

M E M O R A N D U M

March 16, 2022

TO: Public Safety Committee

FROM: Susan J. Farag, Legislative Analyst

SUBJECT: **Worksession:** Supplemental Appropriation #22-62 to the FY22 Operating Budget
Montgomery County Government
Montgomery County Fire and Rescue Service (MCFRS)
General Personnel and Operating Costs, \$13,900,000

PURPOSE: Vote to recommend approval on this supplemental appropriation

Today the Committee will discuss a supplemental appropriation that supports MCFRS general personnel and operating expenditures through the end of the year. Those expected to attend today's worksession include:

Chief Scott Goldstein, MCFRS

Dominic Del Pozzo, Fiscal Management Division Chief, MCFRS

Rachel Silberman, Office of Management and Budget (OMB)

This supplemental appropriation is required because actual expenditures are expected to exceed the budget. Personnel costs are projected to exceed the appropriation due to actual overtime costs being greater than budgeted. Operating expenses are projected to exceed the appropriation mainly due to vehicle maintenance and repair, snow removal, facilities maintenance, wireless communications, and insurance. The source of funds is Undesignated Fire Fund Reserves. This supplemental will reduce Undesignated Fire Fund Reserves by \$13,900,000 and is consistent with the fund balance policy for tax supported reserves.

Structural Overtime Deficit

The Committee has discussed MCFRS' structure overtime deficit for several years, and MCFRS has had structural overtime cost overruns since FY17. As the Committee knows from prior discussions, much of this overtime is caused by insufficient staffing. Additionally, projected overtime has not been accurately budgeted for the past several years. While FY16 only realized a \$1.9 million overtime cost overrun, beginning in FY17, these overruns have exceeded the budgeted

amount by about 32% on average. This supplemental appropriation provides about \$9.1 million to address the projected year-end overrun for FY22.

Much of this overtime overrun can be predicted and budgeted. A 2018 CountyStat Net Annual Work Hour Update determined that the Department needed an additional 180 career Firefighter positions to achieve minimum staffing requirements without the use of overtime. The CE did add 20 Firefighter positions in the FY20 budget, as well as \$2.184 million in the overtime budget to reflect the impact of several years of General Wage Adjustments (GWAs). The CE also added 10 Paramedic Training positions in the FY22 budget which help address backfill overtime that is used when Firefighters attend Paramedic Training.

Overtime Overruns (in \$ millions)			
Fiscal Year	Budgeted Overtime	Actual Overtime	Overrun
FY22	\$18.7		
FY21	\$18.3	\$24.5	\$6.2
FY20	\$18.3	\$23.7	\$5.4
FY19	\$16.2	\$18.4	\$2.2
FY18	\$16.2	\$24.2	\$8.0
FY17	\$15.9	\$24.6	\$8.7
FY16	\$15.6	\$17.5	\$1.9
FY15	\$16.4	\$17.1	\$0.7
FY14	\$16.4	\$17.4	\$1.0

Operational Expenditure Overruns

There are several operational areas that also create structural budget deficits, including vehicle maintenance and repair, snow removal, facilities maintenance, wireless communications, and insurance. While these types of costs are not as predictable as overtime, they reflect either no budgeting (snow removal) or continuous under-budgeting. Council staff notes that the CE's FY23 Recommended Operating Budget includes an additional \$1.85 million to address Fleet maintenance, \$1.15 million to address facilities maintenance, and \$500,000 for wireless communications. This supplemental provides approximately \$4.8 million for projected year-end operational expenditure overruns.

Vehicle Maintenance and Repair (in \$ millions)			
Fiscal Year	Budgeted	Actual	Overrun
FY22 to date	\$5.0	\$5.7	\$0.7
FY21	\$4.3	\$5.6	\$1.3
FY20	\$4.3	\$7.4	\$3.1
FY19	\$4.3	\$7.4	\$3.1
FY18	\$4.4	\$7.4	\$3.0

Snow Removal (in \$ millions)				
Fiscal Year	Budgeted	Actual	Overrun	
FY22 to date		\$0.8	\$0.8	
FY21		\$0.5	\$0.5	
FY20		\$0.1	\$0.1	
FY19		\$0.4	\$0.4	
FY18		\$0.4	\$0.4	

Facilities Maintenance (in \$ millions)				
Fiscal Year	Budgeted	Actual	Overrun	
FY22 to date	\$1.4	\$2.6	\$1.2	
FY21	\$1.4	\$2.1	\$0.7	
FY20	\$1.4	\$1.9	\$0.5	
FY19	\$1.4	\$1.6	\$0.2	
FY18	\$1.4	\$2.2	\$0.8	

Wireless Communications (in \$ millions)				
Fiscal Year	Budgeted	Actual	Overrun	
FY22 to date	\$0.3	\$0.8	\$0.5	
FY21	\$0.3	\$1.1	\$0.8	
FY20	\$0.3	\$0.7	\$0.4	
FY19	\$0.3	\$0.6	\$0.3	
FY18	\$0.3	\$0.6	\$0.3	

Insurance (in \$ millions)				
Fiscal Year	Budgeted	Actual	Overrun	
FY22 to date	\$2.7	\$3.0	\$0.3	
FY21	\$2.3	\$2.7	\$0.4	
FY20	\$1.9	\$2.3	\$0.4	
FY19	\$1.9	\$2.0	\$0.1	
FY18	\$1.8	\$1.9	\$0.1	

Council Staff Recommendation

Council staff recommends approval as submitted but notes that many of these costs, particularly overtime, are predictable and should be budgeted each year. Council staff also notes there is a proposed GWA of almost 5% in FY23, which should also be taken into consideration when developing overtime estimates. This continues to be a budget issue in Council's budget review process.

This staff report contains:

County Executive Transmittal Memo
Draft Resolution
MCFRS Data on Overtime and Operating Expenses

Circle

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OFFICE OF THE COUNTY EXECUTIVE

Marc Elrich
County Executive

M E M O R A N D U M

February 15, 2022

TO: Gabe Albornoz, President
Montgomery County Council

FROM: Marc Elrich, County Executive 

SUBJECT: Supplemental Appropriation #22-62 to the FY22 Operating Budget
Montgomery County Government
Montgomery County Fire and Rescue Service
General Personnel and Operating Costs, \$13,900,000

I am recommending a supplemental appropriation to the FY22 Operating Budget of the Montgomery County Fire and Rescue Service in the amount of \$13,900,000 for general personnel and operating costs. This appropriation will fund spending through year-end as projected at the end of the second quarter.

This increase is needed to support general personnel and operating expenditures through the end of the year, as actual expenditures are expected to exceed the budget. Personnel costs are projected to exceed the appropriation due to actual overtime costs being greater than budgeted. Operating expenses are projected to exceed the appropriation mainly due to vehicle maintenance and repair, snow removal, facilities maintenance, wireless communications, and insurance.

I recommend that the County Council approve this supplemental appropriation in the amount of \$13,900,000 and specify the source of funds as Undesignated Fire Fund Reserves. This supplemental will reduce Undesignated Fire Fund Reserves by \$13,900,000 and is consistent with the fund balance policy for tax supported reserves.

I appreciate your prompt consideration of this action.

ME:rs

Attachment: Supplemental Appropriation #22-62

cc: Jennifer R. Bryant, Director, Office of Management and Budget
Scott Goldstein, Chief, Montgomery County Fire and Rescue Service

Resolution No: _____

Introduced: _____

Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: Supplemental Appropriation #22-62 to the FY22 Operating Budget
Montgomery County Government
Montgomery County Fire and Rescue Service
General Personnel and Operating Costs, \$13,900,000

Background

1. Section 307 of the Montgomery County Charter provides that any supplemental appropriation shall be recommended by the County Executive who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a Federal, State or County law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.
2. The County Executive has requested the following FY22 Operating Budget appropriation increases for the Montgomery County Fire and Rescue Service:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$9,070,000	\$4,830,000	\$0	\$13,900,000	Undesignated Fire Fund Reserve

3. This increase is needed to support general personnel and operating expenditures through the end of the year, as actual expenditures are expected to exceed budget. Personnel costs are projected to exceed the appropriation due to actual overtime costs being greater than budgeted. Operating expenses are projected to exceed the appropriation mainly due to vehicle maintenance and repair, snow removal, facilities maintenance, wireless communications, and insurance.
4. The County Executive recommends a supplemental appropriation to the FY22 Operating Budget in the amount of \$13,900,000 for general personnel and operating costs and specifies that the source of funds will be undesignated fire fund reserves.
5. Notice of public hearing was given, and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following action:

A supplemental appropriation to the FY22 Operating Budget of the Montgomery County Fire and Rescue Service is approved as follows:

<u>Personnel Services</u>	<u>Operating Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>	<u>Source of Funds</u>
\$9,070,000	\$4,830,000	\$0	\$13,900,000	Undesignated Fire Fund Reserve

This is a correct copy of Council action.

Selena Mendy Singleton, Esq.
Clerk of the Council

OVERTIME (FY21)

Budget	Actual	Variance
\$18,311,236	\$ 24,538,763.00	(\$6,227,527.00)

OPERATING EXPENSES***Vehicle Maintenance & Repair***

	Budget	Actual	Variance
FY22-To Date	\$ 4,998,020	\$ 5,738,216	\$ (740,196)
FY21	\$ 4,300,521	\$ 5,571,076	\$ (1,270,555)
FY20	\$ 4,265,202	\$ 7,360,487	\$ (3,095,285)
FY19	\$ 4,334,000	\$ 7,424,000	\$ (3,090,000)
FY18	\$ 4,350,000	\$ 7,447,000	\$ (3,097,000)

Snow Removal

	Budget	Actual	Variance
FY22-To Date	\$ -	\$ 790,000	\$ (790,000)
FY21	\$ -	\$ 495,149	\$ (495,149)
FY20	\$ -	\$ 62,048	\$ (62,048)
FY19	\$ -	\$ 387,667	\$ (387,667)
FY18	\$ -	\$ 351,737	\$ (351,737)

Facilities Maintenance

	Budget	Actual	Variance
FY22-To Date	\$ 1,404,637	\$ 2,554,637	\$ (1,150,000)
FY21	\$ 1,404,637	\$ 2,112,397	\$ (707,760)
FY20	\$ 1,404,637	\$ 1,891,218	\$ (486,581)
FY19	\$ 1,353,063	\$ 1,619,338	\$ (266,275)
FY18	\$ 1,353,000	\$ 2,215,239	\$ (862,239)

Wireless Communications

	Budget	Actual	Variance
FY22-To Date	\$ 386,500	\$ 880,879	\$ (494,379)
FY21	\$ 325,100	\$ 1,054,137	\$ (729,037)
FY20	\$ 263,900	\$ 713,751	\$ (449,851)
FY19	\$ 263,900	\$ 646,027	\$ (382,127)
FY18	\$ 263,900	\$ 634,618	\$ (370,718)

Insurance

	Budget	Actual	Variance
FY22-To Date	\$ 2,658,374	\$ 2,962,601	\$ (304,227)
FY21	\$ 2,267,374	\$ 2,665,767	\$ (398,393)
FY20	\$ 1,928,374	\$ 2,263,554	\$ (335,180)
FY19	\$ 1,869,374	\$ 2,023,876	\$ (154,502)
FY18	\$ 1,781,374	\$ 1,902,237	\$ (120,863)