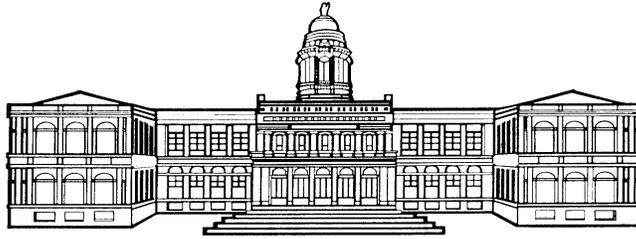


New York City Council



BUDGET REPORT

Finance Division

March 2009

***Analysis of the
Fiscal 2010 Preliminary Budget
and
Fiscal 2009 Preliminary Mayor's Management Report
for the
Fire Department / Emergency Medical Service
Friday March 20, 2009***

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin, Chair
Committee on Finance

Hon. James Vacca, Chair
Committee on Fire and Criminal
Justice Services

Preston Niblack, Director

Jeffrey Rodus, First Deputy Director

Andy Grossman, Deputy Director

John Russell, Legislative Financial
Analyst

PREFACE

On March 20, 2009, at 10 am., the Committee on Fire and Criminal Justice Services, chaired by the Hon. James Vacca, will hold a hearing on the Mayor's Fiscal 2010 Preliminary Budget and Fiscal 2009 Preliminary Mayor's Management Report for the Fire Department/Emergency Medical Service.

Section 236 of the New York City Charter requires the Mayor to submit by January 16th a preliminary budget for the upcoming fiscal year.^a In addition, under section 12 of the City Charter, the Mayor must make public and submit to the Council by January 30th the Preliminary Mayor's Management Report (PMMR) for the current fiscal year.^b Among other things, the PMMR must contain "proposed program performance goals and measures for the next fiscal year reflecting budgetary decisions made as of the date of submission of the preliminary budget."^c The Charter also requires the Council to hold hearings on the preliminary budget and to submit recommendations to the Mayor by March 25th.^d This year, the Council will hold joint hearings on the Fiscal 2010 Preliminary Budget and the Fiscal 2009 Preliminary Mayor's Management Report.

Beginning with the Fiscal Year 2008 Adopted Budget, the Council and the Mayor's Office of Management and Budget agreed to an additional budget presentation, referred to by OMB as the budget function analysis, and by the Council as the program budget. Two agencies were initially presented in the program budget form. Beginning with the January 2008 Financial Plan (Fiscal 2009 Preliminary Budget), a total of 16 agencies are now in program budget form. The Fire Department/Emergency Medical Service is not a program budget agency.

This report was prepared by John Russell, Legislative Financial Analyst, under the supervision of Deputy Director Andy Grossman.

^a The Charter prescribes specific actions that are required as part of the annual budget submission process during a fiscal year. The Charter allows for changes, via local law, in the dates in the submission of the PMMR, as well as an extension for subsequent steps in the budget process. This year, Local Law 03 of 2009 changed the date for the submission of the Preliminary Budget to January 30th, and the date for the Council's Response to the Preliminary Budget to April 8th.

^b Local Law 03 of 2009 changed the date of submission of the PMMR to February 13, 2009.

^c New York City Charter, §12(b)(2).

^d *See id.* at §247.

Fire Department/Emergency Medical Service (057)

The Fire Department (FDNY) protects life and property from fire through an extinguishment network of 198 Engine Companies and 143 Ladder Companies. In addition, the Department promotes fire prevention via education, investigation and inspection. The Department's firefighters also respond to life-threatening medical emergencies on a limited basis, including responding to terrorist incidents and hazardous materials events. The Department's Bureau of Emergency Medical Services (EMS) is responsible for responding to all types of medical emergencies in the City and providing transport to area hospitals for individuals requiring medical assistance.

PROGRAM TO ELIMINATE THE GAP

Since the Fiscal 2009 Budget was adopted in June, the Office of Management and Budget has twice asked agency heads to submit Program to Eliminate the Gap (PEG) proposals. In the first round, in September, OMB sought PEG submissions equal to five percent of agency City tax-levy budgets for Fiscal 2010, with a further seven percent sought in December.

PEGs reduce the City's budget gap either by reducing an agency's City tax-levy Expense Budget spending, or by increasing City revenues. The chart below indicates the proposed PEG amounts for the FDNY based on the Fiscal 2010 forecast at the time the Fiscal 2009 Budget was adopted (June 2008).

November and January Plan PEGs for Fiscal 2010 <i>(in 000s)</i>	
Fiscal 2010 Forecast at Fiscal 2009 Adoption (June 2008)	\$1,360,046
Expense PEGs	(\$70,991)
Revenue PEGs	(\$29,465)
Total Fiscal 2010 PEGs	(\$100,456)
PEGs as a Percent of the Fiscal 2010 Forecast	7.39%

PRELIMINARY BUDGET HIGHLIGHTS

The Fire Department's Preliminary Budget for Fiscal 2010 is approximately \$1.59 billion, a \$67-million increase compared to its Fiscal 2009 Adopted Budget of approximately \$1.53 billion. The Preliminary Budget for Fiscal 2010 in City funds is \$58.7 million higher than the Adopted Fiscal 2009 City tax levy appropriation. The Department also sees a \$16-million increase in Other Categorical funds compared to the 2009 Adopted budget. Because of the time discrepancies that exist between the City's Fiscal year and those of the State and Federal governments, the Department only reports baseline funding and grants it is likely to receive from these entities. In the Fiscal 2009 Preliminary Budget, approximately \$1.8 million is recognized from the State while \$8.3 million is recognized in Federal grants. This \$8.3-million federal grant figure contrasts sharply from the Fiscal 2009 Modified sum of \$77 million that is composed mainly of Homeland Security funds.

The bulk of the Department's budget goes toward Personal Services spending for fire extinguishment. The January Plan allocates \$1.16 billion for this function, a 5.1% increase over the Adopted Budget for Fiscal 2009. This area also accounts for the Department's largest dollar value increases over the Adopted budget. In the January Plan, the largest percentage increase in funding compared to the Fiscal 2009 Adopted

Budget occurs in the area of Fire Prevention, in large part due to the creation of a Fire Prevention Inspection Team. The greatest percentage decrease in funding occurs in the area of Fire Investigations, due to the proposal to eliminate the Queens Fire Marshal Base.

Although the proposed November and January Plan PEG actions would credit the Department with \$100.5 million in combined savings and increased revenues, the Department's budget continues to increase compared to the Fiscal 2009 Adopted Budget. The most significant contributor to this increase is multiple collective bargaining agreements that impact all of the Department's budget areas.

AGENCY FUNDING OVERVIEW

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	\$1,352,007,089	\$1,352,004,089	\$1,410,661,493
Other Categorical	\$145,912,208	\$146,040,636	\$161,928,928
Capital IFA		\$0	\$0
State	\$1,846,001	\$1,822,975	\$1,786,001
Community Development	\$0	\$0	\$0
Federal-Other	\$16,230,010	\$76,946,673	\$8,335,659
Intra-City	\$10,743,349	\$10,743,349	\$10,743,349
Total	\$1,526,738,657	\$1,587,557,722	\$1,593,455,430

HEADCOUNT OVERVIEW

Headcount Uniform	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	11,222	11,222	10,771
Non-City	11	11	11
Total	11,233	11,233	10,782

Headcount Civilian	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget
City	4,800	4,800	4,637
Non-City	20	20	22
Total	4,820	4,820	4,659

The January Plan reflects decreases in both uniform and civilian headcount. These include proposed reductions of 451 (4.01%) for uniform personnel and 161 (3.34%) for civilian. Of note, of the 4,659 civilian positions included in the Department's Fiscal 2010 headcount, 3,082 are EMS personnel.

FDNY Overtime Budget as per the January Plan

Category	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Uniform	\$ 194,312,122	\$ 175,317,062	\$ 174,554,879	\$ 174,397,428	\$ 174,297,281
Civilian (non-EMS)	\$ 28,565,360	\$ 28,007,227	\$ 28,182,671	\$ 28,182,671	\$ 28,182,671
Civilian (EMS)	\$ 10,712,903	\$ 10,712,903	\$ 10,712,903	\$ 10,712,903	\$ 10,712,903
Total	\$ 233,590,385	\$ 214,037,192	\$ 213,450,453	\$ 213,293,002	\$ 213,192,855

UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e., salaries, overtime, etc.) or Other Than Personal Services (i.e., supplies, contracts, etc.) for a particular program, purpose, activity or institution. The table below presents the FDNY budget, comparing the Fiscal 2009 Adopted Budget to the Fiscal 2010 Preliminary Budget. The Fiscal 2009 Modified Budget reflects this year's budget at the time this financial plan was released.

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
001	Executive Administrative-PS	\$70,219,330	\$70,935,937	\$67,839,795	-3.39%
005	Executive Administrative-OTPS	\$77,866,525	\$116,599,676	\$70,876,471	-8.98%
	Total	\$148,085,855	\$187,535,613	\$138,716,266	-6.33%

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
002	Fire Extinguishing/Emergency Response-PS	\$1,101,694,409	\$1,122,737,434	\$1,157,589,890	5.07%
006	Fire Extinguishing/Emergency Response-OTPS	\$39,366,255	\$39,092,255	\$37,943,131	-3.62%
	Total	\$1,141,060,664	\$1,161,829,689	\$1,195,533,021	4.77%

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
003	Fire Investigation-PS	\$15,539,756	\$15,539,756	\$13,013,836	-16.25%
007	Fire Investigation-OTPS	\$78,160	\$78,160	\$76,900	-1.61%
	Total	\$15,617,916	\$15,617,916	\$13,090,736	-16.18%

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
004	Fire Prevention-PS	\$23,798,944	\$23,798,944	\$26,974,454	13.34%
008	Fire Prevention-OTPS	\$440,797	\$452,783	\$412,386	-6.45%
	Total	\$24,239,741	\$24,251,727	\$27,386,840	12.98%

U/A#	U/A Name	Fiscal 2009 Adopted Budget	Fiscal 2009 Modified as of 1/30/2009	Fiscal 2010 Preliminary Budget	Percent Change from Adoption
009	Emergency Medical Services-PS	\$177,632,353	\$177,876,892	\$197,327,488	11.09%
010	Emergency Medical Services-OTPS	\$20,102,128	\$20,445,885	\$21,401,079	6.46%
	Total	\$197,734,481	\$198,322,777	\$218,728,567	10.62%

FUNDING ANALYSIS

Units of Appropriation – PS/OTPS

Executive Administrative – 001/005

These units of appropriation provide for all civilian policy direction, administrative, human resources support, and funding to purchase supplies, materials and other services required to support executive and administrative operations (Fiscal Services, Personnel, Budget and Health Services) for the entire Department. Also included are the infrastructure and vehicle maintenance units, and the Bureau of Information and Computer Services.

In the January Plan, the Department's Executive Administrative headcount decreases to a total of 834 positions (civilian and uniformed) compared to the 910 positions included in the Fiscal 2009 Adopted Budget.

Budget Proposals

- **Elimination of Current Civilian Vacancies - Attrition.** The Department proposes to eliminate twenty-nine budgeted civilian vacancies. This action is designed to generate savings of \$2.4 million in Fiscal 2010 and the outyears. The Department has not identified the positions to be eliminated but has indicated that the reductions will not include critical safety titles.
- **Civilian Headcount Reduction - Attrition.** The Department proposes to reduce its civilian headcount by 48 positions through attrition. This action is designed to generate savings of \$2.9 million in Fiscal 2010, increasing to \$3.9 million in Fiscal 2011, and \$4 million in Fiscal 2012 and 2013. The Department has not identified the positions to be eliminated but has indicated that the reductions will not include critical safety titles.
- **In-House Security Replacement.** The Department proposes to replace contracted security guards with short-term light-duty Firefighters and EMTs at several locations. This action is designed to generate baseline savings of \$1.1 million beginning in Fiscal 2010. Locations under consideration for security replacement include the Department's training facilities at Randalls Island and Fort Totten, as well as the Fleet Maintenance facility in Queens. The most recent available Department data (October 2008) indicates that the average number of firefighters on light duty per day is 450.

Fire Exiting/Emergency Response – 002/006

These units of appropriation are responsible for all uniform tactical and operational decisions. Resources provide for the protection of lives and property from fires, hazardous materials incidents and non-fire emergencies. The operating field units include Headquarters, 9 Divisions, 49 Battalions, the Special Operations Command, 195 Engine Companies and 143 Ladder Companies, 7 Squad Companies, 5 Rescue Units, 3 Marine Companies and 1 Hazardous Materials Unit, all of which are located in one of over 220 firehouses throughout the City. These field units are also responsible for yearly inspections of all major structures in order to identify and issue notice of violation summonses for all fire code violations. Also

included are the dispatchers, emergency engineers and electricians responsible for the maintenance and operation of the communications network.

In the January Plan, the Department's Fire Extinguishing/Emergency Response headcount decreases to a total of 10,929 positions (civilian and uniformed) compared to the 11,349 positions included in the Fiscal 2009 Adopted Budget.

The Department cancelled the January 2009 firefighter class and plans to cancel the next firefighter class, originally scheduled for July 2009. The next planned class is scheduled for January 2010. Each class includes between 100 and 200 cadets.

According to the Fiscal 2009 Preliminary Mayor's Management Report, citywide response time to structural fires decreased 20 seconds in the first four months of Fiscal 2009 compared to the same period last fiscal year, averaging 4.06 minutes. Civilian fire fatalities increased from 30 to 33 in the first four months of Fiscal 2009 compared to the same period last fiscal year.

Budget Proposals

- **November Plan Reduction of FDNY Firefighting Services.** The November plan called for the elimination of the Governors Island Fire Protection Unit and the elimination of nighttime tours for three engine companies and one ladder company in dual firehouses that housed both a ladder and engine company. The companies identified for these service reductions include:
 - Engine Company 271, Brooklyn
 - Ladder Company 53, Bronx
 - Engine Company 4, Manhattan
 - Engine Company 161, Staten Island

Update: The Governor's Island Fire Protection Unit has been eliminated and the Department plans to staff Governors Island with FDNY personnel based on situational needs. The remaining companies have been operating nighttime shifts on a day-to-day basis depending on the Department's ability to staff these companies using staffing reserves. Currently, the Department has approximately 315 firefighters in its reserve staffing pool. Eventually, staffing is expected to go down and the night closures will take full effect.

- **Eliminate Manning of Three Engine Companies, One Ladder Company - Attrition.** The Department proposes to eliminate the four fire companies that are currently budgeted only for day shifts, identified in the November Plan for nighttime closure. This action is designed to generate savings of \$797,000 in Fiscal 2010, \$1.6 million in Fiscal 2011, \$2.3 million in Fiscal 2012 and \$3.2 million in Fiscal 2013. The year-to-year increase in projected savings results from contractual salary increases. As a result of this action, headcount would be reduced by 119 uniformed firefighters.
- **Eliminate Manning of Twelve (12) Companies – Attrition.** The Department proposes to eliminate the manning of twelve additional companies in dual company firehouses where the remaining company would continue to be fully staffed. This action is designed to generate savings of \$16.2 million in Fiscal 2010, increasing to \$22 million in Fiscal 2011, \$23.7 million in Fiscal 2012 and \$25.7 in Fiscal 2013. Although this action would reduce the Department's headcount by 300

uniformed firefighters through attrition, no firehouses would be closed. Tentatively, the Department plans to eliminate 7 companies in July 2009 and the remaining 5 in January of 2010.

The companies to be eliminated would predominately be engine companies, although the Department has not determined specifics. The Department uses three main criteria when making decisions about closures: 1) projected post-closing response time to the company's first-due alarm boxes; 2) the number of occupied structural fires the company worked; and 3) projected post-closing response time to the company's second-due alarm boxes. The Department also considers: total runs; medical emergencies; "workers" (runs where the company performed any work); the operational knowledge of senior chiefs; proximity to other units; workload impact on surrounding units; street layout and geographic obstacles; response of perimeter companies; impact of the company closing in the community it serves; and overall safety of the City. The primary function of Engine Companies is to put out the fire, "get water on the fire". The primary function of Ladder Companies is search and rescue.

The Mayor has offered an alternative to this cut which involves negotiating with the Uniform Firefighters Association (UFA) to reduce the number of firefighters per shift to four in the 64 engine companies that currently staff five firefighters (not including one lieutenant). These 64 companies are currently staffed with five firefighters due to a stipulation in the UFA contract. Note: The remaining 134 engine companies currently staff four firefighters per shift. This option is estimated to result in savings that are roughly equal to the elimination of the 12 companies.

- **Fire Instructor Savings.** The Department proposes to redeploy 39 training personnel to the field to reduce overtime. This action is designed to generate a one-time overtime savings of \$1.5 million in Fiscal 2010. The cancellations of the January 2009 and July 2009 firefighter classes affords the Department the ability to implement this action. The next firefighter class is scheduled for January 2010.

Fire Investigation – 003/006

These units of appropriation are responsible for investigating and determining the cause and origin of all suspicious fires, and for the apprehension of arsonists.

In the January Plan, the Department's Fire Investigation headcount decreases to a total of 106 positions, compared to the 138 positions (civilian and uniformed) included in the Fiscal 2009 Adopted Budget.

According to the Preliminary Fiscal 2009 Mayor's Management Report, investigations by fire marshals into the causes and origins of fires and other fire-related offenses remained virtually unchanged during the reporting period when compared to the same period in Fiscal 2008.

Budget Proposals

- **Bureau of Fire Investigation Reduction – Attrition.** The Department proposes to close the Queens Fire Marshal Base. This action is designed to generate savings of \$3.2 million in Fiscal 2010, increasing to \$3.3 million in Fiscal 2011, \$4 million in Fiscal 2012, and \$4 million in Fiscal 2013. Fire Marshal headcount would be reduced by 32 positions, including 27 Fire Marshals and 5 Fire

Marshal Supervisors. This would decrease the total Fire Marshal Headcount to 102, including 80 Fire Marshals and 20 Fire Marshal Supervisors, one Chief Fire Marshall, and one Administrative Fire Marshal. In the Fiscal 2008 Executive Budget, the previously-shuttered Queens Fire Marshal Base was re-opened and the Fire Marshal headcount was increased by the same 32 positions. PMMR data indicated there has been no significant increase in fire investigations since this increase in headcount which likely lead to the current proposal to reduce Fire Marshal headcount. With the elimination of the Queens Fire Marshal Base, only the Brooklyn Fire Marshal Base remains in operation.

- **Elimination of Fee Exemption for Non-Profit and Charitable Organizations (November Plan):** The FDNY will re-submit legislation to the City Council to charge previously exempt non-profit and charitable organizations for fire inspections. The November Plan projected annual revenue of \$3 million from this action, beginning in Fiscal 2010. The average fee for such inspections is \$210. The Department does not plan to lift the exemption for churches and faith-based organizations. This action was originally proposed in the Fiscal 2007 Preliminary Budget.

Fire Prevention – 004/008

These units of appropriation are responsible for the enforcement of New York City’s fire code through the inspection of all multi-unit dwellings, the collection of revenues from inspection fees and code violation fines, certificate of fitness testing of all vocations that handle combustible materials, and the development and implementation of public education programs.

In the January Plan, the Department’s Fire Prevention headcount increases to a total of 490 positions, compared to the 452 positions (civilian and uniformed) included in the Fiscal 2009 Adopted Budget.

According to the Fiscal 2009 Preliminary Mayor’s Management Report, completed fire prevention inspections, performed by FDNY inspectors who visit sites to ensure compliance with the City’s Fire Code, increased 22 percent in the reporting period. Field force inspections, performed by fire units who visit commercial and residential buildings within designated areas, increased 37 percent during the reporting period.

Budget Proposals

- **Fire Prevention Construction, Demolition and Abatement (CDA) Inspection Program.** The Department proposes to create a Fire Prevention Inspection Team within the Fire Department to inspect buildings undergoing construction, demolition and abatement. The January Plan includes \$496,000 in Fiscal 2009 (1/4 year value) increasing to a baseline expenditure of \$2 million beginning in Fiscal 2010. The Department’s civilian headcount would increase by 40. This proposal is related to recommendations emanating from the analysis of the Deutsche Bank fire.

Emergency Medical Services – 009/010

These units of appropriation are responsible for delivering ambulance and pre-hospital emergency medical services citywide, as well as providing tactical and medical direction to field personnel and administrative and support services to the EMS Bureau through the deployment of, on average, 585 daily ambulance tours.

In the January Plan, the Department's Emergency Medical Services headcount decreases to a total of 3,082 positions (civilian only) compared to the 3,204 positions included in the Fiscal 2009 Adopted Budget.

According to the Fiscal 2009 Preliminary Mayor's Management Report, average ambulance response time improved by one second to an average of 6.36 minutes in the first four months of Fiscal 2009 compared to the same period last fiscal year.

Budget Proposals

- **Eliminate Thirty EMS Basic Life Support Tours – Attrition.** The Department proposes to eliminate 30 Basic Life Support (BLS) ambulance tours. Personnel savings would be achieved through attrition. This action is designed to generate savings of \$3.3 million in Fiscal 2010, increasing to \$3.6 million in Fiscal 2011, \$3.7 million in Fiscal 2012 and \$4.4 million in Fiscal 2013. Headcount would be reduced by 112 civilian paramedic and EMT personnel.

Currently, there are a total of 940 tours (including private tours) in the 911 system. EMS operates 585 total ambulance tours, 402 of which are BLS. Although this action will result in net savings, it will also reduce annual EMS revenue by \$1.7 million beginning in Fiscal 2010.

- **Reduction of EMS Lieutenant Lines – Attrition.** The Department proposes to eliminate nine EMS Lieutenant positions. This action is designed to generate savings of \$623,000 in Fiscal 2010, increasing to \$631,000 in Fiscal 2011, \$638,000 in Fiscal 2012, and \$674,000 in Fiscal 2013. This is a proportional reduction in EMS supervision related to the January Plan PEG to eliminate 30 BLS ambulance tours.
- **Restructure Advanced Life Support (ALS) Tour Staffing.** The Fire Department proposes to restructure 90 of the existing Advanced Life Support (ALS) ambulance tours from a staffing of two Paramedics to a staffing of one Paramedic and one Emergency Medical Technician (EMT). This action is designed to generate a baseline savings of \$2.1 million beginning in Fiscal 2010. This proposal requires regulatory approval.
- **Reassignment of EMS Administrative Personnel to the Field.** The Department proposes to reassign 32 EMTs and Paramedics who perform administrative duties to field positions to reduce overtime. This action is designed to generate a baseline savings of \$1.8 million beginning in 2010. Overall EMS headcount would not be impacted.
- **Additional EMS Revenue.** The Fire Department anticipates collecting additional EMS ambulance revenue due to billing improvements and a 5% increase in the Medicare reimbursement rate (effective January 1, 2009). This action is designed to generate additional revenues of \$2.7 million in Fiscal 2010, increasing slightly to a baseline increase of \$2.8 million beginning in Fiscal 2011.

As a result of the additional EMS revenues, combined with the loss of EMS revenue associated with the PEG to eliminate 30 BLS tours, the January Plan includes projected total revenues of \$162.2 million in Fiscal 2009 and \$161.6 million in Fiscal 2010. It should be noted that of this total, approximately \$100 million comes from the billing and collection of ambulance transport revenues

from individuals and their insurance companies. The remaining total of approximately \$60 million is collected from the New York City Health and Hospitals Corporation (HHC) through Medicaid reimbursements for those patients transported to HHC facilities. The Governor's proposed Executive Budget puts this \$60-million revenue figure at risk. Since EMS revenue goes directly into the FDNY's budget to partially subsidize the EMS Bureau, any significant loss of revenue would directly limit the Bureau's ability to ably provide this vital service.

Agency-Wide Adjustments

- **Collective Bargaining Adjustments.** The January Plan includes increases in City funds of \$47.3 million in Fiscal 2009, \$78.5 million in Fiscal 2010, \$82.3 million in Fiscal 2011, \$82.5 million in Fiscal 2012, and \$82.8 million in Fiscal 2013 for collective bargaining adjustments in various staff positions across all PS units of appropriation. These funds are being transferred from the Labor Reserve in the Miscellaneous Budget to the budget of the FDNY to cover the costs associated with recent collective bargaining settlements.
- **Fringe Benefit Offset Reduction.** In order to give the agency PEG credit, the PEG actions described above that impact Personal Services include fringe benefit savings that should be properly accounted for not in the Department's budget, but in the City's Miscellaneous Budget. To reflect the neutral impact on Department's budget that would result from these fringe benefit savings, an offsetting sum totaling \$8.2million in Fiscal 2009, \$9.9 million in Fiscal 2011, \$10.6 million in Fiscal 2012, and \$11.4 million in Fiscal 2013 is being added back to the Department's budget as an adjustment. These adjustments impact multiple PS units of appropriation.
- **Additional Revenue from 2% Tax on Fire Insurance Premiums (November Plan).** The November Plan forecasted an annual \$5.5-million increase in revenue from a 2-percent tax assessed on fire insurance premiums. These tax revenues are collected by New York State and then remitted to the Fire Department. They are for foreign and alien insurance companies operating in New York City whose headquarters are located outside of the City. This proposed action is not based on a tax increase, but rather on an increase in the number and size of the fire insurance policies.
- **Increase 2% Tax on Fire Insurance Premiums to 4% (November Plan).** The Fire Department will re-submit legislation to the State to increase the tax on fire insurance premiums from insurers located out side of the City from 2% to 4%. If passed by the State, this action would result in additional annual revenues of approximately \$21 million beginning in Fiscal 2010.

PRELIMINARY BUDGET ACTIONS (in 000s)

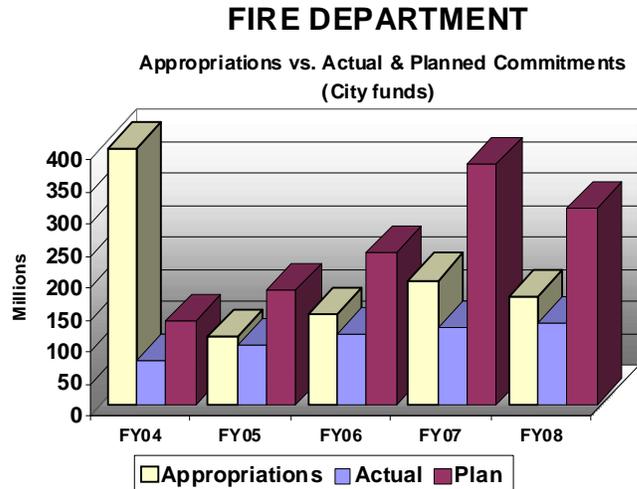
The following table is a summary of the Preliminary Plan actions for Fiscal 2009 and Fiscal 2010 that are described in the sections above. The Non-City actions include State, Federal, Other Categorical, Intra-City and Capital Inter-Fund Agreement (IFA) funding changes for the FDNY.

Description	Fiscal 2009			Fiscal 2010		
	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the November Plan	\$1,351,436	\$217,895	\$1,569,331	\$1,360,571	\$181,278	\$1,541,849
January Plan Programs to Eliminate the Gap (PEGs)						
In-house Security replacement				(\$1,115)		(\$1,115)
Civilian Headcount Reduction - Attrition			\$0	(\$2,920)		(\$2,920)
Elimination of Current Civilian Vacancies - Attrition			\$0	(\$2,352)		(\$2,352)
Reassignment of EMS Admin Personnel to the field			\$0	(\$1,793)	\$0	(\$1,793)
Fire Instructor Savings			\$0	(\$1,477)	\$0	(\$1,477)
Restructure ALS Tour Staffing			\$0	(\$2,108)		(\$2,108)
Additional EMS Revenue			\$0	(\$2,733)	\$3,230	\$496
Bureau of Fire Investigation Reduction - Attrition			\$0	(\$3,211)		(\$3,211)
Eliminate Manning of 3 Engine Co.s, One Ladder Co. and Gov Island Engine Co - Attrition				(\$797)		(\$797)
Eliminate 30 EMS BLS Tours - Attrition				(\$3,286)	(\$1,715)	(\$5,001)
Reduction of EMS Lieutenant Lines - Attrition				(\$623)		(\$623)
Eliminate Manning of 12 Companies - Attrition			\$0	(\$16,177)		(\$16,177)
Total PEGs	\$0	\$0	\$0	(\$38,593)	\$1,515	(\$37,078)
January Plan New Needs						
Fire Prevention Construction, Demolition and Abatement Inspection Program	\$496		\$496	\$1,983		\$1,983
Total New Needs	\$496	\$0	\$496	\$1,983	\$0	\$1,983
January Plan Other Adjustments						
Collective Bargaining Adjustment-Variou Staff Positions	\$47,321		\$47,321	\$78,482		\$78,482
Fringe Benefit Offset			\$0	\$8,219		\$8,219
Friends of Firefighters	(\$3)		(\$3)			\$0
State Grants and Adjustments			\$0			\$0
Federal Grants and Adjustments		\$34,276	\$34,276			\$0
Other Categorical Grants and Adjustments			\$0			\$0
Total Other Adjustments	\$47,318	\$34,276	\$81,594	\$86,701	\$0	\$86,701
Total January Plan Budget Changes	\$47,814	\$34,276	\$82,090	\$50,091	\$1,515	\$51,606
Agency Budget as per the January Plan	\$1,399,250	\$252,171	\$1,651,421	\$1,410,662	\$182,793	\$1,593,455

Fiscal 2010 Capital Plan

Agency Overview

The Fire Department's mandate is to protect lives and property from fires and related disasters. The Department has 71 fire-fighting command posts including headquarters, divisions, battalions, and a citywide special operations command. There are 357 Fire Companies, including 198 Engine Companies, 143 Ladder Companies, seven squads, five rescue Units, three Marine Companies, and one Hazardous Materials Unit (strategically placed in 219 firehouses throughout the City) whose primary responsibilities are to extinguish, prevent, and investigate fires, and conduct fire safety education and fire prevention activities. In addition to these roles, the Fire Department also responds to calls for utility emergencies, building collapses, hazardous material incidents, and water main breaks.



In Fiscal 1996, the City Council voted to merge the citywide Emergency Medical Service (EMS) with the Fire Department. The merger, which took place on March 17, 1996, placed all of the administrative functions of EMS under the auspices of the Fire Department. EMS operates 32 EMS stations throughout the City.

Current Budget Summary

The January 2009 Capital Commitment Plan includes \$729.5 million in Fiscal 2009-2013 for the Fire Department (including City and non-City funds). This represents 1.4 percent of the City's total \$50.55-billion January Plan for Fiscal 2009-2013. The agency's January Commitment Plan for Fiscal 2009-2013 is unchanged from the \$729.5 million in the November 2008 Commitment Plan.

Over the past five years, the FDNY has committed only an average of 42.18 percent of its annual Capital Plan. Therefore, it is assumed that a large portion of the agency's Fiscal 2009 Capital Plan will be rolled into Fiscal 2010, thus greatly increasing the size of the Fiscal 2010-2014 Capital Plan. Since Adoption last June, the Capital Commitment Plan for Fiscal 2009 has fallen from \$252 million to \$238.4 million, a decrease of \$13.6 million or 5.4 percent.

Current FDNY appropriations total \$459.4 million in City funds for Fiscal 2009. These appropriations are to be used to finance the Department's \$224 million City-funded Fiscal 2009 Capital Commitment Program. The agency has more than double the funding needed to meet its entire capital commitment program for the current fiscal year.

In January, the Mayor announced his intention to reduce the City's Capital Plan by 30 percent. The objective of the Capital Budget cut is to reduce the amount of debt service as a percentage of total revenues. The 30-percent reduction in the Ten-Year Capital Plan Fiscal 2010 – Fiscal 2019 would reduce the long-term average annual growth in debt service costs to 3.4 percent, equal to the level of forecast growth in City revenues. The Capital Budget cut would eliminate nearly \$7 billion worth of planned commitments from the current Plan.

The Fire Department's capital commitments for the last five years are shown below:

FIVE-YEAR HISTORY – CAPITAL BUDGET
(\$ in millions)

	FY04	FY05	FY06	FY07	FY08
CITY	\$66	\$93	\$111	\$120	\$127
NON-CITY	3	0	13	3	32
TOTAL	\$69	\$93	\$124	\$123	\$159

The Adopted Five-Year Capital Plan is shown below:

ADOPTED FIVE-YEAR CAPITAL BUDGET – NOVEMBER 2008
(\$ in millions)

	FY09	FY10	FY11	FY12	FY13	FY's 09-13
CITY	\$252.0	\$56.3	\$165.8	\$85.1	\$139.6	\$698.8
NON-CITY	30.7	0	0	0	0	30.7
TOTAL	\$282.7	\$56.3	\$165.8	\$85.1	\$139.6	\$729.5

The Preliminary Five-Year Capital Plan is shown below:

PRELIMINARY FIVE-YEAR CAPITAL PLAN – JANUARY 2009
(\$ in millions)

	FY09	FY10	FY11	FY12	FY13	FY's 09-13
CITY	\$238.4	\$69.9	\$165.8	\$85.1	\$139.6	\$698.8
NON-CITY	30.7	0	0	0	0	30.7
TOTAL	\$269.1	\$69.9	\$165.8	\$85.1	\$139.6	\$729.5

PRELIMINARY BUDGET ISSUES

Planned Commitments for Fiscal 2009

In the January Capital Plan, the Department's City-funded planned commitments for Fiscal 2009 decreases from \$252 million to \$238.4 million. Significant changes in the January Plan that resulted in the 5.4-percent decrease in Fiscal 2009 funding include:

- Planned commitments totaling \$9.1 million allocated for the Department's new fleet repair and maintenance facility are pushed from Fiscal 2009 to Fiscal 2011.
- Planned commitments totaling \$5 million allocated for renovations to Engine Company 63 are pushed from Fiscal 2009 to Fiscal 2010.

Planned Commitments for Fiscal 2009-2013

In the January Capital Plan, the Department's City-funded total funding for planned commitments for Fiscal 2009-2013 are equal to those in the November Plan. Although there is no net change in the total funding, there are changes to planned commitments. Significant changes include:

- A reduction of \$12.5 million (\$5.5 million in Fiscal 2009 and \$7 million in Fiscal 2013) for the Department's Fleet Repair and Maintenance Facility. This reduction decreases the total planned commitments for this project to \$45.7 million.
- An additional \$10 million in Fiscal 2010 for the Marine 9 Facility (Homeport). The additional funding increases the total planned commitments for this project to \$27.8 million.
- A new appropriation of \$5 million (\$825,000 in Fiscal 2009 and \$4.175 million in Fiscal 2010) for renovation work at Engine Company 80.

Funding for large-scale Fire Department projects in the Capital Plan for Fiscal 2009-2013 include:

- Planned commitments totaling \$45.7 million to complete a new Fleet Repair and Maintenance Facility proposed for Maspeth (Queens).
- Planned commitments totaling \$322.9 million for citywide vehicle acquisition: \$66 million in Fiscal 2009, \$32.8 million in Fiscal 2010, \$95.2 million in Fiscal 2011, \$75.8 million in Fiscal 2012, and \$53.1 million in Fiscal 2013.
- Planned commitments totaling \$56.3 million for the Management Information and Control System, technology related operations that include performing administrative and dispatching functions.
- Approximately \$40 million in planned commitments to build and repair EMS stations including, \$10.4 million for EMS Battalion 35 (Greenpoint), and \$10.8 million for EMS Battalion 27 (Woodlawn).

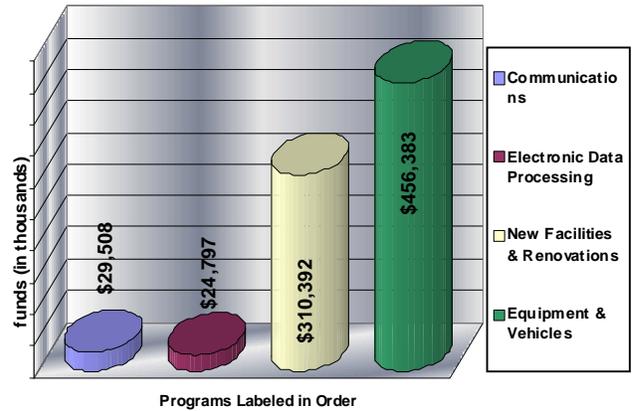
- Planned commitments totaling \$ 22 million for a new firehouse for Rescue Unit 2 (Brooklyn):
Note: Rescue 3 (Bronx) is in construction and completion is anticipated for Fall 2009.
- Planned commitments totaling \$22.5 million for the Citywide Fire Alarm Communication System.
- Planned commitments totaling \$14.2 million for improvements to the Department’s training centers at Fort Totten and Randalls Island.

Preliminary Ten-Year Strategy

The Department’s Ten-Year Capital Strategy includes a total of \$821.1 million in funding for the acquisition and maintenance of: equipment; facilities; and communications and computer systems for Fiscals 2010-2019. The Department’s capital funding is allocated in four broad categories of need:

- Facilities Renovation – The Ten-Year Capital Strategy includes \$310.4 million for facilities renovations, including \$78 million to complete construction of a new fleet maintenance facility. The average age of the Department’s 219 firehouses is 75 years.

**Capital Commitments by Program Area
FY10-FY19**



- Vehicles, Fire-Fighting Tools, and Equipment – The Ten-Year Capital Strategy includes \$456.4 million for vehicle replacement and firefighting tools and equipment. The average lifecycle for the Department’s vehicles is 11 years.
- Communications - The Ten-Year Capital Strategy includes \$29.5 million for radio replacement and fire alarm call box cabling.
- Electronics and Data Processing - The Ten-Year Capital Strategy includes \$24.8 million for computer network and applications development.