 3) develop a long range plan identifying options for meeting future needs including renovation or construction options, land use issues and cost estimates.
- Phase 2 of this project would involve development of a schematic design and design development sufficient to create a detailed preliminary cost estimate for renovation, addition, or other action necessary to meet the District's facility needs at this location. Design development also would include building exteriors, elevations, and site layout to be used in public presentations. This work would serve as the basis for future key decisions about final design, bidding, funding, and timing of construction.

Based on data developed through a Request for Qualifications (RFQ) released in November of 2013, the District determined that the majority of both Phases 1 and 2 could be completed in 2014 at substantially less cost than anticipated, but would require an expenditure in excess of the funds originally budgeted for the current year.

Based on the quantitative evaluation of the statements of qualifications, qualitative assessment of the alignment of this firm with the needs of the District, and assessment of cost, the Board directed the Fire Chief to enter into competitive negotiations with the firm of Rice Fergus Miller for CWIFR's Facilities Study. After clarification of the scope of work and level of effort required, the District and Rice Fergus Miller reached agreement on a not to exceed fee of \$61,660 plus the cost of incidental expenses such as travel (mileage), printing costs, computer aided design plotting, etc.

Consolidating work in this project into a single year and increasing the funds budgeted for Architectural & Engineering expenses in 2014 related to the District's facilities study from \$25,000 to \$70,000, results in an overall reduction in the cost of completing this project in the amount of \$105,000. Results from the Facilities Study will be used in reprogramming these funds within General Capital Projects Fund (for currently scheduled projects, facilities projects, or to accelerate full funding for apparatus and equipment replacement) as directed by the Board.