

FY 2017-18 BUDGET
FIRE DEPARTMENT

JUNE 27, 2017

Frank Peterson

DESCRIPTION OF PROBLEM

- Rising employee costs and excessive leave time have pushed Muskegon Fire Department personnel costs to an unsustainable level.
- Despite many attempts to mitigate this problem over the years, personnel costs have continued to rise.
- Without changes, FY 2017-18 MFD personnel costs were estimated to grow to \$4.49 Million (base salary, overtime, and fringe benefits).
 - \$132,000 total per position
 - \$2.19 Million in base salaries
 - \$2.29 Million in overtime and fringe benefits.

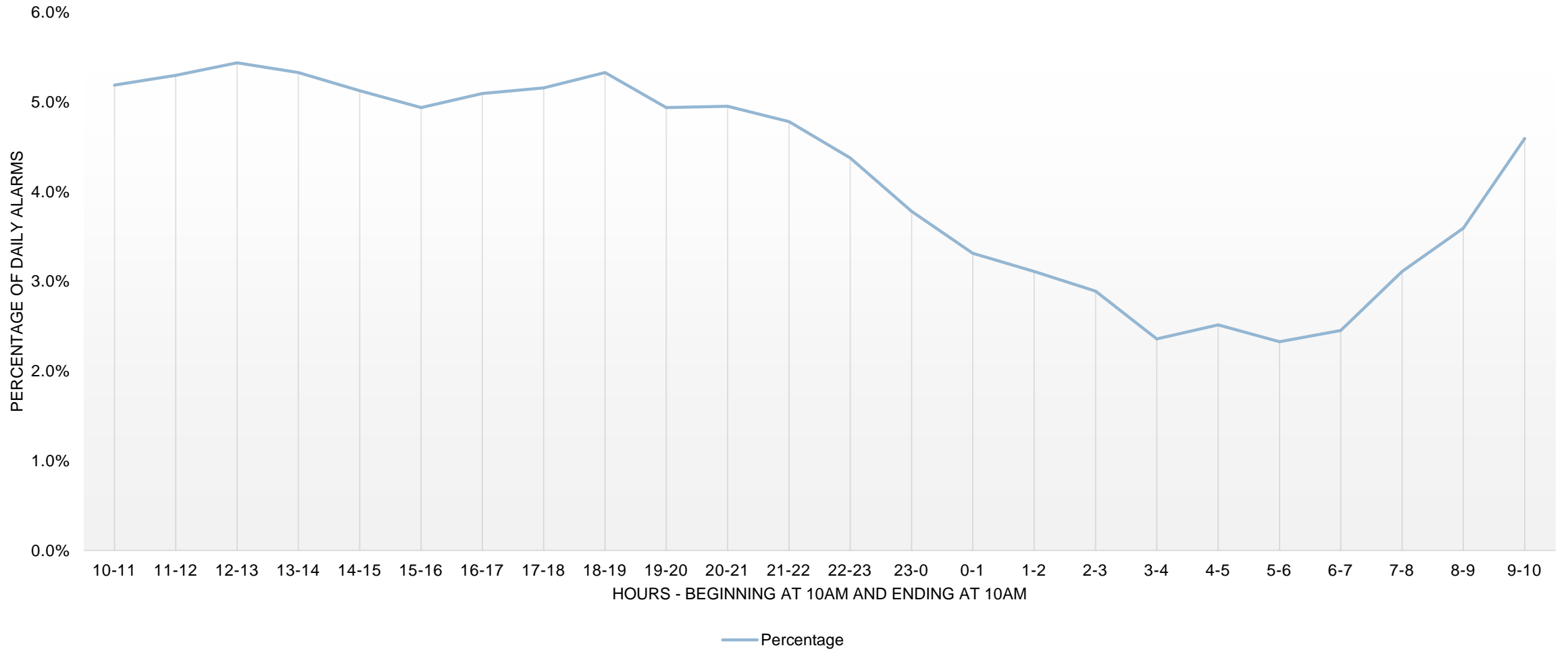
DESCRIPTION OF PROBLEM – GF PERSPECTIVE

- Average personnel cost across GF(160.4 FTEs):
 - Average Firefighter cost: \$132,000 annually (34 FTEs)
 - Average Police Officer cost: \$104,102 annually (88 FTEs)
 - Average civilian cost across GF: \$99,389 (38.4 FTEs)
 - Includes highest-base pay positions (city manager, division heads, department heads)
- If the same personnel costs were stretched across all city employees included in the general fund (160.4 FTEs), the personnel costs in the GF would raise from the proposed \$15.72 Million to \$21.17 Million.

SCHEDULING INFLEXIBILITY

- Current structure calls for 3 Kelly Shifts
 - Employees are scheduled in 24 hour increments.
 - There is no option to adjust staffing during demonstrated times of higher call volumes without also increasing staffing during times of demonstrated lower call volumes.
 - 11 employees are funded and assigned per 24-hour shift.
 - Employees are granted (4) 24-hour elective days (ELD) off per year as compensation for the 24-hour schedule.
 - 3 employees are guaranteed off for vacation, personal, or ELD time by collective bargaining agreement per shift/day.
 - Sick time can be used in addition to the three guaranteed slots
 - Until April 2016, minimum staffing level was maintained at 9 firefighters
 - Beginning April 2016, minimum staffing level was reduced to 8 firefighters
 - The inflexibility almost forces conflict between firefighters and management

SCHEDULING INFLEXIBILITY



MAINTAINING STAFFING

- Each shift begins with 11 firefighters scheduled
- For calendar year 2015, benefit time usage lowered assigned staffing significantly.
- Without backfilling with overtime, MFD would have experienced staffing at the following levels (24-hour increments):
 - 11 Firefighters: 38 times (10.4%)
 - 10 Firefighters: 94 times (25.7%)
 - 9 Firefighters: 96 times (26.3%)
 - 8 Firefighters: 97 times (26.6%)
 - 7 Firefighters: 35 times (9.6%)
 - 6 Firefighters: 4 times (1.1%)
 - 5 Firefighters: 1 time (0.2%)

7,056 Hours of Overtime in 2015

MAINTAINING STAFFING - USE OF BENEFIT TIME

- Firefighters are granted significant benefit time by contract:
- Employees hired before January 1, 2014
 - 576 hours total benefit time (vacation, personal, sick, and ELD)
 - 288 V, 96 ELD, 48 PD, 144 Sick
- Employees hired after January 1, 2014
 - First 8 years: 432 hours total benefit time
 - Years 9-20: 504 hours total benefit time
 - Years 21+: 576 hours total benefit time

MAINTAINING STAFFING – FORCED OVERTIME

- As firefighters use benefit time and staffing levels are reduced, overtime has historically been used to keep staffing levels at or above nine firefighters per shift. This has been costly:
 - 2013: 4,472 overtime hours
 - 2014: 7,626 overtime hours*
 - 2015: 7,056 overtime hours

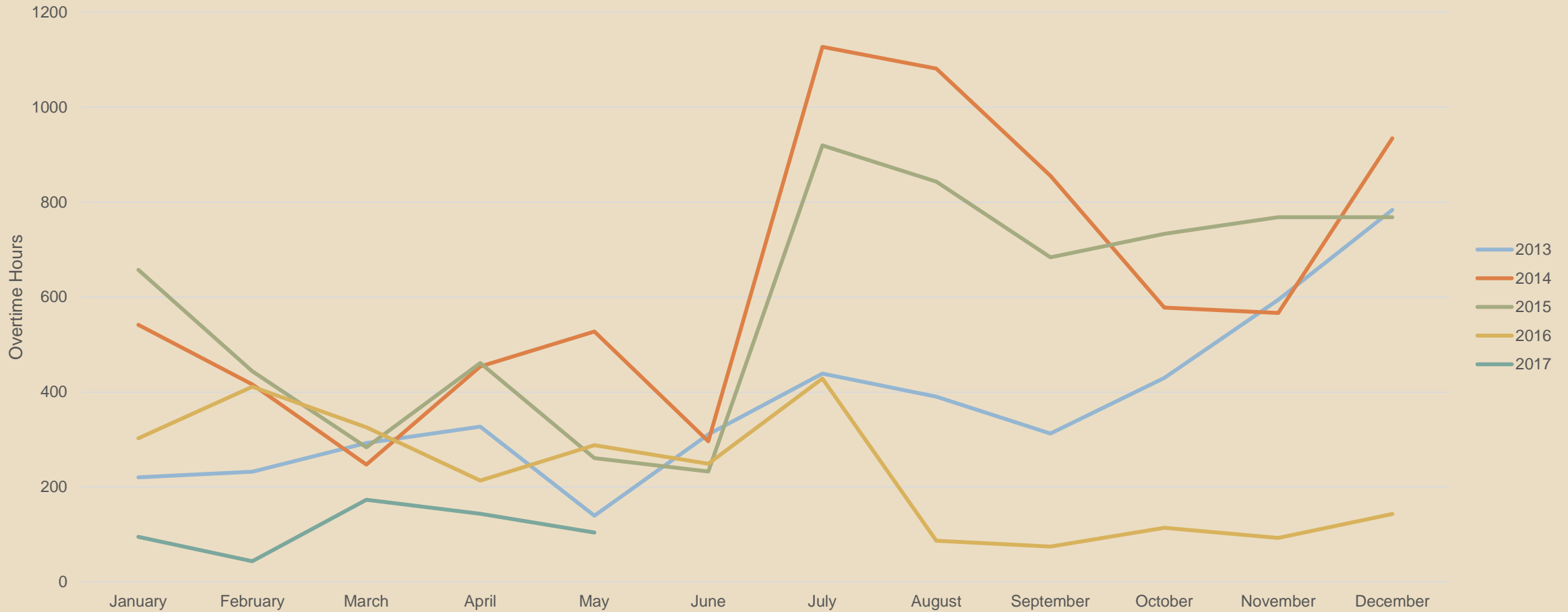
*Since 2014, 6 new firefighters were hired to help reduce OT; OT instead rose significantly.
- In 2015 alone, sick time was used during 115 work days
 - 95 of those days (82%), overtime was needed to meet staffing minimums
 - Overtime hours on days where sick time was also exercised equaled 2,676 hours in calendar year 2015
- In 2015 alone, benefit time usage on holidays resulted in more than 300 hours of holiday pay (2.5 rate), while personnel also received 2,640 hours of holiday pay in addition to regular pay.

MAINTAINING STAFFING – AVOIDING OVERTIME

- Beginning in April 2016, staffing minimums were lowered to avoid benefit-time induced overtime. The new minimum was 8.
- For calendar year 2016, the following shift strengths were realized:
 - 11 Firefighters: 28 times (7.7%)
 - 10 Firefighter: 99 times (27.2%)
 - 9 Firefighters: 135 times (37.0%)
 - 8 Firefighters: 103 times (28.1%)
- 65% of all days in 2016 featured 9 or less firefighters
- The amount of overtime used to maintain the staffing levels was 1,013 hours. Broken into 24-hour increments, this indicates 42 shifts would have realized additional reduced staffing without overtime.

MAINTAINING STAFFING – AVOIDING OVERTIME

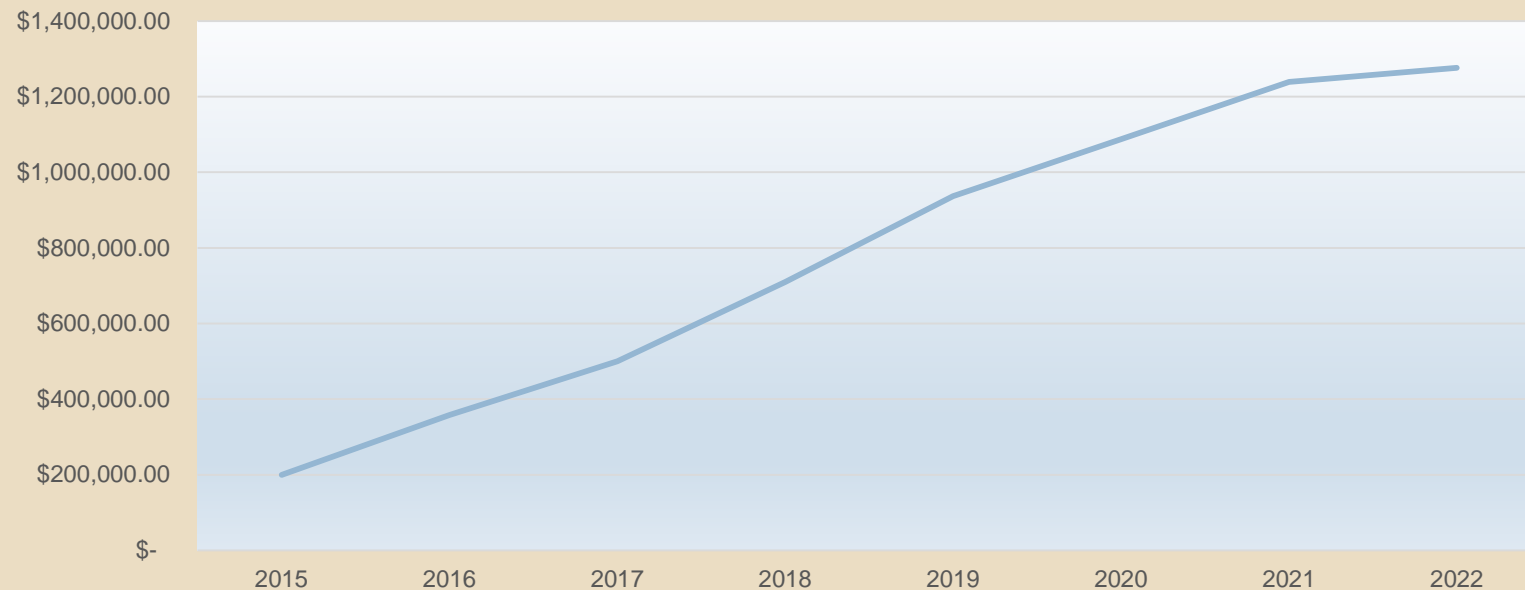
Overtime Hours By Month



GROWING BENEFIT COSTS

■ Pension Costs

- The City has ALWAYS fully-funded the actuary pension obligation
- Changes in ROI, life expectancies, and amortization periods caused a large spike in 2016, with significant growth in cost expected in subsequent years.
- The MFD pension program costs are projected as follows:



GROWING BENEFIT COSTS

■ Retiree Health Care

- The cost of health care for active employees has risen exponentially over the past decade.
- This is similarly true for retiree health care.
- The City's ARC beginning in 2016 was \$670,155 annually, with expected retiree claims to equal \$1.448 Million starting in 2017.
 - Police and Fire account for \$502,996 of the ARC
 - 108 Active members in this group. 23 are MFD members.
 - General employees account for \$162,159 of the ARC
- Retirees from the MFD can insure their spouse and children under the age of 26 during retirement. At this time, there is no cost to the retiree.

■ Benefit Time

- The cost to accommodate benefit time is difficult to measure, but using the \$130,000 per firefighter figure and the average of 2 firefighters utilizing benefit each day, we can estimate the cost at \$780,000.

CORRECTIVE ACTIONS TO DATE

- Pension – Closed to new hires effective January 1, 2005
- Retiree Health Care – Closed to new hires effective January 1, 2010
- Benefit Time – Lengthened benefit time accrual for new hires effective January 1, 2014.
- Overtime – Reduced staffing minimum from 9 to 7/8 firefighters per shift effective April 1, 2016
- Staffing Levels – Recently began rescheduling vacations and ELD time to meet staffing levels when firefighters abandon shifts without notice
- Staffing Levels – Began enforcing doctor notes for unexpected sick time usage. Additionally, began refusing sick leave if call-ins happen after the start of the shift.
- Staffing Levels – Addressed abuse of trade time through arbitration to eliminate the practice of firefighters selling shifts and collecting benefits without actually working.

CORRECTIVE ACTIONS - NEGOTIATIONS

- March 2016: Engaged command staff prior to reducing staffing minimums. Command staff offered no solutions – directing us to the union.
- March 2016: Engaged union to request changes to benefit time usage to avoid overtime and avoid reduced staffing minimums. Union refused to engage in conversation.
- July 2016: Engaged union to again request changes to benefit time usage to maintain staffing levels during busy summer festivals. Union refused to engage in conversation.
 - Management had to cancel at least one firefighter's benefit time to meet staffing
 - Management had to allow staffing to fall below 8 on at least one occasion
- May/June 2017: engaged union to again request changes to benefit time usage to maintain staffing. Union refused to engage.
 - Management cancelled three vacation/ELD days over the Memorial Day holiday to avoid significant overtime and holiday pay while maintaining adequate staffing
 - Union has demanded arbitration.

MIXED MESSAGES

- Management has strived to maintain staffing levels in a fiscally responsible way.
- The MFD Union's only response has been to demand higher staffing levels through new hires and overtime.
- Benefit time usage has grown since the implementation of the reduced staffing levels – causing further reductions.

MIXED MESSAGES

On May 21, 2017, a representative of IAFF Local 370 (representing MFD employees) posted the following message to Facebook:

Earlier today, your Local 370 Firefighters responded to a hazardous materials incident at MCCHS. While on scene, a potential water emergency occurred. Note that our reduced daily staffing makes it difficult to effectively respond to a single major incident, two is impossible. Thanks to North Muskegon Fire Department and the United States Coast Guard – Muskegon Station for covering this water rescue. Thankfully it was a false alarm. Had it not, the extended response time may have meant the difference between life and death.

We had 11 on duty that day.

MIXED MESSAGES

The next morning (Monday), after publicly stating that it was IMPOSSIBLE to respond to two incidents with 11 firefighters on duty, three firefighters were absent from roll call, lowering the staffing level to 8 firefighters.

The next weekend was Memorial Weekend – one of our City's busiest:

- Thursday (8 on duty): 3 on vacation
- Friday (7 on duty): 3 on vacation and 1 sick
- Saturday (8/7 on duty): 2 on vacation and 2 sick
- Sunday (8 on duty): 3 on vacation
- Monday (8 on duty): 2 vacation and 1 sick
- **Tuesday (10 on duty): Holiday is over and we're back to 10.**

MIXED MESSAGES



Muskegon Professional Fire Fighters I.A.F.F. Local 370

770 Terrace • Muskegon, MI 49440
231-724-6792

June 5, 2017

To: Jeff Lewis- Director of Public Safety
City of Muskegon

From: Pete Hughes- President
Muskegon Professional Firefighters L-370

Grievance:

Grievant: Union grievance on behalf of all Members

Date of the violations: May 26th and continuing

Provisions Violated: inter alia, Sections 10.3; Sections 18.1 & 18.2

Statement of the grievance:

On May 26th 2017 member Sandifer was informed that his previously scheduled Vacation day for May 27th 2017 was being cancelled.
On May 27th 2017 member Barnum was informed that his previously scheduled FLSA ELD (Kelly Day) was being cancelled.
On May 27, 2017 member Hannon was informed that his previously scheduled Vacation day for Monday May 29th was now contingent on no one else utilizing sick time on May 29th 2017, and that he would have to contact the B.C. office on May 29th and come into work if anyone else utilizes sick time on May 29th 2017.

Remedy requested:

That the City of Muskegon cease and desist from violating the contract; that the City of Muskegon pay monetary damages to the affected members; and that the City of Muskegon reimburse the Union its costs and attorney fees in view of the flagrant nature of the violations; and any other relief that the Union may request.

Respectfully submitted,

Pete Hughes-President L-370

RECEIVED
JUN 05 2017
MUSKEGON PUBLIC SAFETY
DIRECTOR

Statement of the grievance:

On May 26th 2017 member Sandifer was informed that his previously scheduled Vacation day for May 27th 2017 was being cancelled.

On May 27th 2017 member Barnum was informed that his previously scheduled FLSA ELD (Kelly Day) was being cancelled.

On May 27, 2017 member Hannon was informed that his previously scheduled Vacation day for Monday May 29th was now contingent on no one else utilizing sick time on May 29th 2017, and that he would have to contact the B.C. office on May 29th and come into work if anyone else utilizes sick time on May 29th 2017.

Remedy requested:

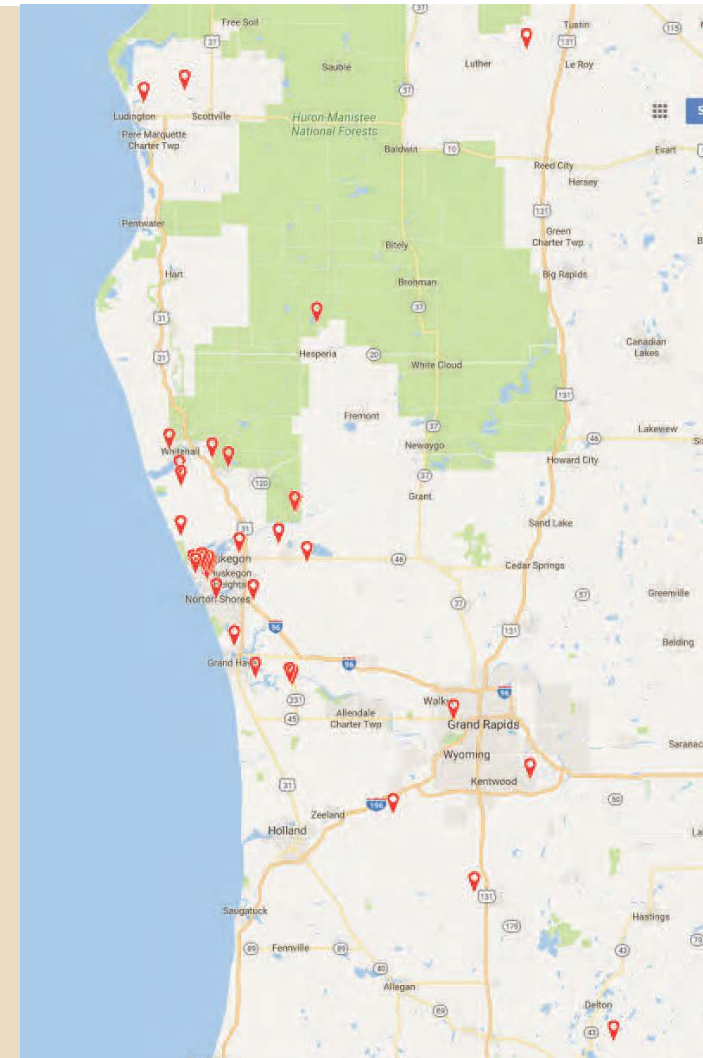
That the City of Muskegon cease and desist from violating the contract; that the City of Muskegon pay monetary damages to the affected members; and that the City of Muskegon reimburse the Union its costs and attorney fees in view of the flagrant nature of the violations; and any other relief that the Union may request.

Respectfully submitted,

Pete Hughes-President L-370

MIXED MESSAGES

- How can we meet Muskegon's emergency needs when our first responders live so far away?
 - 2 live more than 90 miles away
 - 4 live more than 50 miles away
 - 3 live more than 35 miles away
- It's difficult/impossible to rely on MFD staff in times of emergency. All-Calls are used in nearly every structure fire, but rarely results in responses for off-duty firefighters, especially those living 30+ miles away.



THE SYSTEM/STRUCTURE IS BROKEN

- We need a fire/medical service that is responsive to our community's needs – both fiscally and operationally.
- There are models across Michigan, and management has spent considerable time meeting with local officials in various communities to discuss the pros/cons of their model.
- The 24-hour full-time model is not flexible enough to meet the needs of a changing community.
- There is no way to increase staffing during busy times, regardless of what the historic data demonstrates.
- There is no true supervision or direct management that contemplates service levels, and types beyond staffing.

MIXED MESSAGES

Setting the record straight:

- We did not reallocate dollars from MFD to the MPD. Certain firefighters were made aware of this, yet continued to spread this misinformation.
- Fire service delivery will be status quo during the bargaining process.
- We are not picking on the fire department – all other departments have faced similar reorganization and cost reduction efforts.
 - We've eliminated positions, moved personnel, and changed job duties across city hall to be better responsive to residents.
 - We recently implemented changes to police schedules to better serve the community.
 - We are not asking anything of the fire department that we have not already asked of the rest of our employees.
 - We are following the same process with MFD that we followed at city hall. We identified the issues and identified possible solutions. We updated our commission on those issues/solutions. We are now moving forward with implementation of our vision through the collective bargaining process.

THE FUTURE OF FIRE SERVICE

■ Goals of the Reorganization:

- Reduce benefit costs to a more sustainable level
- Reduce benefit time to a more sustainable level
- Reduce guaranteed vacation slots to a more sustainable level
- Adjust staffing to be more flexible and more responsive to call loads
- Maintain adequate coverage across the city
- Develop a program to improve medical responses
- Ensure the taxpayers are getting what they pay for (scheduled vs actual staffing)
- Identify partnerships within the region to improve services throughout the region
- Ensure that all existing MFD personnel have employment opportunities with the City of Muskegon

THE FUTURE OF FIRE SERVICE

■ Goals of the Reorganization:

- The future model will be dependent on collective bargaining. The first official meeting will be held June 30, 2017.
- If bargaining goes well, within 45 days, we will be able to present a long-term vision for fire and medical services in Muskegon.
 - Collective bargaining is a delicate process and requires discretion
 - Management's actions during this process will have the community's best interests in mind
- The budget proposed today makes the following fiscal assumptions:
 - MFD will run status quo for the first quarter. All stations would remain open.
 - Collective bargaining changes related to benefits will be implemented by September 30, 2017.
 - Collective bargaining changes related to operational model will begin on October 1, 2017, and be completed by December 31, 2017.
 - The reorganized and more-sustainable department will be fully-operational by January 1, 2018.
 - Any staffing reductions will be done through attrition. If it is not possible through attrition, effected employees will be offered employment in other city departments
- If the bargaining process is ineffective, each of these bullets will be revisited.