

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

VOTE

IN CITY COUNCIL

ORDER,

A supplemental appropriation to raise from the tax levy, local receipts, offset receipts, and a transfer from the salary stabilization to the Lowell Fire Department Account for Personal Services (Overtime) in FY2023.

ORDERED,

By the City Council of the City of Lowell, as follows:

That the amount of Nine Hundred Thousand and 00/100 (\$900,000) Dollars be hereby further appropriated by raising from the FY2023 tax levy, additional local receipts, and offset receipts and appropriating to the Lowell Fire Department Account for Personal Services (Overtime) in FY2023, account # (02204151-513000)

BE IT FURTHER ORDERED,

By the City Council of the City of Lowell by a Two-Thirds Vote, as follows:

That the amount of Six Hundred Thousand and 00/100 (\$600,000) Dollars is hereby transferred as follows:

FROM: Salary Stabilization Fund #8396

TO: Lowell Fire Department Account for Personal Services (Overtime) in FY2023, account # (02204151-513000)

ORDER RECOMMENDED AND INTRODUCED BY:



Thomas A. Golden, Jr., City Manager



Thomas A. Golden, Jr.
City Manager

November 16, 2022

Mayor Sokhary Chau
And
Members of the Lowell City Council

Re: **MOTION RESPONSE** - 11/9/2022 – C. Nuon - *Req. City Mgr. Have The LFD Fire Chief Review Existing Staffing Policies To Present Both A Short Term And Long Term Plan For Building A Sustainable OT Budget In The Fire Department; Including Reduction In Station Closings And Management Of Sick Time.*

MOTION RESPONSE – 11/1/2022 – C. Gitschier - *Req. City Mgr. Give The City Council An Update On The Fire Department Overtime.*

Dear Mayor Chau and Members of the Lowell City Council,

In response to the above referenced motions approved by the City Council, I am hereby requesting the Council vote to provide a supplemental appropriation the Lowell Fire Department ('LFD') in the aggregate total of \$1,500,000 in FY2023. The purpose of this appropriation is to provide the Lowell Fire Department with adequate funding in order to keep all fire stations open through June 30, 2023. The Fire Chief and my team have concurrently met to formulate both a sustainable overtime budget in the LFD and a strategy for strengthening internal controls within department personnel policies and procedures, to provide a path forward to continue the policy of maximum fire protection. This plan achieves those short term goals and makes headway towards establishing a long term, sustainable funding plan for the department.

Public safety is a key priority area both for the City Council and for my Administration. Fire protection is an integral component of our strategy to ensure the safety of Lowell residents' lives and property. This vote by the Council will provide adequate budgetary flexibility for the Lowell Fire Department to keep all fire companies open—except in the unforeseen event of a mechanical issue with the apparatus—through the end of the fiscal year. Over the course of the first quarter of FY2023, my finance team has closely monitored the expenses in the LFD salary account, as well as the local receipts to determine a course of action prior to setting the tax rate for this fiscal year. The financial strategy to fund the overtime through the end of the fiscal year—through June 30th—will be to raise an additional \$900,000 from the levy and other local receipts and also to transfer \$600,000 from the salary stabilization fund, the source of which was the certified free cash from FY2021, appropriated into the stabilization fund by the Council in April of 2022. By utilizing the stabilization fund, we will be able to mitigate the tax impact in FY2023.



Thomas A. Golden, Jr.
City Manager

It has been at least three decades since the last time the City of Lowell has been able to maintain a reduction in ‘brownouts’ similar to this past year and the Council is to be commended for its steadfast dedication. In FY2021, there were six hundred and ninety one (691) total fire company closings during the year. The unprecedented commitment of financial resources that has followed by the City Council, however, allowed the LFD to revise their policy and only close one (1) company during the day shift last year, which ultimately resulted in the current policy to keep all companies open after the new Council was seated in January, lowered the total brown outs to two hundred and thirty (230) total closings in the last fiscal year (FY2022). To date this fiscal year (FY2023), we have had only four (4) company brown outs, all of which were related to maintenance issues.

I have met with the Fire Chief and my finance team to discuss the ways and means for implementing a sustainable strategy for maintaining this policy, moving forward.

A memorandum from the Chief Financial Officer is enclosed which provides additional details on the transfer and an analysis on the financing, is enclosed. During discussion of this issue at the November 1st City Council meeting, a breakdown of the overtime expenditure and a comparison to other comparable communities in Massachusetts were requested and are enclosed with the CFO’s memo, as is additional analysis on the overtime usage to date and a historical review of overtime in the department. A communication from the Fire Chief is also enclosed, which speaks to the current staffing levels in the department and the impact on this year’s overtime.

Please do not hesitate to let me know if there are any questions.

Sincerely,

Thomas A. Golden, Jr.
City Manager

Cc: Conor Baldwin, Chief Financial Officer
Phillip Charron, Fire Chief



Conor M. Baldwin
Chief Financial Officer

Austin Ball
Deputy CFO

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager

FROM: Conor Baldwin, Chief Financial Officer

CC: Phil Charron, Fire Chief

DATE: November 16, 2022

SUBJECT: Supplemental Appropriation – Lowell Fire Department – FY2023

This memo is intended to provide an update to the City Council regarding the Lowell Fire Department's FY2023 budget for overtime and the efforts to reducing company closings by the City Manager and the Fire Department. The finance department has been closely monitoring the overtime budget in the Lowell Fire Department since the commencement of the fiscal year and has communicated with the Fire Chief regarding a plan to address the forecasted needs of the department. Early in the year, it became clear that amount originally appropriated in the Fire Department (LFD) would not be sufficient for the entire year. The accelerated pace of overtime is the primary driver for the total expenditures on the year in the Fire Department. For a variety of reasons, more fully described in the enclosed memorandum from the Fire Chief, the weekly overtime has averaged \$64,619 per week since July 1. As of the date of this memorandum, the LFD has expended \$1.28 million of the original budget of \$1.5 million (85.77%). The Fire Chief has requested a supplemental appropriation of an additional \$1.5 million to continue the policy of keeping all fire companies open through June 30, 2023.

The FY2023 overtime budget was increased by \$400,000 over last year's original budget of \$1.1 million. This additional funding was an effort to afford for a reduction in company closings, consistent with the will of the City Council. The chart in **Table 1** outlines the historical budget amounts for the LFD, the amounts transferred into the overtime budget, and the actual annual expenditures on overtime, including grant funding sources and OT related to COVID-19 which was charged to a separate fund while the City of Lowell seeks reimbursement from FEMA. The annual average overtime budget for the LFD for the fiscal years prior to the last—when company closings were used to manage overtime—was \$744,400. Based on the current average weekly rate of overtime in the LFD (\$61,266) to date, it is estimated that the department will exhaust their overtime budget sometime in early-December. Preliminary calculations for an annualized cost for overtime, based on the current trend, indicate that an additional appropriation of at least \$1.5 million will be necessary in the General Fund. While the total overtime needs could be greater, the remaining portion of the supplemental funding can be provided within the department's salaries & wages permanent budget account, which is tracking to generate a surplus this year due to vacancies and retirements. Preliminary estimates indicate the surplus to be approximately \$314,000, however a portion of this will need to be used to accommodate any new firefighters added to the staff or retirement payouts before 6/30.



Conor M. Baldwin
 Chief Financial Officer

Austin Ball
 Deputy CFO

TABLE 1

FIRE OVERTIME HISTORY - GENERAL FUND						
	2018	2019	2020	2021	2022	2023*
ORIGINAL BUDGET	\$ 741,600	\$ 741,600	\$ 741,600	\$ 750,000	\$ 1,100,000	\$ 1,500,000
TRANSFERS IN	\$ 100,000	\$ 50,000	\$ 123,000	\$ 389,129	\$ 1,500,000	\$ 1,500,000
TRANSFERS OUT					\$ (40,000)	
REVISED BUDGET	\$ 841,600	\$ 791,600	\$ 864,600	\$ 1,139,129	\$ 2,560,000	\$ 3,000,000
ACTUAL OT EXPENDITURES	\$ 841,600	\$ 791,600	\$ 864,240	\$ 1,139,129	\$ 2,559,526	\$ 1,286,592
						*YTD
OTHER FINANCING SOURCES						
	2018	2019	2020	2021	2022	2023
COVID-19 (FEMA)	\$ -	\$ -	\$ -	\$ 344,617	\$ 391,532	\$ 19,326
MA STAFFING GRANT OT	\$ -	\$ -	\$ -	\$ 80,500	\$ 69,009	\$ 78,895
GRAND TOTAL OVERTIME	\$ 841,600	\$ 791,600	\$ 864,240	\$ 1,564,246	\$ 3,020,067	\$ 1,384,812

Pursuant to a request by the City Council, the finance department has surveyed comparable communities' fire department budgets and prepared a comparison report on the total salary and wages appropriations, and the overtime budgets of those communities as a percentage of the total salaries and wages ('S&W') budget in **TABLE 2**. Finally, an analysis is attached which highlights the monthly overtime usage over the past two fiscal years and FY2023, to date, along with the number of station closings each month. The second attached chart shows the running totals for overtime in the LFD for the last three fiscal years. In the station closing analysis, the impact to closings is clear and the only closings which have occurred since implementation of the policy have been the result of mechanical issues. However, the impact to the overtime expenditure has been significant.

TABLE 2

City/ Town	Population	Sworn Personnel	Land Area (Sq. Mi.)	2022 Avg. Single Family Tax Bill	Fire S&W Budget - Total	Fire Dept. OT Budget	OT as a % of S&W
Lowell	115,554	213	14.5	\$ 4,674	\$ 22,272,181	\$ 1,500,000	6.7%
New Bedford	101,079	223	24.1	\$ 4,055	\$ 20,121,989	\$ 1,632,500	8.1%
Lynn	101,253	183	13.5	\$ 5,195	\$ 20,727,932	\$ 1,405,000	6.8%
Brockton	105,643	236	21.5	\$ 4,767	\$ 29,124,003	\$ 408,000	1.4%
Quincy	101,636	205	26.9	\$ 6,510	\$ 28,014,543	\$ 2,269,029	8.1%
Springfield	155,929	284	33.1	\$ 3,484	\$ 22,618,897	\$ 1,100,000	4.9%
Worcester	206,518	424	38.5	\$ 4,477	\$ 41,162,323	\$ 2,010,856	4.9%



Conor M. Baldwin
Chief Financial Officer

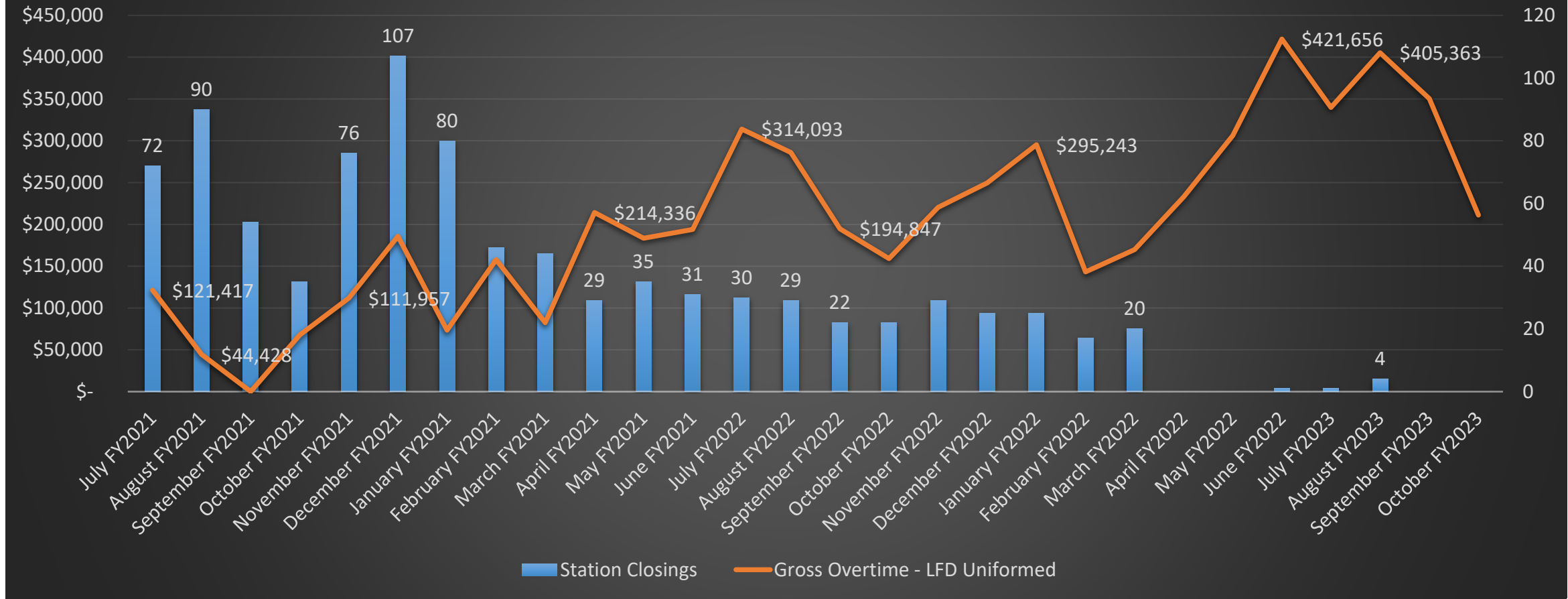
Austin Ball
Deputy CFO

This increased overtime has had the desired operational impact on reducing the number of company closures since its implementation. An analysis of the fire department sick leave is also included enclosed, for discussion. The Fire Chief will be available to discuss strategies put in place to manage leave and time-off in an effort to curtail overtime and build a sustainable financing model. Given the clear direction by the City Council to continue this public safety-focused strategy, it is the recommendation of the finance department that the financing plan for the rest of the fiscal year is as follows: a supplemental appropriation from the FY2023 tax levy and other local receipts be presented to the Council for approval prior to setting the tax rate next month in the amount of \$900,000, and to appropriate the balance of \$600,000 from the salary stabilization fund. The balance of the salary stabilization fund as of June 30, 2022 was \$2 million. An appropriation of \$1 million was included in the financing plan for the FY2023 budget and if the transfer is approved, a balance of \$400,000 will remain in the fund for future use.

I have worked with the Law Department to prepare the necessary vote, which is enclosed. Please let me know if there are any questions.

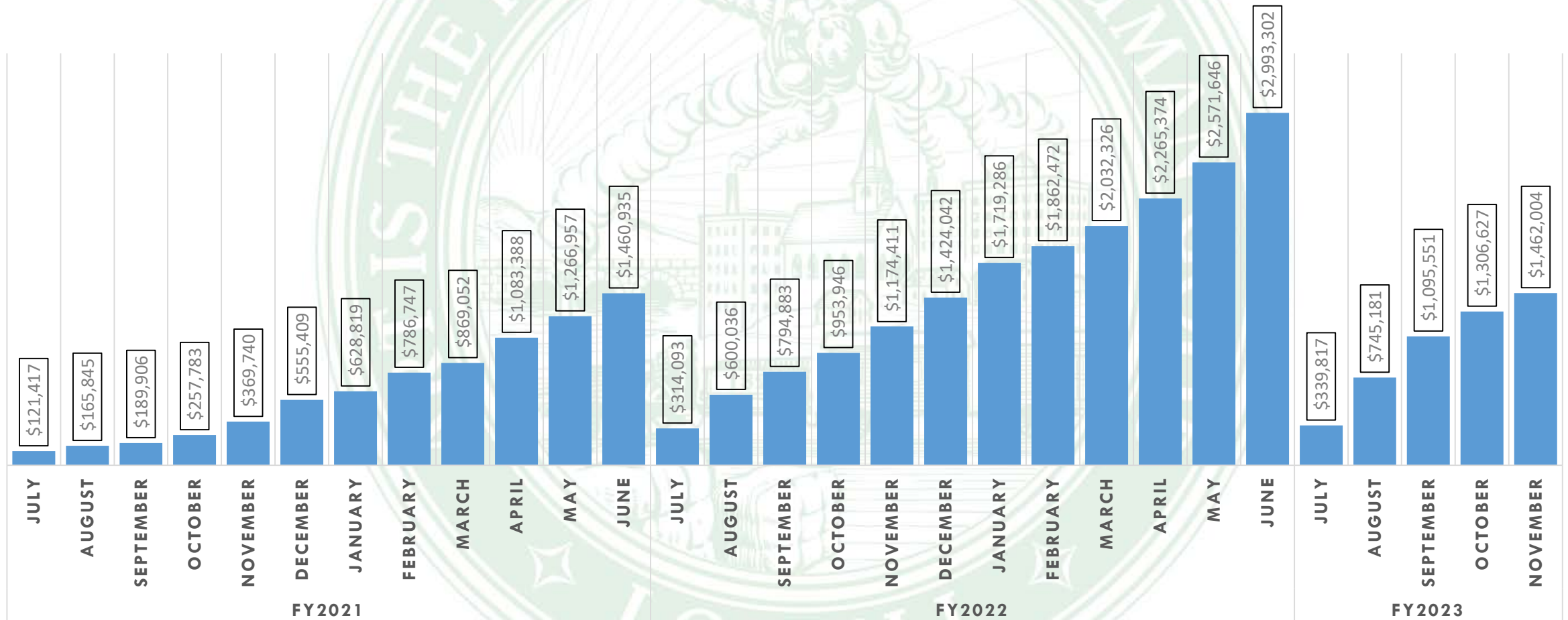
Office of the City Manager – Finance Department

Station Closings & LFD OT Per Month



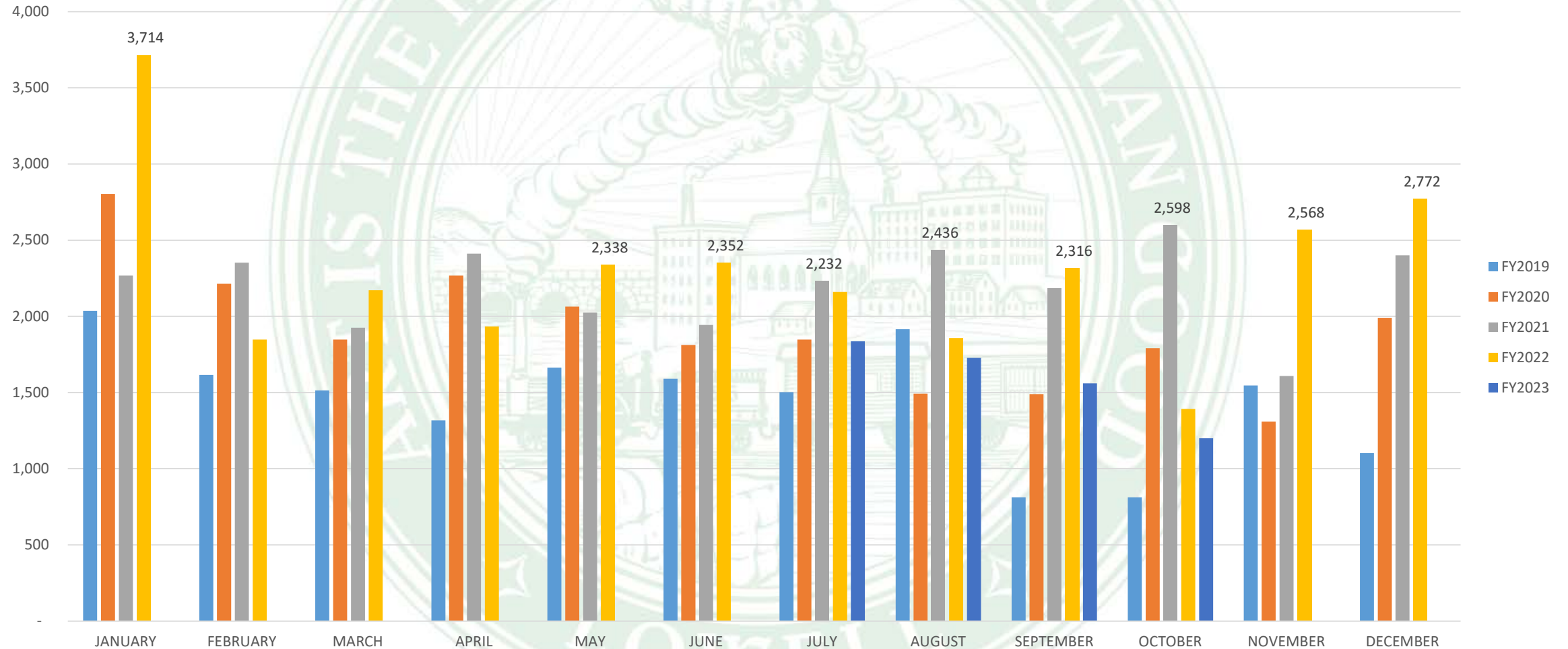
Office of the City Manager – Finance Department

RUNNING TOTALS - MONTHLY OT FY2021 VS. FY2022 VS. FY2023 YTD



Office of the City Manager – Finance Department

Sick Leave Usage – LFD – Historical Aggregate Totals by Month





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Phillip A. J. Charron
Fire Chief

To Chief Financial Officer Baldwin,

Lowell Fire Department Overtime Request

The Lowell Fire Department, after review of the potential costs associated with keeping all fire stations open 24 hours a day until the end of the fiscal year, is requesting 1.5 million dollars. This is based on an approximately \$50,000.00 a week allocation over 36 weeks. While many weeks will come in below this mark, some, especially those in close proximity to the holidays and summer months will come in at over this amount. Last fiscal year, 1.1 million was allocated to the Fire Department overtime line item at budgeting time. This was followed by an additional 1.5 million dollars to round out the total monies to 2.6 million dollars, of which 2.5 million were expended. This fiscal year 1.5 million was allocated at budgeting time. It is projected that the infusion of 1.5 million, bringing the total monies in the overtime account to 3 million, will allow all fire companies to remain open to 6/30/23.

There are several challenges to controlling these costs. First, and most importantly, is the total personnel assigned to the fire department. To maintain 24 hour manning of all eight firehouses requires 213 members. By the end of this month the department will be down 18 members. This contributes heavily to our overtime needs. The state fire academy has not brought its recruit training class sizes up to pre-COVID levels and it still takes 8-9 months from the decision to hire new personnel for a spot in a training class to be available. Three new members are currently training in the academy and we expect them to be available by early January 2023. Two more personnel will enter the state fire academy in late November and be available early February. In an attempt to accelerate the hiring/training process, 8 new members will start the Boston Fire Academy in January. This academy is 16 weeks long and this means we will not have these 8 new firefighters available to work on a truck until May. Even with these additions, we will still be short 5 firefighters. We will have to begin another hiring sequence for 5-8 new personnel at some point in the early spring. Until these dispositions can be made, we will continue to incur significant overtime costs into the new calendar year.

Secondly, it's important to remember that March of last fiscal year was when the department began hiring to maintain all companies open around the clock. These costs are higher than anything that has been seen in the past due to the fact that we have not attempted to maintain this level of operations in three decades. It became commonplace to shut down fire companies and even whole houses on a rotating basis due to inadequate funding. In FY21, there were 691 fire company closings. A commitment of financial resources, beginning with only shutting down 1 company during the day and culminating in keeping all companies open, for FY22 lowered the brown outs to 230. To date this fiscal year we have just 4 brown outs, all of which are related to maintenance issues. These funds are contributing directly to the speed at



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Phillip A. J. Charron
Fire Chief

which fire services can be provided to the public and turning over positive outcomes in relation to lives and property.

Lastly, there are other smaller but not inconsiderable costs drawing off of this account. They are associated with larger emergencies that culminate in a call back of personnel. Various specialty services such as Fire Investigation, Dive Team, Field Communications and Apparatus Maintenance are called back numerous times during the year to support day to day operations. Combined with large emergency event callbacks involving the fire department suppression personnel and chief officers necessary to manage them, these costs can have an impact on overtime monetary needs over the course of the fiscal year.

Please let me know if you have any questions,

Respectfully,

Phillip A.J. Charron
Lowell Fire Department, Commanding



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Phillip A. J. Charron
Fire Chief

MEMORANDUM

TO: Thomas A. Golden Jr., City Manager

FROM: Phillip A. J. Charron, Chief of the Fire Department

DATE: November 16th, 2022

SUBJECT: REQ. CITY MANAGER GIVE THE CITY COUNCIL AN UPDATE ON THE FIRE DEPARTMENT OVERTIME.

REQ. CITY MANAGER HAVE THE LFD FIRE CHIEF REVIEW EXISTING STAFFING POLICIES TO PRESENT BOTH A SHORT TERM AND LONG TERM PLAN FOR BUILDING A SUSTAINABLE OT BUDGET IN THE FIRE DEPARTMENT; INCLUDING REDUCTION IN STATION CLOSINGS AND MANAGEMENT OF SICK LEAVE.

The Fire Department is requesting 1.5 million dollars to augment the overtime budget. This would enable the department to continue the policy of maintaining all companies open 24 hours a day until the close of FY23. This figure anticipates overtime needs going forward based on last year's numbers and the increases in costs associated with benefits given by the collective bargaining agreement. While this is a large number, there are several reasons and considerations that have led to this point.

The most significant issue is maintaining a number of firefighters per shift consistent with the established department manning of 213 personnel. Hiring to replace losses in personnel has been difficult. A typical hiring process involves a Civil Service roster signing, Cori checks, a doctor's medical evaluation, and a Physical Agility Test (PAT). In year's past this process has taken 2 months to complete. During COVID and continuing into the post-COVID period, it takes 3 or months to complete employee packages before submitting them to the Massachusetts Fire Academy. The Fire Academy itself has struggled to maintain its training numbers, cutting class sizes in half and even shutting down for a month in early 2021. To move around this obstacle, the current group of recruits being hired will be going to the Boston Fire Academy. To date, the number of recruits in a training class at the state fire academy have been slowly rising, but have still not reached pre-COVID levels. This has led to a large number of members waiting long periods to enter recruit training. What was a 3 month wait after processing to enter recruits into the academy is now nearly 7 months. Since 2020, the fire department has 21 new personnel, yet due to retirements and resignations has lost 24.

The effects of the COVID period and the post COVID era have placed a significant drain on financial resources. FY21 COVID Overtime costs reach just below \$345,000. It increased



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Fire Chief

further in FY22 to over \$391,000. During COVID, the procedures necessary to properly isolate, quarantine and contact trace all department employees demanded a large amount of time and work. It also added significantly to the overtime totals of the department. The city policy for COVID during this timeframe, especially in regards to flu-like symptoms, contributed to a greater use of sick leave that is not captured in the figures above. During and after COVID, the fire department has struggled to get medical appointments for new individuals, schedule Physical Agility Tests and secure spots in the state fire academy. COVIDs lingering effects continue to challenge the department in many areas.

One of the contributing factors to the high overtime figures is Injury and Sick leave use. Currently this list has seven members. This has been brought down from a high of 13 due to a combination of retirements and medical evaluations. In August 2022, working with the Law Department and the City Doctor, we requested Independent Medical Evaluations for many individuals on this list in an attempt learn the potential for these individuals to return to work. Some of these are completed and several are ongoing. Regarding individual sick leave, in May of 2022, we identified an issue with excessive sick leave use. In June, 38 firefighters were counseled for this and placed on “Doctor’s Notes” for a period of 6 to 12 months. They are required during this period to provide doctor’s notes to the chief’s office on or before their next working shift after calling in sick. As a result, we have seen a 21% drop in sick leave use so far this fiscal year in relation to the same timeframe in FY22.

To illustrate the challenges facing shift commanders (Deputy Chiefs) in day to day hiring, it is necessary to look at shift hiring on any given day. The Lowell Fire Department has 8 fire stations with 13 fire companies and 2 chief cars. Each company requires an officer, a driver and a firefighter, while each chief car requires one deputy chief. To complete the manning on a shift, the deputy chief in charge of hiring must have a total of 41 personnel. The Collective Bargaining Agreement allows for 8 persons to be out on vacation, one person out on compensatory time and an additional 3 persons out on “vacation weeks” during the summer vacation period. This puts a severe stress on overtime as the 4 hiring groups average only have 1-2 additional members over the 41 required. With a fully staffed department of 213, each shift group would have 47 members, a full 6 additional people to help fill gaps in each shift and this would go a long way to decrease the cost of overtime required throughout the year.

Provided are the overtime figures for the period FY20 thru FY23 to date. Included are the COVID costs and the current overtime funds currently available to the department:

- OT Costs FY20: Budget: \$864,600.00 COVID: \$0
- OT Costs FY21: Budget: \$1,139,129.42 COVID: \$344,616.68



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Phillip A. J. Charron
Fire Chief

- OT Costs FY22: Budget: \$2,560,000.00 COVID: \$391,531.96
- FY23 to Date: Budget: \$1,286,591.62 COVID: \$19,325.86
- OT currently available: \$213,408.38

Going forward the department's short-term plan to deal with overtime costs includes the following:

1. The allocation of 1.5 million into the overtime account to handle the costs estimated for the remaining part of FY23.
2. Continued progressive counseling and oversight of excessive individual sick leave use.
3. Continued review of the Long Term Injury/Sick leave List with the Law Department and the City Doctor.
4. Firefighters already in the hiring/training pipeline will report to trucks fully trained:
 - a. January: 4
 - b. February: 2
 - c. May: 6

The long-term plan involves the following:

1. Hiring 6(7) more candidates for processing in December – Potential fire academy spots in May putting our manpower @ 212(213) by late July 2023.
2. Work with the City Manager/The Union on changes to the Collective bargaining agreement:
 - a. Adjusting vacation time parameters.
 - b. Increasing upper limits on manning.
 - c. Retirement pre-notification incentives.

In closing, it's important to consider what the city is gaining by continuing to fund the fire department at its current level. Midway thru FY21 this office was required to provide an estimate of the number of fire company brownouts for that fiscal year. We were on track for 746 closings. The decision made in April 2021 to shut down only one truck during the day and maintain all of them at night dropped the final closing figure to 691. This was maintained until mid-March 2022, at which point we began hiring to keep all companies open 24 hours a day. By the end of FY22, the total brownouts were reduced further to 230, a drop of over 65%. To date in F23 there are 5 brownouts and these are not due to manpower but to the condition of the fleet of vehicles. The city's most recent fires all point to the advantages in protection and safety offered by a fully manned fire department. The Lowell Fire Department will continue to work towards mastering the issue of overtime.