


**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: January 16, 2018

TO: Honorable Members of the Public Safety Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Assignment No: 18-01-0029

**STAFFING FOR ADEQUATE FIRE EMERGENCY RESPONSE GRANTS AWARD
(C.F. 17-1434)**

SUMMARY

At the January 10, 2018 meeting of the Public Safety Committee, reports and recommendations from Fire Department (LAFD) and City Administrative Officer (CAO) were discussed regarding the Fiscal Year 2016 Staffing for Adequate Fire Emergency Response (SAFER) Grants award (C.F. 17-1434). The SAFER Grants award has a three-year performance period during which the City would commit to hiring 48 new full-time sworn positions above the current full-time sworn operational position count of 2,711 and sustain the resulting “Staffing Maintenance Number” of 2,759 during the grant performance period. The grant performance period covers four fiscal years from 2017-18 to 2020-21.

The Public Safety Committee discussion focused on the City’s grant application process and the CAO cost estimate of \$36.7 million for the three-year grant term with federal and City shares of \$10.0 million and \$26.7 million, respectively. The Public Safety Committee Chair continued the item and instructed the Chief Legislative Analyst (CLA) to work with the CAO and LAFD on reducing the estimated City share of \$26.7 million in a manner consistent with the grant application and award.

Working with the CAO and LAFD, this Office has prepared the Attachment to this report, which includes tables that provide a revised SAFER Grants total cost estimate of \$32.1 million for the three-year grant term with federal and City shares of \$13.8 million and \$18.3 million, respectively.

The change in the estimated total cost estimate from \$36.7 million to \$32.1 million and corresponding increase in federal share from \$10.0 million to \$13.8 million and reduction in City share from \$26.7 million to \$18.3 million is primarily due to grant implementation revisions illustrated under Tables 1 and 3 of the Attachment.

Table 1 of the Attachment provides the overall SAFER Grants award eligible expenditures for cost sharing to hire and sustain 48 new full-time positions. The CAO cost estimate reflected a reduced reimbursement of \$16.6 million from the total grant award of \$25.1 million due to calculating the

salaries and fringe benefits costs at the firefighter entry level throughout the grant term. Clarification was provided by LAFD that the 48 new full-time positions would be tracked and reimbursable by the actual person hired. This clarification resulted in the revised Table 1 calculations which reflect the salaries and fringe benefits of 48 new hires from their hire at the firefighter entry level to their paygrade advancement and corresponding salaries and fringe benefits increases over the three-year grant term. This results in increasing the federal/City cost sharing from \$16.6 million to \$23.0 million. This increase changes both the federal and City cost share amounts from \$10.0 million and \$6.6 million to \$13.8 million and \$9.2 million, respectively. The overall federal/City cost share remains at 60/40. The SAFER Grants award authorizes this cost share for up to \$25.1 million in actual eligible expenditures.

Table 3 of the Attachment provides the incremental costs to restore four engine companies. The restoration of four engine companies requires 24 Firefighters, 12 Fire Captains and 12 Engineers of Fire Department. The CAO cost estimate reflected an incremental cost of \$12.2 million to add 12 Fire Captains and 12 Engineers of Fire Department in addition to the 48 SAFER Grants positions, totaling 72 additional positions. This would result in 2,783 sworn operational positions while the SAFER Grants award only requires the lower Staffing Maintenance Number of 2,759. An alternative proposal, which LAFD agrees complies with the grant, is to add the 48 SAFER Grants positions and to upgrade 24 existing regular positions at the City's cost, resulting in an increase of 48 operational sworn positions to the current 2,711 to achieve the grant required Staffing Maintenance Number of 2,759. The costs for this alternative proposal are provided in Table 3 which reflect the incremental costs of upgrading 24 existing regular positions to staff the restored engine companies. This alternative proposal for restoring four engine companies reduces the incremental costs from \$12.2 million to \$2.2 million. If the SAFER Grant award is accepted and implemented, the 12 Fire Captains and 12 Engineers of Fire Department would not be needed until June 2018. Therefore, this Office recommends that the CAO and LAFD be instructed to report back on these positions prior to their authorization to ensure that the Staffing Maintenance Number will be sustained at 2,759 over the grant term.

It should be noted that accepting the SAFER Grants award would reduce City budget options during fiscal years 2017-18 to 2020-21 because reductions in full-time sworn positions may not be allowable during this period even if full-time position reductions were to be replaced by full-time equivalents using overtime. If it is a City top priority to restore engine companies, accepting the grant would offset City costs. The City obligation to restore the four engine companies could possibly have been further minimized by employing a different deployment methodology, but at this stage would now require the expressed authorization and amendment by the grantor. If the City wishes to pursue a change in the deployment methodology with the grantor to further reduce City costs, this could take place while the new sworn hires are in the training academy.

Finally, the City's grant application process is governed by City Administrative Code Division 14 Grants Program. Section 14.6 covers the approval process of grant applications. The approval process differs for the following grant types: a) grants that do not require City matching funds, b)

grants that require City matching funds, and c) grants that are entitlement and/or formula grants or allocations. More specifically, seeking and accepting grants such as the SAFER Grants require prior Mayor and Council approval. Based on issues expressed by the Committee Chair regarding the process used for the SAFER Grants application, this Office recommends that the CAO be instructed to issue a memo to departments and offices on the approval process of grant applications required by Administrative Code Section 14.6.

RECOMMENDATIONS

Accepting the SAFER Grants award would reduce City budget options during fiscal years 2017-18 to 2020-21 by establishing a Staffing Maintenance Number of 2,759 operational sworn positions during that period. If it is a City top priority to restore four engine companies at an estimated cost of \$32.1 million with federal and City cost shares of \$13.8 million and \$18.3 million, respectively during the SAFER Grants award performance period, the following actions are recommended:

That the Council, subject to the approval of the Mayor:

1. Authorize the Fire Chief, or his designee, to:
 - a. Accept the Fiscal Year 2016 Staffing for Adequate Fire and Emergency Response (SAFER) Grant award from the Federal Emergency Management Agency (FEMA) in the amount of \$25,084,512 with a Federal share of \$15,468,782 and City share of \$9,615,730 for the performance period of January 22, 2018 through January 21, 2021 to add and fill 48 Firefighter positions and restore four engine companies to Fire Stations 1, 20, 73 and 75; and,
 - b. Execute any documents or agreements necessary to accept the grant on the City's behalf, subject to the review and approval of the City Attorney as to form;
2. Authorize the Los Angeles Fire Department (LAFD) to:
 - a. Spend up to the FY16 SAFER Grant amount total of \$25,084,512 in accordance with the grant award agreement;
 - b. Submit grant reimbursement requests to FEMA and deposit grant funds received into LAFD Grants Fund 335, Department No. 38;
 - c. Modify the 2017-18 approved Firefighter Recruit Training schedule as follows:
 - i. Add one Firefighter recruit class (17-2) to be held at the Harbor Recruit Training Academy (Drill Tower 40) from January 22, 2018, through June 7, 2018;
 - ii. Delay the recruit class originally planned to be held at the Valley Recruit Training Academy (Drill Tower 81, 17-3) starting January 22, 2018, to take place February 19, 2018 through July 21, 2018; and,
 - iii. Delay the recruit class originally planned to be held at Drill Tower 81 starting June 25, 2018, to take place in 2018-19 (18-1);

3. Authorize the Controller to:
 - a. Establish a grant receivable and appropriate up to \$15,468,782 to an appropriation account, number to be determined, in Fund 335/38 for the receipt and disbursement of the FY16 SAFER Grant funds;
 - b. Transfer appropriations as needed from Fund 335/38, account number to be determined, to LAFD Fund 100/38, Salaries Sworn Account 001012 or Sworn Bonuses Account 001030 upon submission of proper documentation by the LAFD, subject to the approval of CAO, of direct costs incurred during the grant performance period; and,
 - c. Transfer FY16 SAFER Grant funds from Fund 335/38 to Fund 100/38, Revenue Source Code 5346, Reimbursement of Grant Related Costs, for fringe benefits and related costs upon submission of proper documentation by the LAFD, subject to approval of the CAO, of related costs incurred during the grant performance period;
4. Authorize resolution authority to the LAFD for 48 Firefighter III (2112-3) positions, upon allocation by the Civil Service Commission from January 22, 2018 through June 30, 2018;
5. Instruct CAO and LAFD to report back to Council on Fire Captain and Engineer of Fire Department position authorities necessary to restore four engine companies, and if provided the controls that will ensure that the FY2016 SAFER Grant Staffing Maintenance Number of 2,759 will be sustained over the grant term;
6. Instruct the LAFD, with assistance from the CAO, to report back to the Council for approval of any plans to modify the FY16 SAFER Grant program to add resources or change the deployment of SAFER-funded position authorities;
7. Authorize the LAFD and Controller, based on LAFD submissions to the City Administrative Officer of grant budget modifications approved by FEMA, to transfer funds, as needed, between Fund 335/38 and Fund 100/38 for implementation of the FY16 SAFER Grant;
8. Instruct the CAO to issue a memo to City departments and offices on the approval process of grant applications required by Administrative Code Section 14.6; and,
9. Authorize the LAFD to prepare Controller instructions for any technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will authorize the Los Angeles Fire Department (LAFD) to accept a grant award of up to \$25,084,512 with a Federal share of \$15,468,782 and City share of \$9,615,730 for the Fiscal Year 2016 Staffing for Adequate Fire and Emergency Response (SAFER) Grant from the Federal Emergency Management Agency (FEMA) over a three-year term from January 22, 2018 through January 21, 2021. Per the grant program terms, the LAFD will add and keep filled 48 Firefighter positions and restore four engine companies at a total estimated cost of \$32,103,111 over the three-year grant period. The 48 Firefighter position salaries and fringe benefits are eligible for funding of approximately 60 percent from the grant award, with FY16 SAFER reimbursements estimated at \$13,793,425. The remaining \$18,309,686 will be a City General Fund obligation. The estimated cost of the program in 2017-18 is \$3,689,822 with a General Fund impact of \$2,247,272 (\$2,110,587 in direct costs and \$136,685 in related costs) and an anticipated grant contribution of \$1,442,550 provided on a reimbursement basis.

Attachment

TABLE 1

SAFER Grants Award Eligible Expenditures for Cost Sharing to Hire 48 New Sworn Positions									
From	To	Year	Salaries	Fringe Benefits	Total	Federal Share		City Share	
01/22/18	01/21/19	1	\$ 3,860,504	\$ 2,176,344	\$ 6,036,848	75%	\$ 4,527,636	25%	\$ 1,509,212
01/22/19	01/21/20	2	4,942,796	3,399,871	\$ 8,342,666	75%	6,257,000	25%	2,085,667
01/22/20	01/21/21	3	5,089,889	3,506,651	\$ 8,596,541	35%	3,008,789	65%	5,587,752
Total			\$ 13,893,190	\$ 9,082,866	\$ 22,976,055	60%	\$ 13,793,425	40%	\$ 9,182,630

TABLE 2

Non-Eligible Expenditures for Cost Sharing to Hire 48 New Sworn Positions									
From	To	Year	Overtime, Constant Staffing	Drill Tower 40	Total	Federal Share		City Share	
01/22/18	01/21/19	1	\$ 1,088,415	\$ 1,638,795	\$ 2,727,210	0%	\$ -	100%	\$ 2,727,210
01/22/19	01/21/20	2	2,044,303	-	\$ 2,044,303	0%	-	100%	2,044,303
01/22/20	01/21/21	3	2,108,509	-	\$ 2,108,509	0%	-	100%	2,108,509
Total			\$ 5,241,227	\$ 1,638,795	\$ 6,880,022	0%	\$ -	100%	\$ 6,880,022

TABLE 3

Non-Eligible Incremental Expenditures for Cost Sharing to Restore 4 Engine Companies									
From	To	Year	Salaries & Overtime	Fringe Benefits	Total	Federal Share		City Share	
01/22/18	01/21/19	1	\$ 394,916	\$ 123,091	\$ 518,007	0%	\$ -	100%	\$ 518,007
01/22/19	01/21/20	2	652,583	203,404	\$ 855,986	0%	-	100%	855,986
01/22/20	01/21/21	3	665,584	207,456	\$ 873,040	0%	-	100%	873,040
Total			\$ 1,713,083	\$ 533,951	\$ 2,247,034	0%	\$ -	100%	\$ 2,247,034

TABLE 4A

Total Estimated Expenditures for 48 New SAFER Positions and to Restore 4 Engine Companies									
From	To	Year	Total	Federal		City			
01/22/18	01/21/19	1	\$ 9,282,065	49%	\$ 4,527,636	51%	\$ 4,754,429		
01/22/19	01/21/20	2	11,242,956	56%	6,257,000	44%	4,985,956		
01/22/20	01/21/21	3	11,578,090	26%	3,008,789	74%	8,569,301		
Total			\$ 32,103,111	43%	\$ 13,793,425	57%	\$ 18,309,686		

TABLE 4B

Total Estimated Expenditures for 48 New SAFER Positions and to Restore 4 Engine Companies by Fiscal Year									
Fiscal Year	Total	Federal		City					
2017-18	\$ 3,689,822	39%	\$ 1,442,550	61%	\$ 2,247,272				
2018-19	9,019,130	55%	4,927,432	45%	4,091,698				
2019-20	12,366,132	45%	5,586,608	55%	6,779,524				
2020-21	7,028,028	26%	1,836,835	74%	5,191,193				
Total	\$ 32,103,111	43%	\$ 13,793,425	57%	\$ 18,309,686				