

# Performance Audit of Fire-Rescue Overtime

**MAY 2025** | OCA-25-09

## Finding 1

The Fire-Rescue Department should document and refine its overtime budgeting methodology to reduce the risk of consistent budget overages.

## Finding 2

The Fire-Rescue Department should include all sworn employees in its staffing projections to more reliably determine how many academies it needs to reach full staffing and reduce overtime.

## Finding 3

The Fire-Rescue Department should update its relief factor calculation to further reduce overtime after it reaches full staffing.

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CITY OF SAN DIEGO



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The Office of the City Auditor would like to thank staff from the San Diego Fire-Rescue Department, the Department of Finance, and the Office of the Independent Budget Analyst.



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# Performance Audit of Fire-Rescue Overtime

## Why OCA Did This Study

The San Diego Fire-Rescue Department's (Fire-Rescue) public safety service is crucial and one of the City of San Diego's (City) top priorities. Fire-Rescue uses overtime to ensure it can respond to emergency fire and medical calls 24 hours a day, 365 days a year.

We conducted a performance audit with three objectives:

- (1) Determine what factors contribute most to Fire-Rescue's overtime costs and if there are opportunities to reduce costs;
- (2) Determine if Fire-Rescue's current staffing model is optimized to meet its service-level requirements; and
- (3) Determine if there are opportunities to improve the overtime budgeting process.

## What OCA Found

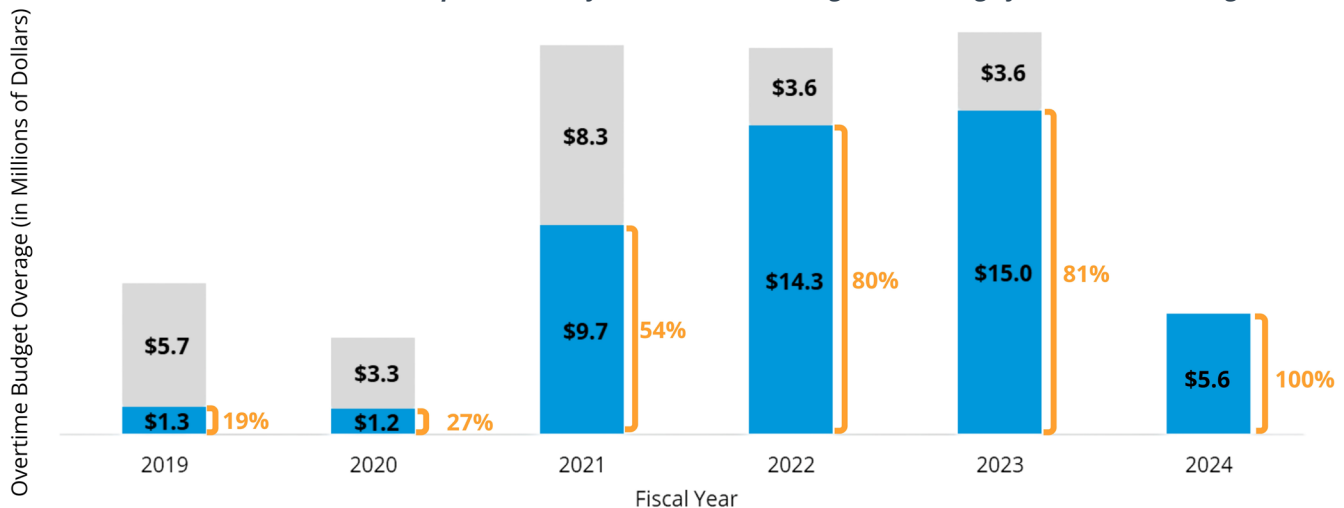
Fire-Rescue manages its staffing model, work limits, and overtime tracking well. However, we found opportunities to improve its overtime budgeting and staffing projections.

**Finding 1: The Fire-Rescue Department should document and refine its overtime budgeting methodology to reduce the risk of consistent budget overages.**

- Fire-Rescue consistently exceeded its overtime budget from FY2019 through FY2024, resulting in about **\$71.6 million** in total overages.

- Fire-Rescue offset \$39.7 million of its overages with salary savings and strike team deployment reimbursement revenues, resulting in about \$31.8 million that had to be offset using other General Fund sources.
- Relying on savings from other General Fund sources reduces funding available for future years.
- Vacancies and leave comprised an average of 83 percent of Fire-Rescue's overtime budget overages from FY2022 through FY2024, indicating that it **consistently underestimated its actual needs**.
- Fire-Rescue has an established methodology for developing its overtime budget; however, it is not formally documented.
- While Fire-Rescue's overtime budget overages from FY2021 through FY2023 were also driven by impacts from the COVID-19 pandemic, we found that its overtime estimates related to vacancies and leave remained the same during that time period.
- The Department of Finance has not consistently included salary increases in Fire-Rescue's overtime budget, which contributed to overages from FY2019 through FY2023.
- More accurately budgeting for overtime would reduce the potential for General Fund impacts, **minimizing financial strain on the City**.

**Exhibit 13: Vacancies and Leave Comprised 83% of Fire-Rescue's Overages on Average from FY2022 Through FY2024**



■ Vacancies & Leave ■ Other — Share of Overage from Vacancies & Leave

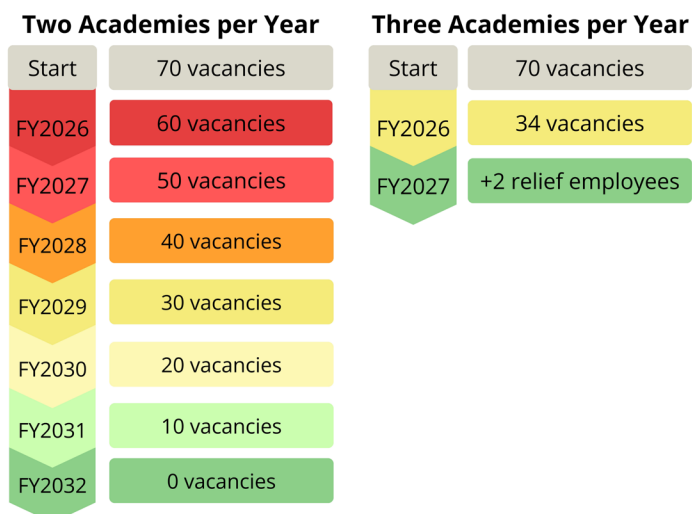
Source: OCA generated based on budget data provided by Fire-Rescue.

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**Finding 2:** The Fire-Rescue Department should include all sworn employees in its staffing projections to more reliably determine how many academies it needs to reach full staffing and reduce overtime.

- Fire-Rescue **underestimated its attrition and vacancies and overestimated its expected academy graduates**, leading it to request too few academies to meet its projected full staffing dates in FY2021, FY2022, FY2024, and FY2025.
- Holding too few academies delays full staffing and creates more overtime for employees until vacant positions are filled, which can have financial and staffing impacts.
- Given that **staffing projections are a core component of Fire-Rescue’s overtime budget estimates**, they should be as accurate as possible.
- Fire-Rescue’s staffing projections only account for employees in the Operations Division (Operations) instead of all sworn positions, likely contributing to Fire-Rescue repeatedly missing its projected full staffing dates.
- In November 2024, Fire-Rescue projected it would take two years to reach full staffing by holding two annual academies, while we found that it could take seven years. If Fire-Rescue held three annual fire academies, it could take as few as two years to hire enough employees to achieve full staffing.

**Exhibit 17: Fire-Rescue Would Reach Full Staffing Five Years Faster by Holding Three Annual Fire Academies**



Source: OCA generated based on vacancy data from SAP, attrition data provided by the Personnel Department, and academy graduate data from Fire-Rescue.

**Finding 3:** The Fire-Rescue Department should update its relief factor calculation to further reduce overtime after it reaches full staffing.

- A relief pool, which is a group of employees who fill absences that would otherwise be filled using overtime, could reduce overtime, provide increased support during emergencies, and benefit firefighters who desire less overtime.
- Fire-Rescue should update its relief factor to project its relief pool size more accurately.
- Fire-Rescue should incorporate all employee absence types using historical data, create a relief factor for each job classification individually, and focus on times when employees take the least time off to avoid over-hiring.

## What OCA Recommends

We made **6 recommendations** to improve Fire-Rescue’s overtime processes. Key recommendations include:

- Fire-Rescue should **refine and formally document its overtime budgeting methodology** in coordination with the Department of Finance.
- The Department of Finance should collaborate with Fire-Rescue to **include negotiated salary adjustments in the overtime budget** to reduce the potential for future overages.
- Fire-Rescue should **revise its staffing projection methodology to include all positions that are filled using academies** to accurately account for staffing needs.
- During the annual budgeting process, Fire-Rescue should **analyze how its requested number of fire academies would impact overtime and staffing**.
- Fire-Rescue should **update its relief factor calculation** to account for the **actual number of daily absences** by job classification in Operations **using historical data**.

Fire-Rescue **agreed to all 6 recommendations**.

For more information, contact Andy Hanau, City Auditor, at (619) 533-3165 or [cityauditor@sandiego.gov](mailto:cityauditor@sandiego.gov)



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# Background

Given the growing intensity and frequency of wildfires in Southern California, the San Diego Fire-Rescue Department's (Fire-Rescue) public safety service is crucial and one of the City of San Diego's (City) top priorities. To provide this service, Fire-Rescue uses overtime to ensure it is able respond to emergency fire and medical calls 24 hours a day, 365 days a year.

We conducted a performance audit of Fire-Rescue's use of overtime in accordance with the Office of the City Auditor's (OCA) Fiscal Year (FY) 2024 Audit Work Plan. The objectives of this audit were to:

1. Determine what factors contribute most to Fire-Rescue's overtime costs and if there are opportunities to reduce overtime costs;
2. Determine if Fire-Rescue's current staffing model is optimized to meet its service-level requirements; and
3. Determine if there are opportunities to improve the overtime budgeting process.

Fire-Rescue is composed of several divisions, with both civilian and sworn personnel. All Fire Suppression employees within the Operations Division (Operations) are sworn firefighters who respond to fire and emergency medical calls. Fire-Rescue also employs civilian employees who perform fire prevention inspections and other non-emergency activities across other divisions. Sworn Fire Suppression employees, or firefighters, in Operations account for most of Fire-Rescue's overtime. According to Fire-Rescue, in FY2024, Operations accounted for 84 percent of its total overtime spend. As of November 2024, about 64 percent of Fire-Rescue's total employees resided within Operations.<sup>1</sup> While Operations comprises the majority of firefighters, Fire-Rescue also has some sworn employees outside of Operations. This performance audit focuses on sworn Fire Suppression employees as they incur most of Fire-Rescue's overtime costs.

## Overtime costs made up 15 percent of Fire-Rescue's total expenditures in FY2024.

In FY2024, Fire-Rescue's total budget was \$367 million, of which \$49 million, or 13 percent, was budgeted for overtime.<sup>2</sup> However, Fire-Rescue spent \$54 million on overtime, approximately 15 percent of its total expenditures, as shown in **Exhibit 1**. From FY2019 through FY2024, Fire-Rescue spent more than was budgeted on overtime. Fire-

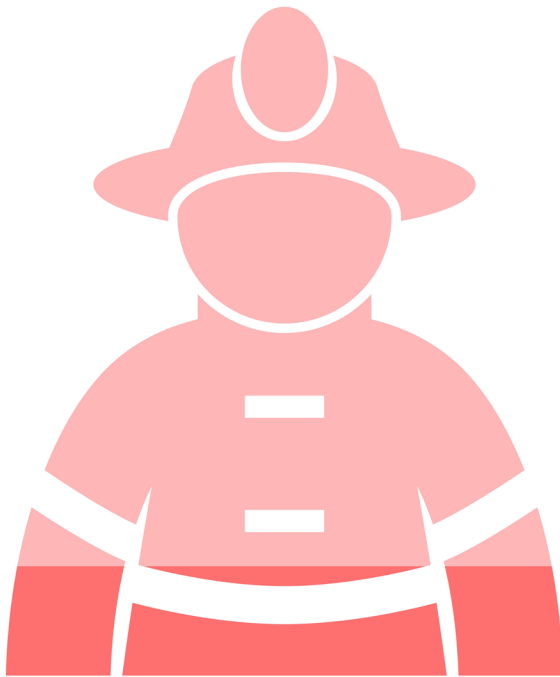
<sup>1</sup> Out of the 1,446 total employees within Fire-Rescue, 925 employees (approximately 64 percent) work in Operations.

<sup>2</sup> Of Fire-Rescue's \$367 million total budget, \$352 million was in the General Fund. Fire-Rescue's adopted overtime budget of \$49 million in FY2024 was composed of \$48 million in the General Fund and \$600,000 in the Fire/Emergency Medical Services Transport Program Fund.

Rescue's overtime primarily goes to meeting staffing needs to ensure enough firefighters are available to respond to calls.

### Exhibit 1

#### Fire-Rescue Spent About \$54 Million on Overtime in FY2024



In FY2024, Fire-Rescue spent

**\$54 million**

on overtime,

**15%**

of its total budget.

Note: In FY2024, Fire-Rescue's budget was approximately \$367 million, of which \$352 million was budgeted in the General Fund.

Source: OCA generated based on budget information from SAP.

#### Costs for overtime and hiring new sworn Fire Suppression employees are comparable.

According to a Department of Finance analysis of public safety overtime conducted in 2024, the cost of overtime is generally comparable to the cost of hiring new sworn Fire Suppression employees, depending on the benefits plan an employee selects.<sup>3</sup> As the costs of overtime and hiring are similar, qualitative factors, such as employee morale and workload, and the quality of public service delivery, may be more important when the City makes policy decisions related to Fire-Rescue overtime.

<sup>3</sup> Our 2014 Performance Audit of Fire-Rescue's Overtime Costs found no significant difference between the costs of hiring new staff or using overtime to fill vacancies. The audit also found that the absence of caps to employees' annual leave balances presented risks to the City's annual leave liability and identified weaknesses in the payroll reconciliation process. Fire-Rescue has since implemented all three of the audit's recommendations. The audit can be found here: [https://www.sandiego.gov/sites/default/files/15-005\\_Fire-Rescue\\_Overtime.pdf](https://www.sandiego.gov/sites/default/files/15-005_Fire-Rescue_Overtime.pdf)

## Fire-Rescue uses overtime to maintain minimum staffing levels.

Like other metropolitan fire departments, Fire-Rescue uses a constant staffing model to maintain needed staffing in its fire stations.<sup>4</sup> This ensures enough firefighters are available to respond to calls, fill shifts when others are absent, and perform other necessary tasks. **Exhibit 2** lists the total number of employees Fire-Rescue needs in each job classification to maintain staffing levels, as of November 2024. Employees in Operations are scheduled to work an average of 56 hours per week, which is an average of two to three 24-hour shifts per week. In total, firefighters work 2,912 hours per year, about 800 hours more than the typical 9-to-5 employee.

### Exhibit 2

#### Fire-Rescue Requires that Enough Firefighters are Working at All Times to Respond to Calls

Job Classification	Total Employees Needed
Firefighter	231
Firefighter/Paramedic	224
Fire Engineer	233
Fire Captain	257
Fire Battalion Chief	36
<b>Total</b>	<b>981</b>

Note: Totals contain employees inside and outside of Operations.

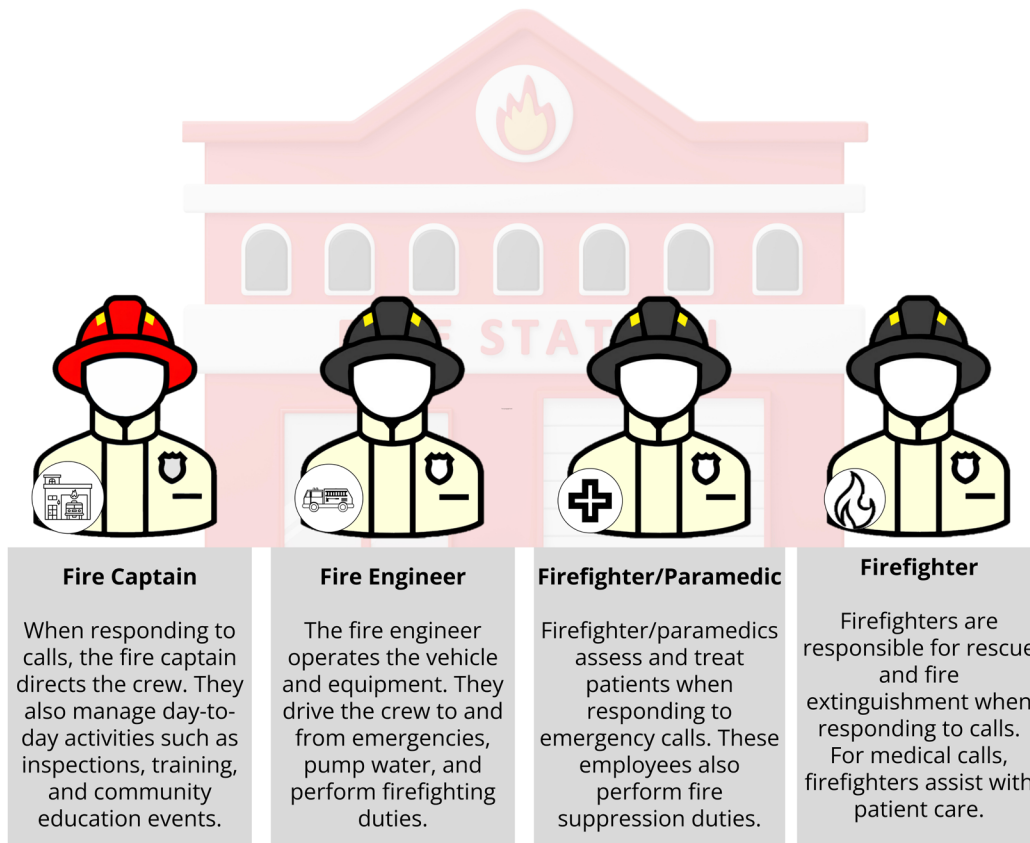
Source: OCA generated based on Fire-Rescue's November 2024 monthly staffing report.

In line with national standards, Fire-Rescue staffs its vehicles with a crew of four sworn Fire Suppression employees, consisting of a firefighter, a firefighter/paramedic, a fire engineer, and a fire captain. Each of these employees perform different duties when they respond to calls for service, as shown in **Exhibit 3**. To ensure all personnel can provide medical care when responding to emergencies, all firefighters at Fire-Rescue are certified Emergency Medical Technicians (EMTs) and at least one member of each crew must have a paramedic license.

<sup>4</sup> Fire agencies use constant staffing models to ensure the needed number of employees are on duty to respond to calls at all times. To meet constant staffing requirements, if a shift is unfilled due to an absence or vacancy, the department fills the shift with another employee using overtime.

### Exhibit 3

## Each Crewmember Has Unique Responsibilities When Responding to Calls



Source: OCA generated based on information from Fire-Rescue's website and Drill Manual.

## Fire-Rescue backfills employee vacancies and absences using overtime.










Under the constant staffing model, when an absence occurs in Operations due to a vacancy or when an employee takes time off, Fire-Rescue backfills the shift with another sworn Fire Suppression employee using overtime. **Exhibit 4** lists the most common types of employee absences at Fire-Rescue.

In addition to filling open shifts at stations, sworn Fire Suppression employees may also work overtime when they are deployed on strike teams to fight wildfires across California as part of the State's fire and rescue mutual aid system. Fire-Rescue may send employees out on strike teams during times of high need, as it did for the January 2025 wildfires in Los Angeles County. The State of California reimburses local jurisdictions for deployments, and according to Fire-Rescue, these reimbursements cover the cost of the strike team deployments and

their associated backfill.<sup>5</sup> As Fire-Rescue uses overtime to maintain constant staffing and respond to unpredictable emergency events, overtime will always be necessary to maintain the department's service levels.

#### Exhibit 4

### Employee Absences Must Be Backfilled Using Overtime

Type of Absence	Definition
 <b>Annual Leave</b>	Employees accrue time off with full pay by working for the City.
 <b>Compensatory Time Off</b>	Sworn Fire Suppression employees can choose to be compensated for working overtime in the form of time off that can be taken another time.
 <b>Strike Team Deployment</b>	Sworn Fire Suppression employees may be sent to fight wildland fires elsewhere as part of California's mutual aid program.
 <b>Industrial (Injury) Leave</b>	Injured employees are entitled to time off to recover.
 <b>Light Duty</b>	Employees who may be well enough to work, but not well enough to return to firefighting duties may work in a light duty capacity, which may consist of administrative tasks, until they are healthy enough to return to their regular position.
 <b>Discretionary Leave</b>	The City provides high-performing employees with additional time off. This leave is also awarded for service year milestones.
 <b>DROP Extension</b>	Sworn Fire Suppression employees hired before 2005 may retire but continue to receive pay for any unused vacation time left at the end of their tenure. These absences must be backfilled until the employee's vacation is paid out and the employee is replaced.
 <b>Parental Leave</b>	Sworn Fire Suppression employees are entitled to eight weeks of parental leave per year for an eligible event.
 <b>Family and Medical Leave Act Leave</b>	The Family and Medical Leave Act (FMLA) provides eligible employees with unpaid job-protected leave for specified family and medical reasons.

Note: This is not a complete list of absence types; according to Fire-Rescue, these categories were the most commonly used absence types.

Source: OCA generated based on City personnel and administrative regulations, negotiated labor agreement with Local 145, and interviews with Fire-Rescue.

<sup>5</sup> Fire-Rescue employees on strike team deployment and employees working backfill are paid at a premium overtime rate of 1.5 times their regular pay. Fire-Rescue stated that it does not receive reimbursement for the backfill; however, it does receive reimbursement for its administrative costs, workers compensation, FICA/Medicare, and unemployment insurance, all of which essentially cover the cost of the backfill.

## **Fire-Rescue administers overtime in accordance with various laws and union agreements.**

According to the City's personnel manual, all sworn Fire Suppression employees, except for Fire-Rescue's executive staff, are eligible to receive premium overtime pay, which is additional compensation for working beyond their regularly scheduled hours. The Fair Labor Standards Act (FLSA) requires that fire protection employees receive premium overtime pay of at least time and one-half their regular rate of pay for all hours worked beyond 212 hours in a 28-day work period, or after working 53 hours per week. In compliance with the FLSA and City's personnel regulations, sworn Fire Suppression employees earn premium overtime pay for any work completed outside their regular shifts, in addition to 3 hours of overtime per week, which is already built in as part of Fire-Rescue's 56-hour workweek.

Sworn Fire Suppression employees also earn premium overtime pay for certain non-working hours. In FY2018, the City adopted the Appendix D provision in its labor agreement with the sworn Fire Suppression employees' bargaining unit, Local 145. Appendix D allows for sworn Fire Suppression employees to count hours from their time off, known as "non-productive hours," such as annual leave or sick leave, towards the 212-hour monthly threshold at which they are eligible for overtime pay.<sup>6</sup> This change allows employees to earn overtime pay if they were absent for one of their regularly scheduled shifts during the same month.

## **Overtime at Fire-Rescue is largely voluntary.**

Firefighters may work voluntary or mandatory overtime. Using voluntary overtime, sworn Fire Suppression employees may volunteer to work extra shifts by signing up in TeleStaff, Fire-Rescue's virtual scheduling system. While technically voluntary, given Fire-Rescue's constant staffing model, overtime is necessary to maintain adequate staffing, which means that if employees do not volunteer for shifts, they may be required to work mandatory overtime.

Employees who volunteer for overtime are selected by TeleStaff for shifts based on who has worked the fewest hours in a rolling 90-day period. When there are no volunteers to work the overtime or if

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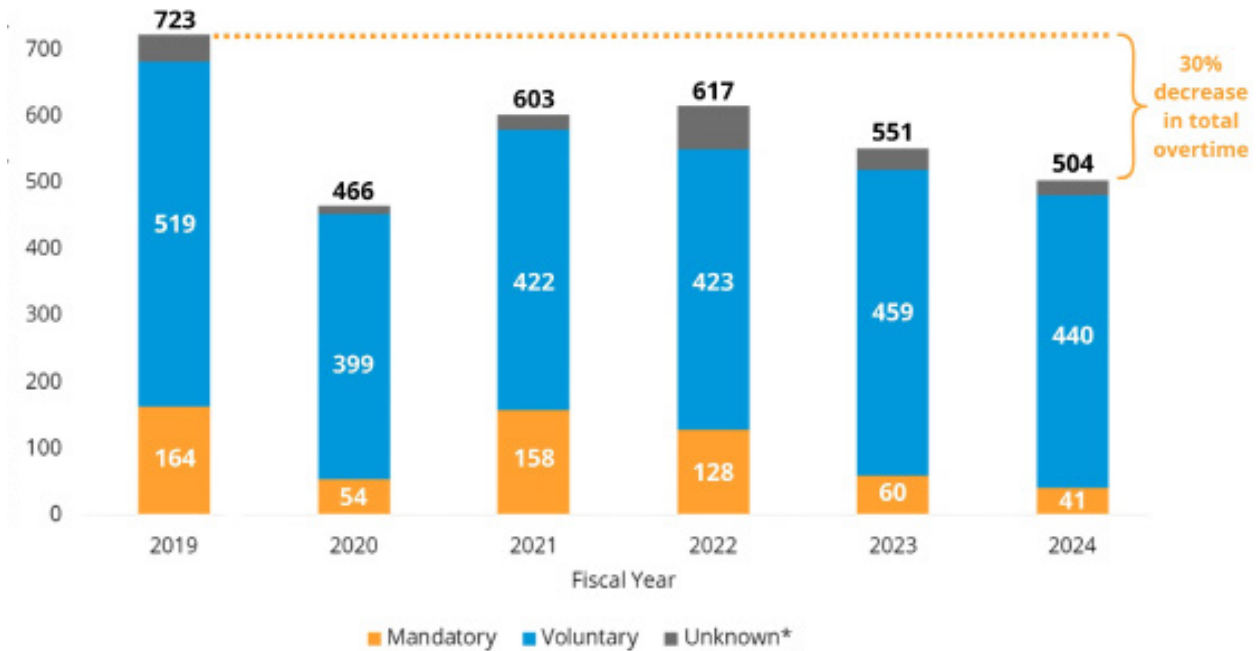
<sup>6</sup> Appendix D of the FY2017 through FY2020 Memorandum of Understanding between the City and Local 145 can be found here: <https://www.sandiego.gov/sites/default/files/local145moufy17.pdf>



a specialized employee is needed in an emergency, employees are assigned to work mandatory overtime. Mandatory overtime shifts are assigned to employees based on seniority and in order of those who worked mandatory overtime least recently.

In FY2024, the average sworn Fire Suppression employee worked 540 overtime hours on top of their regularly scheduled shifts, the equivalent of about two extra 24-hour shifts per month. Employees' average overtime decreased by 34 percent since FY2019, or by about one 24-hour overtime shift per month, reducing the amount of mandatory overtime worked by employees. Of the 540 overtime hours worked by the average employee in FY2024, only 44 hours were mandatory overtime.

Fire-Rescue's 30 percent decrease in overtime hours overall since FY2019 led to a decrease in mandatory overtime, which comprised 23 percent of all overtime worked in FY2019 and only 8 percent of all overtime in FY2024. Compared to mandatory overtime, voluntary overtime stayed relatively stable over the last six years, ranging from a high of 519,000 hours in FY2019 to a low of 399,000 hours in FY2020, as shown in **Exhibit 5**.

**Exhibit 5****Fire-Rescue's Overtime Decreased Overall, Reducing Mandatory Overtime**

\* Unknown refers to overtime that could not be categorized as mandatory or voluntary in each fiscal year.

Note 1: Mandatory overtime comprised a more significant share of total overtime in FY2021 and FY2022 than in FY2023 and FY2024. According to Fire-Rescue, it used more mandatory overtime during those years because the COVID-19 pandemic caused increased attrition and absences, with up to 205 sworn personnel in quarantine at once. Data used in this graph includes sworn Fire Suppression and Prevention employees both inside and outside of Operations who are represented by Local 145 and filled using graduates from Fire-Rescue's annual fire academies. Job classifications included are air operations chief, assistant fire marshal, fire battalion chief, fire captain, fire engineer, firefighter I, firefighter II, firefighter III, fire prevention inspector II, fire prevention supervisor, and fire recruit. We excluded employees whose job classifications we could not identify using SAP payroll information.

Note 2: While we verified the employees in this TeleStaff dataset were present in SAP payroll data, Fire-Rescue also provided several other TeleStaff datasets that it claimed were more accurate. However, after several attempts to confirm the accuracy of this dataset relative to the others, Fire-Rescue ultimately did not provide an explanation outlining the differences between them.

Source: OCA generated based on TeleStaff overtime data provided by Fire-Rescue.

Additionally, in FY2024, the average employee worked 25 hours of overtime that could not be identified as mandatory or voluntary; however, these hours comprised only 5 percent of all overtime worked.

## **Fire-Rescue supports firefighters' health and safety by limiting work hours and monitoring employees' workload.**

To minimize the risk of fatigue from working long hours, which can impair work performance and increase accidents and mental health problems, Fire-Rescue limits work after 96 consecutive hours, or four consecutive 24-hour shifts. Employees may request to keep working past 96 consecutive hours but must attest that they are fit to keep working and receive approval from a supervisor. Fire-Rescue's 96-hour limit is comparable to those of several benchmark jurisdictions and matches the Long Beach Fire Department's limit. Of the seven jurisdictions we surveyed, five had work hour limits that ranged from 72 to 120 consecutive hours.<sup>7</sup>

Additionally, according to Fire-Rescue, its management team meets monthly to discuss staffing and overtime trends and to plan needed overtime shifts.

## **Top overtime employees worked most of their overtime voluntarily.**

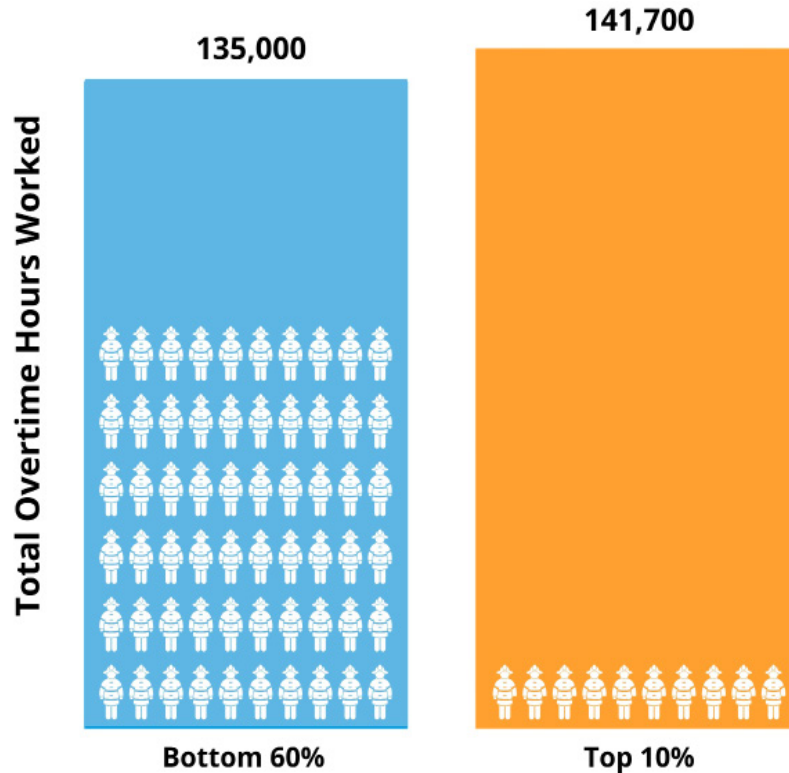
While the average employee worked 540 overtime hours in FY2024, the top 10 percent of overtime employees (93 employees) worked an average of 1,523 overtime hours, about three times the average, which is about one extra 24-hour shift per week on top of their regularly scheduled shifts. This top 10 percent of overtime workers logged more overtime than the bottom 60 percent of employees (559 employees) in FY2024, as shown in **Exhibit 6**. The top overtime employee worked 3,023 overtime hours, or the equivalent of 10 extra shifts per month on top of an average of 9 regularly scheduled shifts. In other words, the top overtime employee at Fire-Rescue worked more in overtime than they worked in regular time last year.

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<sup>7</sup> According to the Oakland Fire Department, it does not allow employees to work beyond 120 consecutive hours of mandatory overtime or to volunteer for more than 192 consecutive hours, or eight shifts in a row.

### Exhibit 6

## The Top 10 Percent of Overtime Workers Logged More Overtime Than the Bottom 60 Percent in FY2024



Note: The top 10 percent of overtime workers is composed of 93 employees and the bottom 60 percent is composed of 559 employees.

Source: OCA generated using Telestaff data that was provided by Fire-Rescue.

Voluntary overtime made up 94 percent of top overtime employees' overtime. These employees worked about the same number of mandatory overtime hours as the average sworn Fire Suppression employee in FY2024 at 51 overtime hours compared to the average of 44 hours.

### Firefighters may volunteer for more overtime to make up for comparatively low salaries.

A 2022 third-party pay equity study of the City found that surveyed firefighters were 14 times more likely than other City employees to report needing to work overtime to support their families, despite 47

percent of surveyed firefighters reporting they desired less overtime.<sup>8</sup> A third-party study of Fire-Rescue's compensation found that in 2023, top step salaries lagged behind the median of comparable jurisdictions by 15.4 percent for new hires and by 12.6 percent for 5-year employees.

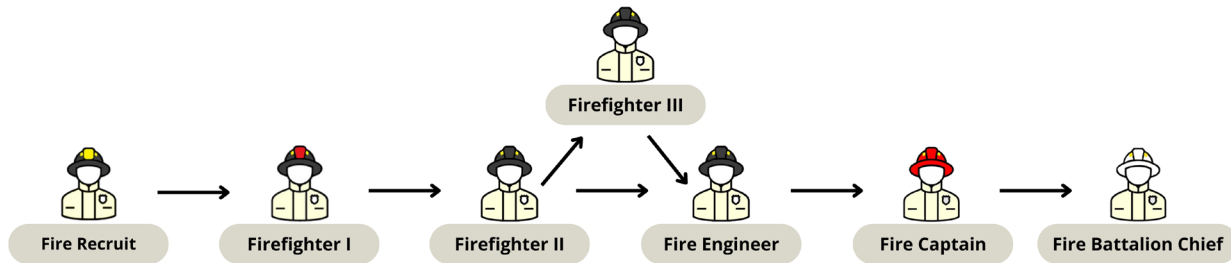
## The fire industry's reliance on linear promotions limits Fire-Rescue's employees' ability to leave the department, despite low salaries.

*Fire-Rescue's sworn Fire Suppression employees have a relatively low average quits rate of 1.6 percent per year, with retirements comprising most of the total turnover.*

Despite Fire-Rescue's comparatively low salaries, limited lateral transfer opportunities across the fire service industry reduce employees' ability to leave the department. Most fire agencies, including Fire-Rescue, typically hire employees through fire academies. Employees then work their way up the promotional ladder, as shown in **Exhibit 7**. Because many fire agencies do not generally accept lateral hires even if a candidate has previous experience as a firefighter, employees' opportunities to transfer to another agency are limited unless they are willing to start at the bottom of the ladder. While some employees do leave for other agencies, Fire-Rescue's sworn Fire Suppression employees have a relatively low average quits rate of 1.6 percent per year, with retirements comprising most of the total turnover.<sup>9</sup>

8 The 2022 Pay Equity Study can be found here: <https://www.sandiego.gov/sites/default/files/2024-05/2023-pay-equity-report.pdf>

9 The quits rate is comprised of all voluntary employee separations except for retirement. Separation types included in the quits rate were family/personal, other job, relocation, education, higher salary, and leave expired/no response. Separation types excluded from the quits rate were discharged, fail probation, retired – disability, retired – regular, deceased, end of limited appointment, illness, quit in lieu of discharge, and other. Sworn Fire Suppression employees' 5-year quits rate of 1.6 percent is relatively low compared to the quits rates of other employee groups as found by the Office of the City Auditor's 2020 Performance Audit of the City's Strategic Human Capital Management ([https://www.sandiego.gov/sites/default/files/20-011\\_humancapitalmanagement.pdf](https://www.sandiego.gov/sites/default/files/20-011_humancapitalmanagement.pdf)). That audit found that Local 911, which represents lifeguards, had a quits rate of 2.9 percent, the Police Officers Association had a quits rate of 3.2 percent, and the Municipal Employees Association, which represents professionals and office workers, had a quits rate of 6.1 percent.

*Exhibit 7***Fire-Rescue Uses a Linear Promotional System to Move Employees Through Its Job Classifications**

Source: OCA generated based on interviews with Fire-Rescue, Fire-Rescue's policies and procedures, and the City's 2022 Analytica Consulting Pay Equity Study.

**The City has steadily raised Fire Suppression salaries over the last six years.**

Although Fire-Rescue stated additional wage increases are needed to reach median compensation, the City has steadily raised Fire-Rescue's salaries since FY2019, and by FY2026 will have increased Fire Suppression salaries by up to 51 percent since FY2019. As a result of the Office of the City Auditor's 2020 Performance Audit of Strategic Human Capital Management, the City created a compensation strategy which aims to increase employee salaries to mid-market levels.<sup>10</sup> The City has worked to make compensation more competitive through FY2026 in its latest Memorandum of Understanding with Local 145.

Comparatively low salaries, coupled with many fire agencies using a linear promotional model and limited opportunities to laterally transfer to another fire agency, may drive some sworn Fire Suppression employees to work high amounts of voluntary overtime.

<sup>10</sup> Office of the City Auditor's 2020 Performance Audit of the City's Strategic Human Capital Management: [https://www.sandiego.gov/sites/default/files/20-011\\_humancapitalmanagement.pdf](https://www.sandiego.gov/sites/default/files/20-011_humancapitalmanagement.pdf)

## While both departments address public safety, Fire-Rescue and the San Diego Police Department differ in their structures and overtime use.

In February 2024, the Office of the City Auditor issued a performance audit of the San Diego Police Department's (SDPD) overtime.<sup>11</sup> While both public safety departments use overtime to maintain required staffing levels to protect public safety, they take different approaches to managing overtime to best serve their operational needs. Given the differences between Fire-Rescue and SDPD, as outlined in **Exhibit 8**, the scope of this audit was focused differently than the scope of the SDPD overtime audit.

*A crucial difference between Fire-Rescue and SDPD lies in how they primarily use overtime.*






Specifically, a crucial difference between Fire-Rescue and SDPD lies in how they primarily use overtime. Under Fire-Rescue's constant staffing model, it primarily uses overtime to cover vacancies and employee absences to remain fully staffed, and for strike team deployments. According to Fire-Rescue, it also uses overtime to attend required trainings, cover special events, and perform other activities, such as community engagement and recruitment. While SDPD also primarily uses overtime to meet its minimum required staffing levels, it uses overtime for other activities as well, such as completing reports, working crowd control at special events, and performing homelessness-related duties.

Additionally, at SDPD, officers must actively patrol during their 10-hour shift when they are not responding to calls. In contrast, in addition to responding to emergency calls, sworn Fire Suppression employees are expected to perform station maintenance, sleep, eat, and exercise during their 24-hour shifts. This makes it difficult to measure firefighter fatigue as call volume, and thus the demands on an employee's energy, may differ depending on the call volume at their assigned station.

<sup>11</sup> Office of the City Auditor's 2024 Performance Audit of SDPD Overtime:  
[https://www.sandiego.gov/sites/default/files/2024-02/24-08\\_performance\\_audit\\_sdpd\\_ot.pdf](https://www.sandiego.gov/sites/default/files/2024-02/24-08_performance_audit_sdpd_ot.pdf)



*Exhibit 8***Fire-Rescue's and SDPD's Structures and Overtime Uses Differ**

Characteristic	Fire-Rescue	SDPD
<b>Staffing Model</b> 	<b>Constant Staffing</b> Fire-Rescue's constant staffing level is the number of employees needed in each station to respond to calls at all times. As employees are assigned to seats on a vehicle, Fire-Rescue cannot exceed its required staffing level because there will be no seats open for extra employees. If a shift is unfilled, Fire-Rescue backfills that opening with another employee using overtime.	<b>Minimum Staffing</b> SDPD sets minimum required staffing levels for each patrol shift, to respond to calls for service. SDPD aims to exceed its minimum number of staff needed in each shift in case of unexpected emergencies. If there are too many absences to meet minimum staffing, SDPD may bring employees in on overtime until it has enough to reach minimum staffing.
<b>Employee Work Schedule</b> 	24-hour shifts on a rotating basis, averaging a 56-hour workweek.	Four 10-hour shifts per week, totaling a 40-hour workweek.
<b>Duties</b> 	During the 24-hour shift, firefighters are expected to respond to calls, perform station maintenance, sleep, eat, and exercise.	Officers are expected to patrol and respond to calls during working hours.
<b>Overtime Use</b> 	Fire-Rescue's overtime typically consists of backfilling absences and vacancies or being sent on a strike team deployment. Overtime is also used to attend required trainings, cover special events, and perform other activities such as community engagement and recruitment.	SDPD primarily uses overtime to fill absences, but also to complete reports, work crowd control at special events, perform homelessness-related duties, attend court, and complete other activities.
<b>Personnel</b> 	Per national standards, sworn Fire Suppression employees respond to all emergency calls.	While civilian positions may respond to certain emergency calls, sworn officers are required to respond to the majority of them.

Source: OCA generated based on interviews with Fire-Rescue and SDPD and Fire-Rescue's and SDPD's policies and procedures.

# Finding 1

***The Fire-Rescue Department should document and refine its overtime budgeting methodology to reduce the risk of consistent budget overages.***

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## Finding Summary

The Fire-Rescue Department (Fire-Rescue) consistently exceeded its adopted overtime budget from fiscal year (FY) 2019 through FY2024, resulting in approximately \$71.6 million in total overages. Specifically, of this amount, approximately \$47.2 million (66 percent) is due to Fire-Rescue under-projecting vacancies and leave. While Fire-Rescue has offset some of its budget overages with personnel savings and revenues from strike team deployment reimbursements by \$39.8 million, its overtime budget overages have resulted in \$31.8 million in General Fund impacts since FY2019.<sup>12</sup> Fire-Rescue stated it has an established methodology for developing its overtime budget; however, we found that it is inaccurate primarily because it underestimates Fire-Rescue's costs for vacancies and leave. Although overtime is difficult to precisely project, costs for vacancies and leave have comprised an increasing percentage of Fire-Rescue's overtime budget overages since FY2019, when Fire-Rescue zero-based its overtime budget. Relative to other overtime categories, vacancies and leave comprised an average of 83 percent of Fire-Rescue's overtime budget overages from FY2022 through FY2024, indicating that its overtime budget consistently underestimated its actual needs.

More accurately budgeting for overtime would reduce the potential for General Fund impacts and their magnitude when they do occur, minimizing financial strain to the City of San Diego (City). If savings and revenues are not enough to offset overages, the City must rely on savings from other departments, which reduces funding available for future programs and services. In light of the City's projected \$1.5 billion structural deficit through FY2030, with an estimated baseline shortfall of \$258.2 million in FY2026 alone, it is increasingly important to budget as accurately as possible.

Fire-Rescue can improve its budgeting for more predictable factors like vacancies and leave by collaborating with the Department of Finance (Finance) to refine its methodology for projecting overages and by periodically using a zero-based budgeting approach for its overtime budget. To ensure budgeting consistency and accuracy year-to-year, Fire-Rescue should incorporate its refined methodology into a written policy to reduce the potential for overages. Doing so would also ensure transparency in Fire-Rescue's budgeting practices and that any future changes are recorded. Additionally, we found that Finance has not consistently included salary increases in Fire-Rescue's overtime budget, which contributed to its overages from FY2019 through FY2023.

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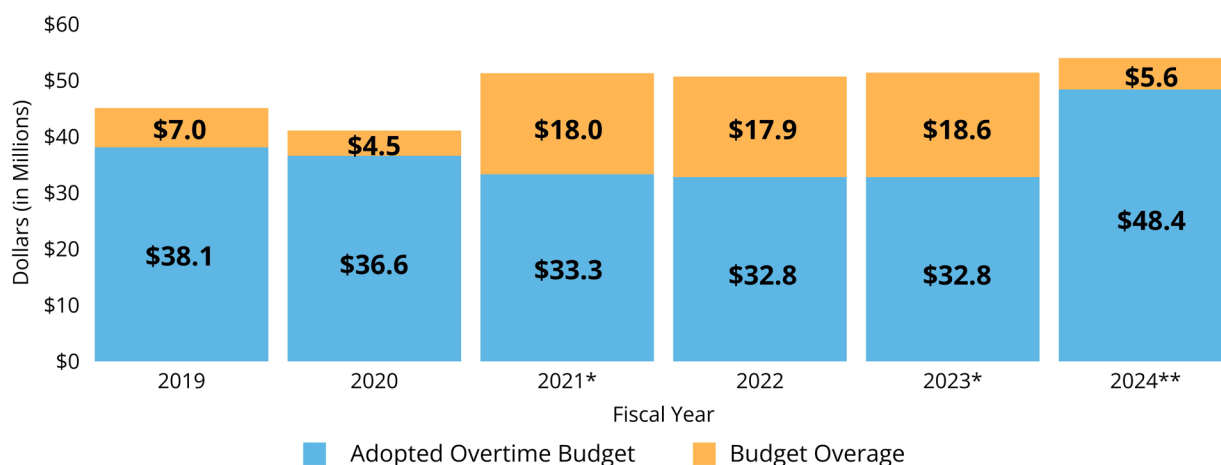
<sup>12</sup> General Fund impacts refer to the portion of the budget overage that cannot be covered by related savings within Fire-Rescue's budget, and that must be covered using other savings from within Fire-Rescue's budget or savings from elsewhere in the General Fund, such as savings from other departments.

## Fire-Rescue consistently exceeded its adopted overtime budget from FY2019 to FY2024.

From FY2019 to FY2024, Fire-Rescue consistently exceeded its adopted overtime budget, as shown in **Exhibit 9**, resulting in \$71.6 million in total overages. Over the last six years, Fire-Rescue's highest budget overage was in FY2023 at \$18.6 million. According to Fire-Rescue, its overages in FY2021 through FY2023 were impacted by increased absences and responsibilities related to the COVID-19 pandemic.

### Exhibit 9

#### Fire-Rescue Consistently Exceeded its Overtime Budget Between FY2019 and FY2024



\* Fire-Rescue's overages in FY2021 through FY2023 were impacted by increased absences and responsibilities related to the COVID-19 pandemic. Fire-Rescue's total overtime budget is composed of funding from the General Fund and the Fire/Emergency Medical Services Transport Program Fund. The adopted overtime budget amounts in the graph above include only General Fund expenditures.

\*\* The FY2024 adopted overtime budget included the addition of \$9 million in historical salary increases and a one-time \$6.6 million adjustment from Finance, bringing the overtime budget closer to actual overtime spend and resulting in a smaller overage at year-end.

Source: OCA generated based on budget information from SAP.

Fire-Rescue's overtime budget overages were largely caused by backfill overtime for vacancies and absences needed to meet its constant staffing requirements. For example, we found that vacancies and leave have comprised an average of 83 percent of Fire-Rescue's overtime budget overages between FY2022 and FY2024. Fire-Rescue primarily uses overtime to ensure it staffs the required number of firefighters on its vehicles to respond to calls for service, in compliance with national standards.

*According to Fire-Rescue, even when it is projected to exceed its overtime budget, it must continue to use overtime to meet operational needs.*

According to Fire-Rescue, even when it is projected to exceed its overtime budget, it must continue to use overtime to meet operational needs. Prohibiting further spending would increase response times and reduce service levels because Fire-Rescue would not be able to effectively staff its fire stations. The Government Finance Review states that certain portions of fire department budgets are inherently inflexible as much of the funding goes to meeting required staffing levels. Therefore, when fire departments do not have a large enough overtime budget, they are forced to reduce services or risk a budget overage.

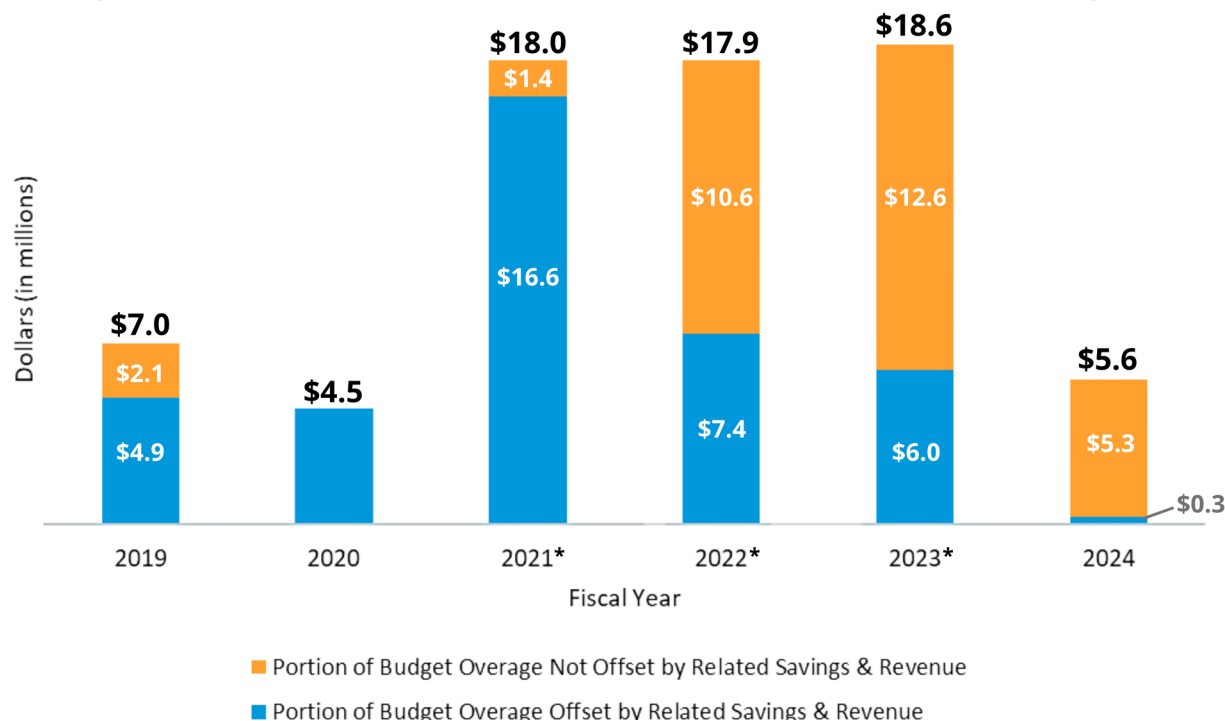
Unlike FY2019 through FY2023, Fire-Rescue's FY2024 budget was increased to \$48.4 million, bringing its budget closer to Fire-Rescue's actual average spend of \$47.9 million for that same period. This was due to Fire-Rescue incorporating \$9 million in historical salary adjustments and Finance providing \$6.6 million in a one-time adjustment. These actions resulted in a smaller overage of \$5.6 million at year-end. Without the one-time adjustment provided by Finance, Fire-Rescue's total overage for FY2024 would have been \$12.2 million. Similarly, the FY2025 adopted overtime budget was higher than in previous years, at \$45.4 million. According to Finance's FY2025 mid-year budget monitoring report, Fire-Rescue is projected to exceed its overtime budget by \$10.9 million at fiscal year-end, \$6.8 million of which is projected to be offset using Fire-Rescue's salary savings and strike team deployment reimbursement revenue, indicating a potential General Fund impact of approximately \$4.1 million.<sup>13</sup>

### Significant budget overages may impact future available City funding.

Fire-Rescue uses realized personnel savings and revenues from strike team deployment reimbursements at year-end to offset overtime budget overages. However, of the approximately \$71.6 million in total overtime budget overages from FY2019 through FY2024, only \$39.7 million was offset by these savings and revenue overages, resulting in a total General Fund impact of about \$31.8 million, as shown in **Exhibit 10**.<sup>14</sup>

<sup>13</sup> The FY2025 mid-year budget monitoring report states the overages are partially offset by \$2.9 million in salary savings and \$3.9 million in anticipated revenue from strike team deployments.

<sup>14</sup> The General Fund is the City's main operating fund. In this case, we define General Fund impacts as budget overages that cannot be offset using related savings and revenues from within the department's budget and must instead be covered using funds from other sources within the department, or other General Fund sources, such as savings from other City departments.

*Exhibit 10***Fire-Rescue Partially Offset Its Overtime Budget Overages Using Related Savings and Revenue in Five of the Last Six Years, FY2019 through FY2024**

\* Fire-Rescue's overages in FY2021 through FY2023 were impacted by increased absences and responsibilities related to the COVID-19 pandemic.

Note: The General Fund impacts generated by Fire-Rescue's overtime budget overages were calculated by subtracting Fire-Rescue's available salary savings and strike team deployment reimbursement revenue overages from its overtime budget overages at year-end from FY2019 through FY2024. Notably, General Fund impacts may have been further offset using other savings from within Fire-Rescue's budget or from other City departments.

Source: OCA generated based on budget information from SAP and interviews with Fire-Rescue and Finance.

When Fire-Rescue does not have enough in personnel savings or revenues from strike team deployment reimbursements, it must rely on savings from elsewhere in its budget or savings from other sources in the General Fund to offset its overtime budget overages. However, these overages, according to the IBA, should be offset by funding that is related to overtime like personnel savings and strike team deployment reimbursement revenue overages. According to the Government Finance Officers Association (GFOA), governments should ensure overtime is accurately accounted for in the budgeting process. Finance stated that the City's General Fund personnel budget, for which overtime is included, typically balances out at year-end, as some departments exceed their budgets while others spend less.

*The risk in using offsets to cover overages is that those savings are not guaranteed at year-end, according to Finance.*

The risk in using offsets to cover overages is that those savings are not guaranteed at year-end, according to Finance. Personnel savings may not be available at year-end to completely offset overtime budget overages because, as part of the budget process, Finance removes budgeted personnel expenditure savings (BPES) from Fire-Rescue's budget. This is an amount Finance calculates that represents the expected personnel savings resulting from various factors, such as vacancies, normal attrition, leaves of absence, and delays in hiring for newly requested positions. As departments may not spend their entire personnel budgets during the fiscal year, Finance removes this amount from departments' budgets and re-purposes it for other City services to ensure a more accurate and balanced General Fund budget at year-end.<sup>15</sup> As these savings are not guaranteed and Fire-Rescue's overtime budget overages have typically exceeded its available offsets, Fire-Rescue should adjust its estimates to more accurately reflect its needs.

*Relying on savings from other sources also reduces the funding the City can set aside for future years.*

Additionally, relying on savings from other sources also reduces the funding the City can set aside for future years. According to Finance and the IBA's review of the year-end budget monitoring report, savings from 18 other departments were required to offset Fire-Rescue's total personnel budget overage of \$13.6 million as well as the overages from two other departments in FY2023.<sup>16</sup> Consequently, those savings no longer generated excess equity, which are savings the City sets aside to address unanticipated circumstances and one-time priority expenditures in future years.<sup>17</sup> While General Fund impacts from Fire-Rescue's overtime budget overages may have been mitigated by other savings from within Fire-Rescue's budget or savings from other departments during the same fiscal year, it is still important to accurately budget for overtime, especially as the City projects a \$1.5 billion deficit through FY2030 with an estimated baseline shortfall of \$258.2 million in FY2026 alone.

<sup>15</sup> According to Finance, while it estimates the BPES for all City departments, it does not remove the funding from smaller departments' personnel budgets. Unlike departments with more employees, if the BPES is miscalculated, the removal of that funding could be more impactful to smaller departments' budgets.

<sup>16</sup> According to Fire-Rescue, its FY2023 overtime budget overage was impacted by increased absences and responsibilities related to the COVID-19 pandemic.

<sup>17</sup> Excess equity is the unassigned fund balance that is not otherwise designated as General Fund reserves and is available for appropriation. Excess equity generally results from increases to General Fund revenues and under-budget General Fund expenditures during the fiscal year. It is appropriated primarily for unanticipated circumstances, such as General Fund revenue shortfall affecting programs during the budget year or for one-time priority expenditures.

## The City reviews departments' budgets and makes adjustments to address overages through its monitoring process.

The City has a general process for addressing budget overages. In FY2024, for example, several departments had budget overages, including Fire-Rescue, Police, Transportation, Parks and Recreation, Stormwater, and Environmental Services. As part of the City's general budget monitoring processes, Finance reviews departments' actual and projected expenditures throughout the year using quarterly reports to determine if budget adjustments are needed to avoid a deficit at year-end. Through this process, Finance monitors expenditures and assesses if any projected overages may impact the General Fund. As previously discussed, Finance starts by analyzing if any additional funding would be available from unspent budget allocations to cover projected overspending.

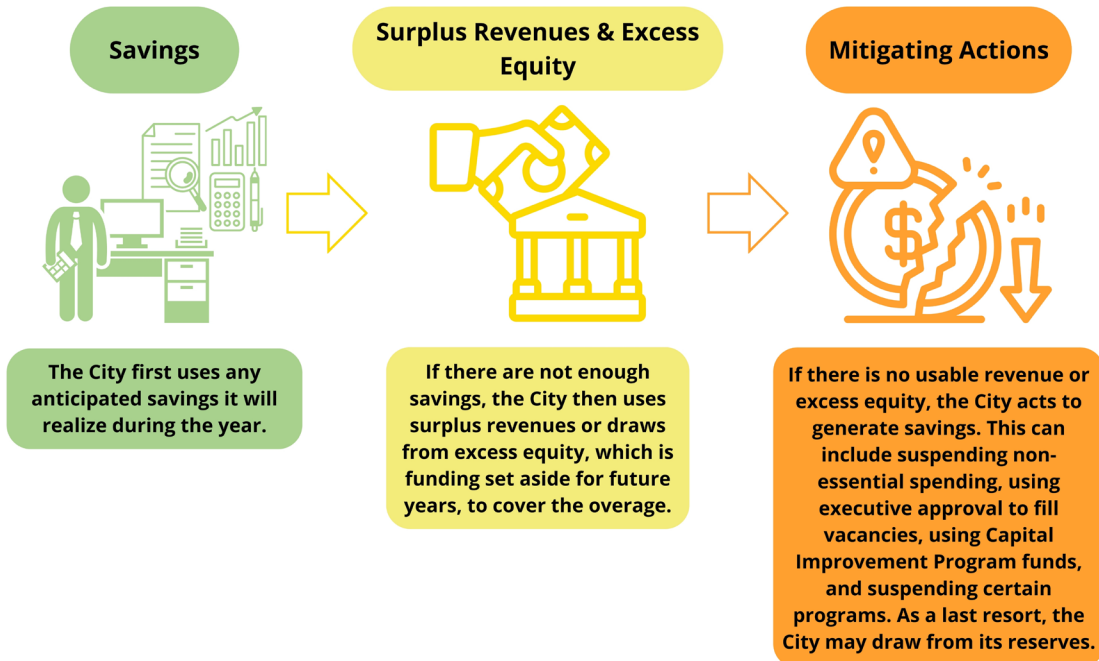
If there are not enough savings to cover any projected overages, the City may rely on surplus revenues or draw from its excess equity. If these sources are insufficient, the City may take more drastic measures, such as suspending non-essential spending, using executive approval to fill open positions, or using Capital Improvement Program funds.<sup>18</sup> As a last resort, the City may also draw from its reserves.

**Exhibit 11** displays the City's process of covering budget overages using these mitigating actions. According to Finance, the effects that mitigating actions have on departments are varied but can ultimately mean that departments are unable to implement intended programming or may fail to put money towards the City's reserves, as required by City policy.

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<sup>18</sup> In FY2024, the IBA's review of the City's mid-year budget monitoring report's projections found that the City required more excess equity than anticipated to cover its deficit at year-end, in addition to the unexpected costs associated with responding to the January 2024 storm. To address the overage, the City implemented budget mitigation strategies.



*Exhibit 11***When the City is Projected to Exceed Its Budget, It Acts to Address Anticipated Overages**

Source: OCA generated based on City Council budget policies and information provided by Finance.

According to Finance, while Fire-Rescue's overages alone have not resulted in using the strategies listed in the mitigating actions section of **Exhibit 11**, reducing the potential for General Fund impacts and their magnitude when they do occur is imperative to minimizing financial strain to the City. Additionally, in light of the City's projected structural deficits over the upcoming years, with an estimated baseline shortfall of \$258.2 million in FY2026, it is increasingly important to budget as accurately as possible.







**Fire-Rescue does not have a formally documented overtime budgeting methodology, though it uses an established process for estimating overtime.**

To develop its annual overtime budget request, Fire-Rescue uses its overtime budgeting methodology to estimate the categories listed in **Exhibit 12**, which it sends to Finance for review. Fire-Rescue zero-based its FY2019 budget, and this budget has formed the basis for

subsequent budgets.<sup>19</sup> Since then, the City sets Fire-Rescue's base overtime budget as the amount awarded in the previous fiscal year excluding any one-time additions. Fire-Rescue then requests incremental adjustments to the base budget amount depending on current projections and other operational changes. Fire-Rescue sends these budget adjustment requests to Finance for consideration.

### Exhibit 12

## Fire-Rescue Includes Several Factors in Its Overtime Budgeting Methodology

Budget Category	Definition
 <b>Constant Staffing</b>	Overtime used to fill vacancies and absences. This category considers FLSA and absences from leave and staffing shortfalls.
 <b>Divisional Overtime</b>	Overtime used by personnel outside of Emergency Operations such as Lifeguard Services, Special Operations, Community Risk Reduction, and others.
 <b>Deployments</b>	Overtime used to maintain full fire station coverage while personnel are deployed to major emergency incidents by federal, State, or local agencies.
 <b>Special Assignment</b>	Overtime used for staff assignments to special events, training, and other duties.
 <b>Weather-Related Overtime</b>	Overtime used to support elevated staffing patterns for weather-related incidents.
 <b>Fire Academies</b>	Overtime for administering and instructing costs Fire-Rescue's annual fire academies.

Source: OCA generated based on interviews with Fire-Rescue, the City's FY2019 adopted budget, and review of Fire-Rescue's budgeting documents from FY2019 through FY2025.

<sup>19</sup> Zero-based budgeting involves projecting the needed funding for each item in the budget instead of requesting adjustments based on the previous year's adopted budget or actual spend. Using this method, Fire-Rescue and Finance identified the variables that impact overtime and estimated the needed funding for each variable using current trends, prior year actuals, and other factors.

We interviewed Fire-Rescue regarding its budgeting methodology several times and reviewed its overtime budget requests and projections from FY2019 through FY2024. While Fire-Rescue has an established budgeting process, it does not have a documented overtime budgeting methodology. Adopting a written internal policy that states how Fire-Rescue should adjust overtime budget categories year-to-year would ensure its methodology is consistently used to project the budget as accurately as possible. Additionally, documenting the process would allow Fire-Rescue to:

- Increase transparency to stakeholders on how the budget is developed;
- Ensure that the methodology is applied consistently from year to year;
- Ensure replication and continuity in the event of staffing changes; and
- Record adjustments to the budget based on changing needs.

**Fire-Rescue's overtime budget overages are primarily due to underestimating its overtime needs, unincorporated salary increases, COVID-19, and Appendix D.**

From FY2019 through FY2024, Fire-Rescue's overtime budget overages ranged from \$4.5 million to \$18.6 million. While overtime is difficult to precisely project, there are more predictable factors of overtime that Fire-Rescue has consistently underestimated.<sup>20</sup> These factors include:

- Underestimated costs for vacancies and leave in the constant staffing category; and
- Excluded salary increases from the overtime budget.

There are also other unpredictable factors that affected Fire-Rescue's budget overages, such as:

- Unexpected increased absences due to the COVID-19 pandemic; and
- Underestimated cost of adopting Appendix D in the Memorandum of Understanding (MOU) with the sworn Fire Suppression and Prevention employees' bargaining unit, Local 145.

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<sup>20</sup> While Fire-Rescue included these factors into its overtime budget projections, it underestimated their magnitude.

## Fire-Rescue's overtime budgeting methodology consistently underestimated the overtime needed due to vacancies and leave.

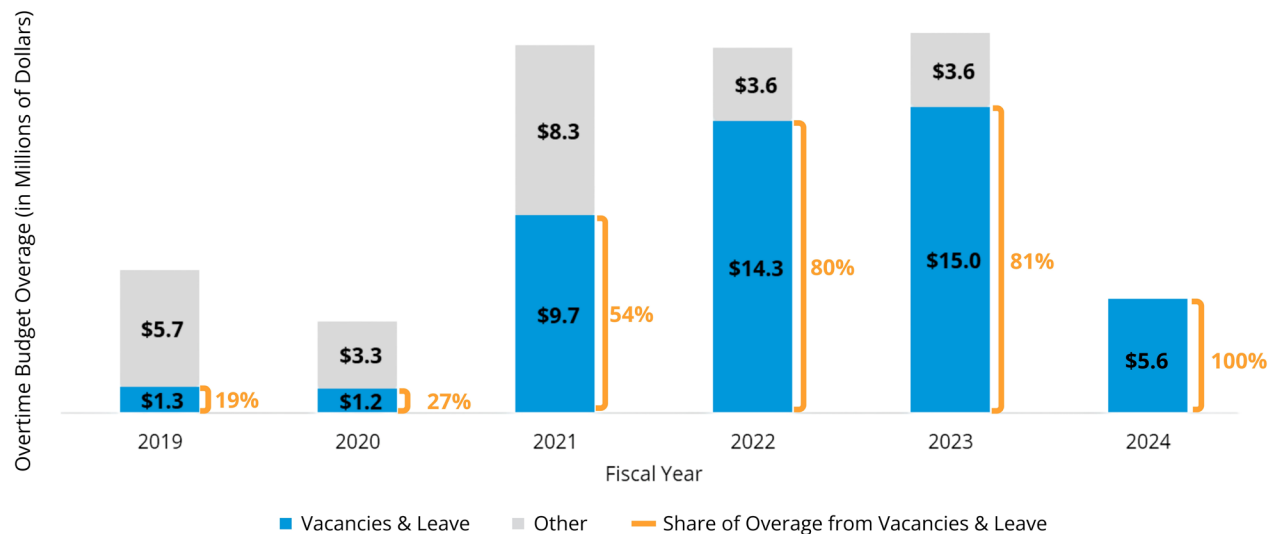
While Fire-Rescue develops its annual budget according to its stated methodology—incrementally adjusting overtime categories from the prior year's adopted budget, we found that this methodology is inaccurate in estimating Fire-Rescue's actual overtime needs. Specifically, we found that Fire-Rescue has consistently underestimated vacancies and leave within its constant staffing category—the largest category in Fire-Rescue's overtime budget, comprising an average of approximately 75 percent of total expenditures between FY2019 and FY2024.

*While actuals have been consistently higher than the budgeted amounts, the budget for vacancies and leave has remained nearly the same for several years.*

While actuals have been consistently higher than the budgeted amounts, the budget for vacancies and leave has remained nearly the same for several years. For example, the adopted budget for vacancies remained the same for FY2021 through FY2023, at approximately \$1.7 million, even while actuals increased from approximately \$4.3 million to \$9.5 million over that period. Similarly, the total adopted budget for leave time averaged approximately \$17.3 million for FY2021 through FY2023, even while actuals ranged from approximately \$24.4 million to \$27.4 million over that period. According to Fire-Rescue, the budgets remained the same for these years because it anticipated reaching full staffing. However, we found that Fire-Rescue's staffing projections overestimated the number of academy graduates and used an incorrect number of vacancies, as discussed more in **Finding 2**.

While the years of FY2021 through FY2023 were affected by the COVID-19 pandemic, by the third year, FY2023, Fire-Rescue still did not adjust its budget to reflect the actual overtime amounts spent during the prior two years. And even though Fire-Rescue's FY2024 adopted overtime budget of \$48.4 million came closer to its average historical spend of approximately \$47.9 million from FY2019 to FY2023, this was only because of the \$6.6 million in one-time adjustments it received from Finance. Thus, the FY2024 adopted overtime budget was not a true indication that Fire-Rescue re-estimated its projections for vacancies and leave.

As a result, vacancies and leave have comprised an increasing percentage of Fire-Rescue's overtime budget overages—from 19 percent to 100 percent—from FY2019 through FY2024 relative to other overtime categories, as shown in **Exhibit 13**.

**Exhibit 13****Vacancies and Leave Have Comprised 83 Percent of Fire-Rescue's Overages from FY2022 through FY2024, On Average**

Note: Overages in the Other category include other factors such as special assignment, divisional overtime, strike team deployments, fire academies, FLSA overtime, and weather-related overtime. We calculated each year by taking the total overages for the Vacancies & Leave category compared to the total overage in the Other category. Please note that some line items in the Other category may have achieved savings, which may have lowered the overages in the Other category.

Source: OCA generated based on budget data provided by Fire-Rescue.

Fire-Rescue has likely underestimated the costs of vacancies and leave because it has not periodically zero-based its budget since FY2019, for which it used prior year actuals and current year trends to develop. In fact, the budgeted amounts for leave for FY2019 and FY2020 were closer to actuals for those years but have become less accurate over time, indicating that zero-based budgeting is effective in improving projections in the short-term. According to Fire-Rescue, part of the decreasing accuracy is due to its overtime budget being reduced in FY2020 and FY2021 by a cumulative total of \$9 million because the department received funding to fill its relief pool. However, as discussed in **Finding 2**, those staffing projections were incorrect. Given historical fluctuations in staffing and leave, Fire-Rescue should periodically develop its overtime budget using a zero-based budget to account for changes in its workforce. Taking a periodic zero-based budgeting approach can ensure that recent trends within its overtime categories are accurately captured.

Additionally, costs for vacancies and leave may be underestimated due to Fire-Rescue's inaccurate staffing projections. According to

Fire-Rescue, it has reduced its budget for backfill in previous years in anticipation of reaching full staffing. However, this has contributed to overages because Fire-Rescue has been unable to meet its projected full staffing dates, as discussed in **Finding 2**.

### **When Fire-Rescue added new positions for the relief pool to decrease overtime, its overtime budget was reduced immediately, while savings have yet to occur.**

*We found that when Fire-Rescue received funding for additional positions for the relief pool as a strategy for decreasing overtime, the overtime budget was reduced before those savings were realized, increasing overtime budget overages.*

Another factor affecting overtime budget overages includes reducing Fire-Rescue's overtime budget immediately in anticipation of realizing savings. We found that when Fire-Rescue received funding for additional positions for the relief pool as a strategy for decreasing overtime, the overtime budget was reduced before those savings were realized, increasing overtime budget overages. Specifically, in FY2020, Fire-Rescue received funding for 37 positions to staff its relief pool, as further discussed in **Finding 3**, at a projected cost of \$4.4 million. Fire-Rescue projected that hiring those employees would reduce overtime by approximately \$4.7 million for a total net savings of \$300,000. However, Fire-Rescue has been unable to achieve full staffing and hire for its relief pool and as a result, has not realized the overtime savings associated with the new positions, which has contributed to overtime budget overages.

Additionally, because Fire-Rescue's relief positions have been vacant, the salary savings associated with those vacancies may be removed by Finance when it projects Fire-Rescue's BPES each year.<sup>21</sup> This means that not only has Fire-Rescue not realized the projected \$300,000 in savings resulting from hiring the 37 employees, but the \$4.4 million in associated salary savings may also be unavailable to offset its overtime budget overages. In FY2021, Fire-Rescue received another 37 positions for its relief pool and a corresponding overtime reduction. According to Fire-Rescue, the inclusion of the relief pool in the budget brings the adopted overtime budget approximately \$9 million below actual spend.

Given that Fire-Rescue and Finance jointly formulate and monitor Fire-Rescue's adopted overtime budget, both departments should collaborate to revisit the overtime budget request calculation. This would ensure the overtime budget better aligns with expected needs and would help reduce overtime budget overages at year-end.

<sup>21</sup> According to Fire-Rescue, some of these positions have been filled, however, they are not serving their intended purpose as relief positions because Fire-Rescue has not achieved full staffing.

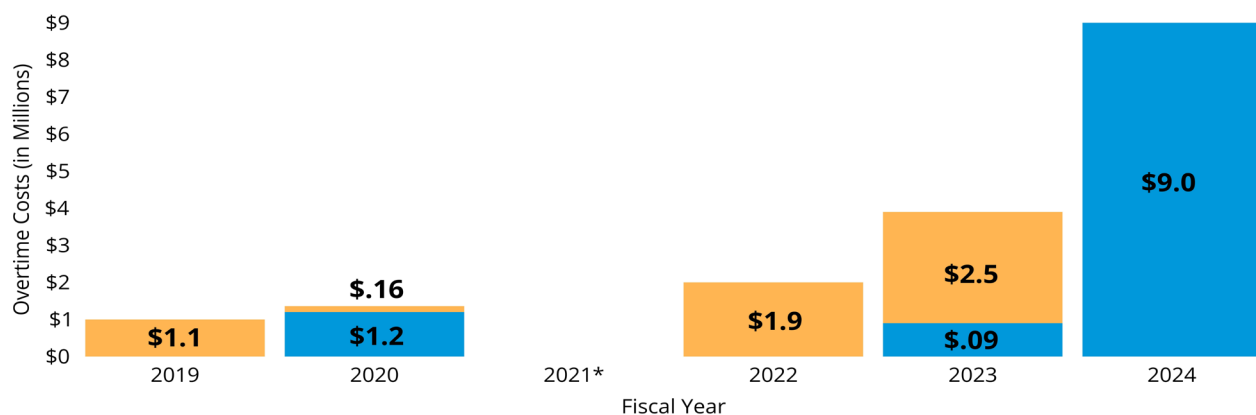
## The Department of Finance does not consistently include anticipated salary adjustments in overtime budgets.

Fire-Rescue's overtime budget overages from FY2019 through FY2023 were also driven by excluding historical salary adjustments. From FY2019 to FY2024, Fire Suppression employees received total pay increases of up to 32 percent. However, Fire-Rescue did not request overtime budget adjustments associated with salary increases in two of the five fiscal years it received salary increases, FY2019 and FY2022.<sup>22</sup> Additionally, in the two years Fire-Rescue did request budget adjustments for salaries, FY2020 and FY2023, it did not request the full amount needed.

According to Finance, salary increases are difficult to add to the overtime budget because negotiations with bargaining units may end late in the budgeting process or after the budget is adopted. As a result, Fire-Rescue does not always consider salary increases in its initial overtime budget calculation. To account for historical wage increases since FY2019, Fire-Rescue requested and was granted a \$9 million addition in its FY2024 overtime budget, as shown in **Exhibit 14**.

### Exhibit 14

#### Fire-Rescue Incorporated \$9 Million in Aggregated Salary Increases from the Last Six Fiscal Years in the FY2024 Overtime Budget



\*In FY2021, Fire-Rescue did not receive any salary or wage increases.

Note: MOU adjustments include salary increases for both Local 145, which represents Fire Suppression employees, and Local 911, which represents lifeguards. The requested overtime funding associated with MOU adjustments in FY2024 represents both the MOU adjustments Fire-Rescue received in FY2024, \$3.4 million, and the compounded salary increases that Fire-Rescue received in prior years that it had not previously requested.

Source: OCA generated based on historical budget data provided by Fire-Rescue.

<sup>22</sup> Fire Suppression employees received salary increases in five of the last six fiscal years. They did not receive salary increases in FY2021.



According to Finance, City departments may submit requests to add salary adjustments to their overtime budgets once negotiations with bargaining units have concluded. However, Fire-Rescue has inconsistently made these requests. The GFOA recommends that departments include projected salary increases and other union-negotiated items in the overtime budget each year to accurately account for future spend and reduce the potential for overages.

Currently, Finance stated it sets aside funding for anticipated salary increases during negotiations for the salaries and wages budget but does not do so for the overtime budget. To ensure the budget more accurately captures the cost of overtime each year, we recommend that Finance, in collaboration with Fire-Rescue, also annually add estimated salary adjustments to Fire-Rescue's overtime budget. This would reduce the need to request adjustments late in the budgeting process or after the budget has been adopted, when available funding may be more limited, and ultimately reduce the potential for budget overages.

### **Absences from the COVID-19 pandemic and unanticipated costs of Appendix D contributed to Fire-Rescue's overtime budget overages.**

From FY2019 to FY2024, budgeting for overtime was further complicated by increased absences due to the COVID-19 pandemic and unanticipated costs resulting from the FY2018 adoption of the Appendix D provision in Local 145's MOU.<sup>23</sup> The COVID-19 pandemic led to unpredictable employee absences, making it more challenging for Fire-Rescue to project the overtime needed to fill shifts. With higher than projected absences, Fire-Rescue had to increase its reliance on overtime to meet staffing needs.

Additionally, as mentioned in the **Background**, Appendix D allows for leave time to count towards the threshold at which an employee earns premium overtime pay. The City originally underestimated Appendix D's cost when it was adopted in FY2018 and did not increase Fire-Rescue's overtime budget to account for the actual \$4 million net increase in overtime costs until two years later in FY2020, likely contributing to Fire-Rescue's overtime budget overage in FY2019. According to Finance, it has analyzed the actual cost of **Appendix D** periodically or as needed since FY2019 during the City's negotiations with Local 145.

<sup>23</sup> Appendix D allows for sworn Fire Suppression employees to count hours from their time off, known as "non-productive hours," such as annual leave or sick leave, towards the 212-hour monthly threshold at which they are eligible for overtime pay.

## Recommendations

To ensure that the City more accurately budgets Fire-Rescue's overtime expenditures, we recommend:

### **Recommendation 1.1**

(Priority 2)

To ensure the overtime budget aligns with expected overtime needs, the Fire-Rescue Department (Fire-Rescue) should collaborate with the Department of Finance to refine its overtime budgeting methodology and formalize that methodology in a policy, standard operating procedure, department instruction, or other appropriate document. This methodology should include that Fire-Rescue use a zero-based budgeting approach at least every five years to develop its overtime budget request.

**Management Response:** Agree [See full response beginning on page 60.]

**Target Implementation Date:** December 2025

### **Recommendation 1.2**

(Priority 2)

The Department of Finance, in collaboration with the Fire-Rescue Department (Fire-Rescue), should formally document an internal policy that requires it to annually add negotiated salary adjustments to the overtime budget, as it does to the salaries and wages budget, in years when salary negotiations are ongoing and proposed for consideration for inclusion in the Mayor's Proposed Budget. This would ensure salary increases are accurately accounted for in Fire-Rescue's overtime budget, reducing the potential for future budget overages.

**Management Response:** Agree [See full response beginning on page 60.]

**Target Implementation Date:** November 2025

## Finding 2

***The Fire-Rescue Department should include all sworn employees in its staffing projections to more reliably determine how many academies it needs to reach full staffing and reduce overtime.***

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### Finding Summary

The Fire-Rescue Department (Fire-Rescue) has carried a vacancy rate between 5 percent and 10 percent from fiscal year (FY) 2021 through FY2024 despite projecting in FY2021, FY2022, FY2024, and FY2025 that it would reach full staffing.<sup>24 25</sup> As discussed in **Finding 1**, Fire-Rescue underestimated overtime needed for vacancies, which contributed to its overtime budget overages. Given that Fire-Rescue's staffing projections are a core component of its overtime budget estimates, its staffing projections should be as accurate as possible. We found that Fire-Rescue's staffing projections underestimated its attrition and vacancies and overestimated its number of expected fire academy graduates, leading it to request too few academies to meet its projected full staffing dates. Fire-Rescue eliminated one of its fire academies in FY2025 as a cost saving measure and because it anticipated that it would reach full staffing. Holding too few academies delays reaching full staffing and creates more overtime for employees until those positions are filled, which can have financial and staffing impacts if employees in higher job classifications have to work more overtime or if the department must delay promotions. We found that if Fire-Rescue continues to hold two annual fire academies, as it is in FY2025, it could take seven years to reach full staffing. However, if Fire-Rescue held three annual fire academies, it could take as little as two years to achieve full staffing.

Fire-Rescue's staffing projections account for only the employees in the Operations Division (Operations), but do not include all the job classifications that are filled using academy graduates. As the fire academy is Fire-Rescue's only method for hiring sworn employees, excluding non-Operations employees from academy projections has likely contributed to Fire-Rescue repeatedly missing its projected full staffing dates.

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<sup>24</sup> We calculated Fire-Rescue's vacancy rate by including only budgeted positions filled using academy graduates who are represented by the Fire Suppression and Prevention employees' bargaining unit, Local 145. Vacancy rate data was OCA generated using SAP data from June 30 of each fiscal year from FY2021 through FY2024.

<sup>25</sup> We did not identify that Fire-Rescue projected that it would reach full staffing in FY2019, FY2020, or FY2023.

## Fire-Rescue has consistently missed its projected full staffing dates.

As discussed in **Finding 1**, Fire-Rescue's overtime budget overages have been largely comprised of backfill overtime for leave and vacancies. Fire-Rescue aims to reduce backfill overtime for vacancies by achieving full staffing, which means that it employs the required number of Fire Suppression personnel in Operations to meet constant staffing requirements. As discussed in the **Background**, Fire-Rescue uses a constant staffing model to ensure that enough employees are working to staff its four-person crews and respond to calls for service at all hours of the day.

Fire-Rescue has not reached full staffing as planned in four of the last seven years: FY2021, FY2022, FY2024, and FY2025.<sup>26</sup> As of November 2024, Fire-Rescue projected that it would fill its 54 vacancies and reach full staffing by the fourth quarter of FY2026.<sup>27</sup>

When Fire-Rescue anticipates that it will reach full staffing during the fiscal year, its overtime budget is lowered in anticipation of fewer shifts needing to be filled using backfill overtime for vacancies. Additionally, Fire-Rescue reduced its overtime budget in anticipation of hiring for its relief pool; however, it has been unable to staff its relief pool because it has not reached full staffing. When Fire-Rescue does not meet its projected full staffing date, it contributes to overtime budget overages. In FY2024 alone, staffing shortfalls accounted for \$3.6 million, or 64 percent, of Fire-Rescue's \$5.6 million overtime budget overage. According to the Government Finance Officers Association, governments should ensure overtime is accurately accounted for in the budgeting process. Since Fire-Rescue's staffing projections influence its overtime budget estimates, they should be as accurate as possible.

*When Fire-Rescue does not meet its projected full staffing date, it contributes to overtime budget overages.*

In its review of the City of San Diego's (City) FY2024 Year-End Financial Performance Report, the Independent Budget Analyst (IBA) noted the connection between inaccurate staffing projections and overtime budget overages. To track Fire-Rescue's progress towards reaching full staffing, the IBA recommended that Fire-Rescue provide monthly staffing reports to its office and the City Council. As a further note, SDPD has a similar practice of providing its weekly staffing reports to the City Council and IBA's office.

<sup>26</sup> We did not identify that Fire-Rescue had goals to reach full staffing in FY2019, FY2020, or FY2023.

<sup>27</sup> As of the IBA's review of the FY2025 Mid-Year Budget Monitoring Report, Fire-Rescue anticipates that it will reach full staffing by the end of FY2026 if it receives its request of a third annual fire academy in its FY2026 budget. If Fire-Rescue does not receive a third fire academy, it anticipates reaching full staffing by the end of FY2027.

## Fire-Rescue's staffing projections are inaccurate because it does not include all sworn employees in its calculations.

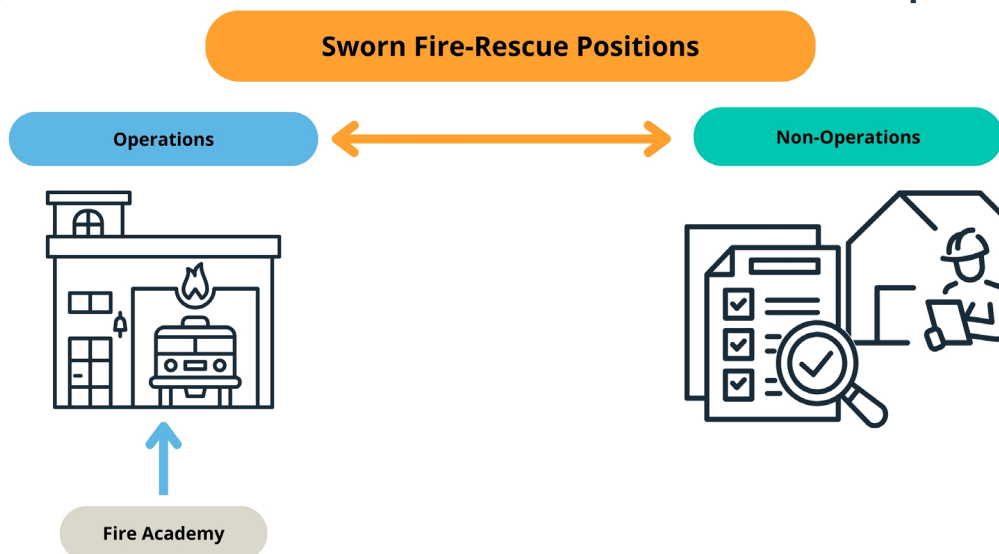
We found that Fire-Rescue's staffing projections are inaccurate because it does not include all of the job classifications that draw from its fire academies in its calculations. Specifically, Fire-Rescue defines reaching full staffing as filling only vacancies in Operations because those personnel require backfill for absences and vacancies, which heavily contributes to Fire-Rescue's total overtime.

Employees may move from Operations to another division which creates a vacancy in Operations that must be backfilled with overtime until it can be filled. For example, Fire-Rescue has moved Operations employees to non-Operations vacancies in recent years. In FY2024, Fire-Rescue transferred 10 Operations employees to vacant fire prevention inspector positions in its Community Risk Reduction Division.<sup>28</sup> Additionally, if the transferred employees were in higher job classifications, it may take Fire-Rescue longer to fill those openings because it must find employees who are ready to promote and who pass the required exams. Additionally, Fire-Rescue stated that to avoid increasing Operations' vacancies, it may keep sworn employees in Operations from filling non-Operations vacancies.

Excluding sworn personnel outside of Operations from its staffing projections causes Fire-Rescue to underestimate when it will reach full staffing because those positions are also filled using fire academy graduates. **Exhibit 15** displays how Fire-Rescue fills positions inside and outside Operations using academy graduates.

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<sup>28</sup> According to the FY2025 Local 145 MOU, as of July 1, 2009, no future hires into the Community Risk Reduction Division will be civilians. Fire-Rescue may also not fill these positions with newly hired employees.

*Exhibit 15***Academy Graduates Fill Sworn Positions Both In and Out of Operations**

Source: OCA generated based on information from interviews with Fire-Rescue, Fire-Rescue's policies and procedures, and personnel data from SAP.

**Fire-Rescue underestimates the number of academies it needs to reach full staffing because it excludes employees outside Operations from its staffing projections.**

Because Fire-Rescue does not include all sworn employees in its staffing projections, it underestimates the number of academies needed per year to reach full staffing. For example, as of November 1, 2024, we found that Fire-Rescue had a total of 70 sworn vacancies, including 54 vacancies which it had identified in Operations, as shown in **Exhibit 16**.<sup>29; 30</sup> When reviewing attrition, while Fire-Rescue identified an average annual attrition of 29 sworn employees based on specific job classifications in Operations, we found that it has an

<sup>29</sup> Fire-Rescue stated in November 2024 that it had 54 sworn Fire Suppression vacancies.

<sup>30</sup> This count of 70 sworn vacancies excludes unbudgeted positions and vacancies in the fire recruit and firefighter I job classifications, as these are probationary positions and are not counted towards Fire-Rescue's required constant staffing threshold. This count also excludes vacancies in the firefighter III job classification, as that is a promotional position only and its vacancies are not counted towards the needed number of staff in Fire-Rescue's firefighter job classifications. Additionally, it excludes fire helicopter pilot vacancies as Fire-Rescue hires for that position outside of its academies.

average sworn attrition of 42 employees per year.<sup>31; 32; 33</sup>

To calculate when it will reach full staffing, Fire-Rescue subtracts its current vacancies and anticipated attrition from the number of new hires it expects to gain from its academies each year. However, we found that Fire-Rescue also underestimates the number of graduates from each fire academy. Specifically, Fire-Rescue stated that it anticipates 28 graduates from each fire academy, but we found that the average fire academy produces only 26 graduates.<sup>34</sup>

### Exhibit 16

#### Fire-Rescue's November 2024 Staffing Projections Overestimated Average Academy Graduates and Underestimated Its Vacancies and Annual Attrition

Staffing Projection Formula	Number of expected graduates from 2 academies*	Annual attrition**	Annual net staffing gain	Number of vacancies***	Years to Achieve Full Staffing
Fire-Rescue's Projection	56 Based on anticipated number of graduates	29	+27	54 Includes only sworn employees in Operations	2
Actuals	52 Based on 5-year average	42 Based on 5-year average	+10	70 Includes all sworn employees	7

\* To calculate Fire-Rescue's projected number of 56 graduates from two academies, we used Fire-Rescue's projected number of 28 graduates per academy. According to Fire-Rescue, it budgets for each academy to start with 36 recruits. To determine the actual number of projected graduates, using academy data from Fire-Rescue, we calculated the average number of graduates from each of Fire-Rescue's academies from FY2019 through FY2024.

\*\* Fire-Rescue stated that its annual attrition number, as of November 2024, was 29; however, we were unable to confirm this using data in SAP. According to Fire-Rescue, it calculated its annual attrition using data from its Employee Services Division. To determine Fire-Rescue's annual attrition of 42 employees, we obtained SAP attrition data from the Personnel Department and averaged the number of annual Local 145 separations from FY2019 through FY2024. This number does not include fire recruits, whose attrition is accounted for in the expected academy graduates calculation, and paramedic II employees, as no new

31 According to Fire-Rescue, it previously used an expected attrition of 29 in its projection but has since updated this number to 24.

32 Using data from SAP, we calculated Fire-Rescue's average annual attrition of 42 employees. This number accounts for all employee separations in Local 145 from FY2019 through FY2024. It does not include fire recruits, whose attrition is accounted for in the expected academy graduates calculation, and paramedic II employees, as that is a terminal position and no new employees will be hired into this job classification. We also excluded employees in the fire helicopter pilot and fire prevention inspector II/civilian job classifications as Fire-Rescue hires for those positions outside the fire academy.

33 Fire-Rescue generated its attrition of 29 using data from its Employee Services Division. We generated an average attrition of 42 using data from SAP provided by the Personnel Department. Fire-Rescue did not supply an explanation for the differences between its attrition data and the data provided by the Personnel Department.

34 We found that each fire academy produces an average of 26 graduates by reviewing the number of graduates from fire academies held from FY2019 through FY2024 using data provided by Fire-Rescue.

employees will be hired into this job classification. We also excluded employees in the fire helicopter pilot and fire prevention inspector II/civilian job classifications as Fire-Rescue hires for those positions outside the fire academy. After we made several attempts to confirm the accuracy of Fire-Rescue's projected attrition of 29, Fire-Rescue ultimately did not provide further explanation regarding why its data differed from the Personnel Department's data.

\*\*\* According to Fire-Rescue, it had 54 vacancies in November 2024. We verified that Fire-Rescue calculated its 54 vacancies by totaling the budgeted vacancies in Operations in the fire battalion chief, fire captain, fire engineer, and firefighter II ranks. We calculated that Fire-Rescue had 70 vacancies in November of 2024 by totaling the number of budgeted vacancies in all Local 145 ranks, excluding unbudgeted positions and vacancies in the fire recruit and firefighter I job classifications, as these are probationary positions and are not counted towards Fire-Rescue's required constant staffing threshold. This count also excludes vacancies in the firefighter III job classification, as that is a promotional position only and its vacancies are not counted towards the needed number of staff in Fire-Rescue's firefighter job classifications. This count also excludes positions that Fire-Rescue hires for outside of its academies, which are the fire helicopter pilot and fire prevention inspector II/civilian job classifications.

Source: OCA generated based on data on academy graduates from FY2019 through FY2024 provided by Fire-Rescue, vacancy data from FY2019 through FY2024 from SAP, attrition data from FY2019 through FY2024 from SAP provided by the Personnel Department, and interviews with Fire-Rescue.

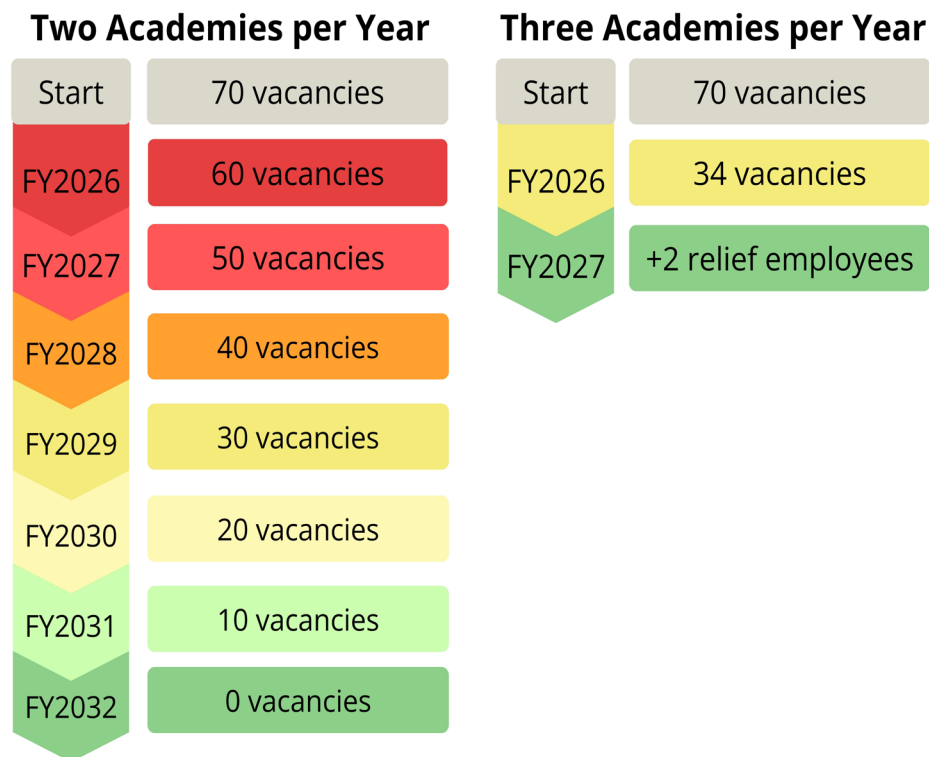
As of November 2024, Fire-Rescue projected that it should reach full staffing by the fourth quarter of FY2026 by holding two annual academies in FY2025 and in FY2026. According to Fire-Rescue's calculations, it would gain 27 employees per year if it held two annual academies after accounting for expected attrition, as previously shown in **Exhibit 16**.<sup>35</sup> However, we found that if Fire-Rescue continued holding two annual fire academies, it would gain only 10 employees each year after accounting for attrition and take approximately seven years to achieve full staffing.

Additionally, if Fire-Rescue ran a third academy each year, it would take only about two years to hire enough employees to fill its 70 vacancies because it would gain 36 employees each year after attrition, as shown in **Exhibit 17**. In addition to reaching full staffing, this faster hiring rate would also allow Fire-Rescue to begin hiring for its relief pool, which it has been unable to hire for since it has been understaffed, as discussed in **Finding 3**.<sup>36</sup>

<sup>35</sup> Fire-Rescue provided testimonial evidence of its staffing projection calculations, which stated its number of vacancies, expected attrition, and number of expected academy graduates. Our calculation of the anticipated net gain of 27 employees per year is based on the testimonial evidence Fire-Rescue provided.

<sup>36</sup> Fire agencies use relief pools to reduce overtime. A relief pool is a group of employees hired above the department's required staffing level who fill regular employee's absences that would otherwise be filled using overtime.



*Exhibit 17***Fire-Rescue Would Reach Full Staffing Five Years Faster by Holding Three Annual Fire Academies**

Note: Projected year of reaching full staffing assumes Fire-Rescue starts FY2026 with 70 vacancies, based on Fire-Rescue's November 2024 staffing numbers, and assumes that Fire-Rescue will reach full staffing at the end of FY2032 or FY2027 depending on its number of annual academies.

Source: OCA generated based on vacancy data from SAP, attrition data provided by the Personnel Department, and academy graduate data from Fire-Rescue.

As discussed in the **Background**, most fire agencies rely on academies to hire for sworn fire suppression positions. Thus, given Fire-Rescue's vacancies and annual attrition, the number of academies it has each year determines how quickly it will reach full staffing. In FY2020, FY2022, FY2023, and FY2024, Fire-Rescue, with Mayoral and City Council approval, increased its number of annual fire academies to three to address attrition and hire for the relief pool. In anticipation of reaching full staffing and due to limited City funding, Fire-Rescue gave up its third annual academy in FY2025, generating \$431,000 in savings.<sup>37</sup>

<sup>37</sup> According to Fire-Rescue, this \$431,000 in savings is due to the non-personnel expenditures associated with one fire academy. All personnel expenditures would still be incurred as employees would work overtime to fill any vacancies and academy instructors would be reassigned to other roles.

However, according to the IBA's review of the FY2025 mid-year budget monitoring report, Fire-Rescue has requested the restoration of its third academy in its FY2026 budget, and if granted, anticipates that it will be fully staffed by the end of FY2026.<sup>38</sup> According to our projection, Fire-Rescue would likely not reach full staffing until the end of FY2027, if it were to receive three annual academies over the next two fiscal years.

As the City faces a structural budget deficit in FY2026 and implements cost-saving measures, understanding the costs and benefits of adding or reducing fire academies to the City's finances and employee workload is imperative to making informed budget decisions. Specifically, until Fire-Rescue achieves full staffing, backfilling vacancies will continue to increase the burden of overtime on existing staff, as detailed below.

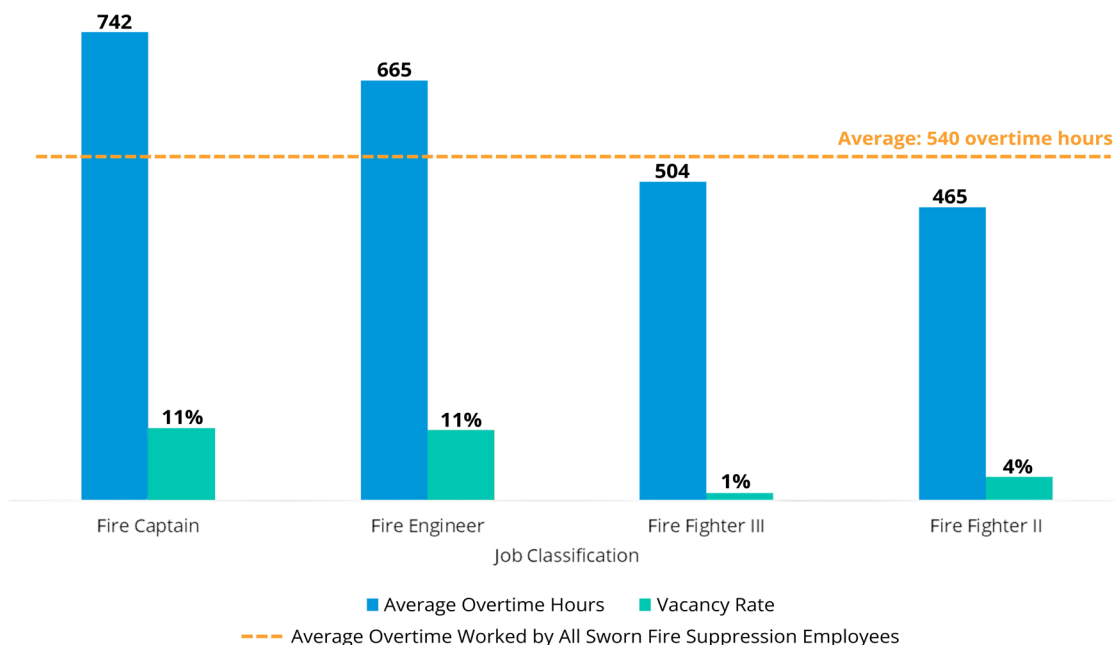
### Employees in job classifications with higher vacancy rates work more overtime.

As discussed in the **Background**, Fire-Rescue primarily uses overtime to backfill absences and vacancies to maintain constant staffing. This means that employees in job classifications with vacancies, especially those with high vacancy rates, must work overtime to ensure those open shifts are filled.

We found that employees in job classifications with higher vacancy rates worked more overtime than the average employee in FY2024. Specifically, fire captains worked 742 overtime hours on average and fire engineers worked 665 overtime hours on average, both higher than the 540 hours worked by the average sworn Fire Suppression employee, as shown in **Exhibit 18**. These job classifications each had a vacancy rate of 11 percent in FY2024. In contrast, firefighter IIs worked 465 overtime hours on average and had a lower vacancy rate of 4 percent and firefighter IIIs worked an average of 504 overtime hours and had a vacancy rate of 1 percent.

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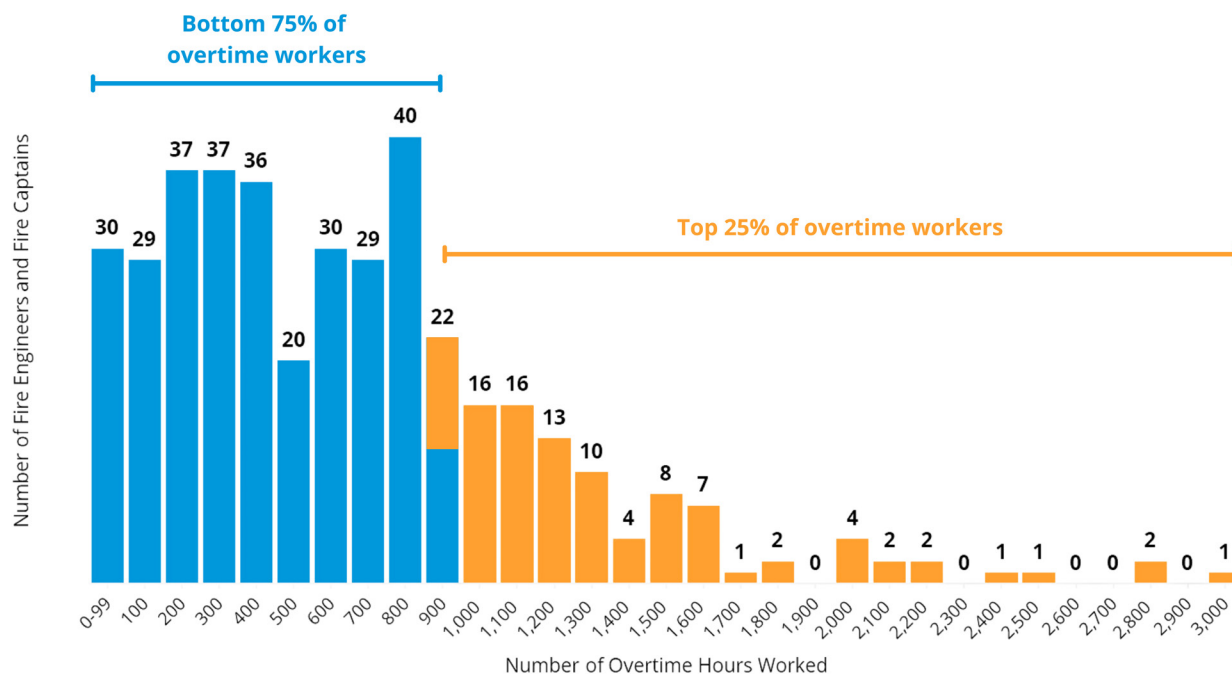
38 If Fire-Rescue is not granted a third academy in FY2026, it projects that it will reach full staffing by the end of FY2027.

*Exhibit 18***Fire Captains and Fire Engineers Worked More Overtime Than Employees in Other Job Classifications in FY2024**

Note: While we verified the employees in this TeleStaff dataset were present in SAP payroll data, Fire-Rescue also provided several other TeleStaff datasets that it claimed were more accurate. However, after we made several attempts to confirm the accuracy of this dataset relative to the others, Fire-Rescue ultimately did not provide an explanation outlining their differences.

Source: OCA generated based on overtime data from TeleStaff provided by Fire-Rescue, personnel data from SAP, and vacancy data from SAP.

We found that top overtime workers were also more likely to be fire captains and fire engineers. Of the 93 employees in the top 10 percent of overtime workers, 45 percent were fire captains and 31 percent were fire engineers. While employees in these classifications work more overtime than the average employee, most of the available overtime in these job classifications is worked by a minority of employees. Of the 400 fire captains and fire engineers who worked overtime in FY2024, the top 38 employees worked 25 percent of the total overtime in those roles. As shown in **Exhibit 19**, half of all overtime worked by all fire captains and fire engineers in FY2024 was worked by 25 percent of employees.

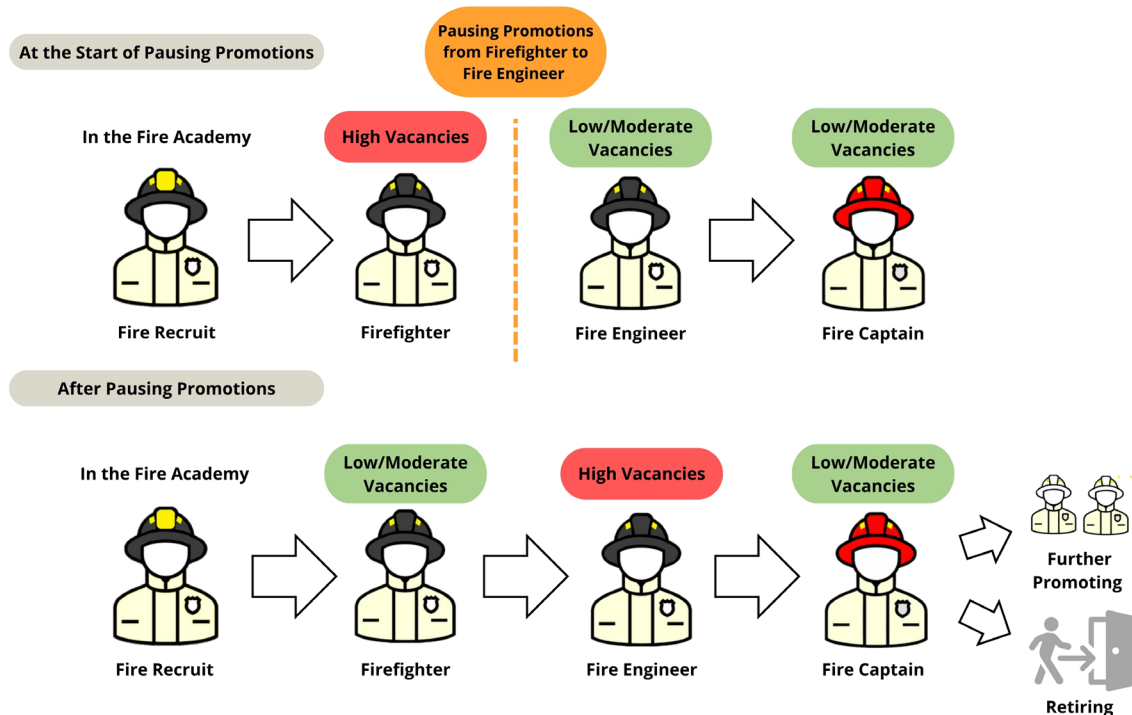
*Exhibit 19***Half of the Overtime Hours Worked by Fire Engineers and Fire Captains in FY2024 was Worked by 25 Percent of Employees**

Note: While we verified the employees in this TeleStaff dataset were present in SAP payroll data, Fire-Rescue also provided several other TeleStaff datasets that it claimed were more accurate. However, after we made several attempts to confirm the accuracy of this dataset relative to the others, Fire-Rescue ultimately did not provide an explanation outlining their differences.

Source: OCA generated based on TeleStaff overtime data provided by Fire-Rescue and personnel data from SAP.

### **Vacancies can delay promotions and have outsized financial impacts to the overtime budget.**

When lower job classifications are understaffed, to continue meeting public safety needs, Fire-Rescue pauses promotions into higher job classifications. However, pausing promotions can create staffing bottlenecks, which is when higher job classifications also gain vacancies as employees continue to promote upwards or retire but cannot be filled because promotions are paused, as shown in **Exhibit 20**. For example, according to Fire-Rescue, due to vacancies in the fire engineer job classification, it has previously paused promotions from the fire engineer to the fire captain job classification. In turn, the fire captain classification gained vacancies as those employees continued to promote or leave the department without being replaced.

*Exhibit 20***Pausing Promotions Due to Vacancies in One Classification Can Lead to Staffing Bottlenecks**

Source: OCA generated based on interviews with Fire-Rescue and the IBA.

Importantly, staffing bottlenecks can have outsized financial effects on the overtime budget. When employees in higher job classifications work overtime to fill vacancies in lower job classifications, they are more costly due to their higher salaries. Steadily hiring employees to fill vacancies as they arise is necessary to preventing future staffing bottlenecks.

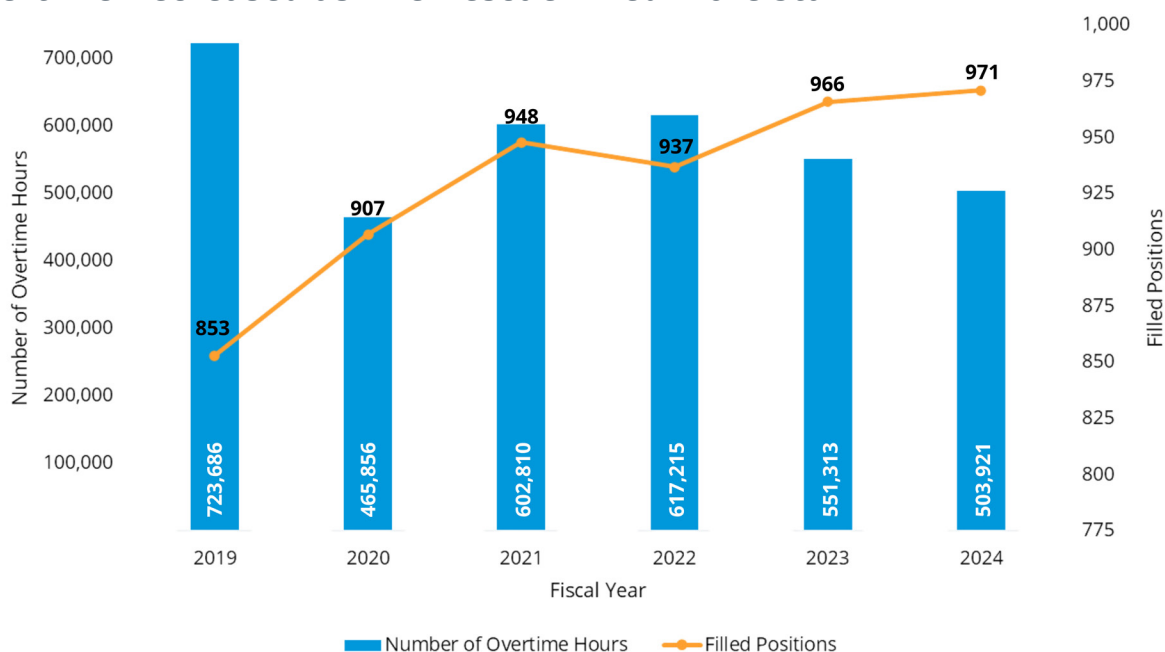
**Vacancies also increase the overtime needed from specialized employees.**

While employees in job classifications with high vacancy rates work more overtime, employees in specialized job classifications also worked more overtime than the average Fire Suppression employee when there were vacancies. Fire-Rescue's specialized employees have certifications or technical expertise that are required during certain emergency situations. According to Fire-Rescue, employees with special assignments may already work higher amounts of overtime than non-specialized employees because they may be called back to work more often.

We found that because Fire-Rescue's specialized job classifications contain fewer employees, even a few vacancies can impact the overtime needed from these employees. Fire-Rescue uses one team of specialized employees, its Metro Arson Strike Team (MAST), which is comprised of seven employees in the fire engineer and fire captain job classifications, to respond to incidents that involve suspicious fires or explosive devices. MAST employees worked an average of 858 overtime hours in FY2024, which is about three extra 24-hour shifts per month on top of their regular shifts. While an average of 739 of those hours were worked voluntarily, MAST had two vacancies at the start of FY2025, which is a vacancy rate of 29 percent; this likely increased the overtime burden on the existing MAST employees. Additionally, according to Fire-Rescue, these employees may work more overtime than other employees because they work a more standard schedule, making them more available for backfill overtime.

### **Filling vacancies would reduce overtime for some employees.**

While overtime will always be necessary to maintain constant staffing, filling vacancies would reduce overtime, especially for those employees in job classifications with higher vacancy rates or specializations. As shown in **Exhibit 21**, we found that Fire-Rescue's overtime decreased since FY2019 as it hired more staff. Notably, Fire-Rescue's decreased overtime may also be driven by the waning impacts of the COVID-19 pandemic and other staffing changes.

**Exhibit 21****Overtime Decreased as Fire-Rescue Hired More Staff**

Note: Fire-Rescue's increased overtime in FY2021 through FY2023 was impacted by increased absences and responsibilities related to the COVID-19 pandemic. Position count includes all filled budgeted and unbudgeted positions from the Local 145 bargaining unit, excluding employees in the emergency medical technician, fire helicopter pilot, fire prevention inspector II/civilian, fire prevention supervisor/civilian, fire recruit, and paramedic II job classifications. While we verified the employees in this TeleStaff dataset that Fire-Rescue provided were present in SAP payroll data, Fire-Rescue also provided several other TeleStaff datasets that it claimed were more accurate. However, after we made several attempts to confirm the accuracy of this dataset relative to the others, Fire-Rescue ultimately did not provide an explanation outlining their differences.

Source: OCA generated based on TeleStaff overtime data provided by Fire-Rescue and personnel data from SAP.

### **Fire-Rescue reduced firefighter/paramedic overtime by filling vacancies and adjusting its overtime policies.**

In FY2020, firefighter/paramedics worked an average of 651 overtime hours per year, almost double the 331 annual overtime hours worked by non-paramedic firefighters. However, since FY2020, Fire-Rescue reduced overtime for employees in the firefighter/paramedic job classification by 19 percent by hiring additional paramedics and adjusting its overtime policies.

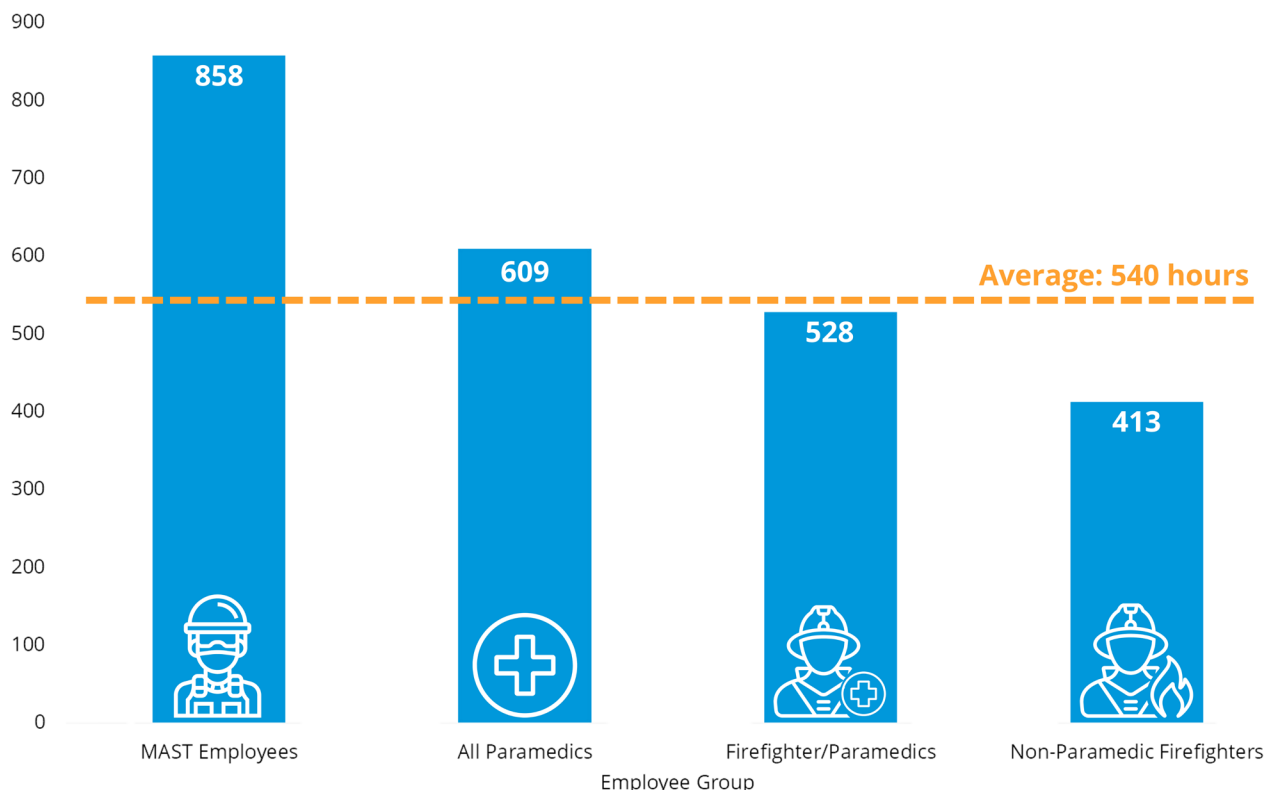
In FY2020, Fire-Rescue began allowing paramedics in other job classifications, such as fire engineers and fire captains, to volunteer for firefighter/paramedic overtime shifts. Additionally, Fire-Rescue hired

53 additional paramedics, 18 of which were in the firefighter/paramedic job classification. Together, these changes reduced the average overtime worked by firefighter/paramedics from 651 hours in FY2020 to 528 hours in FY2024.

While Fire-Rescue has reduced the amount of overtime worked by firefighter/paramedics, we found that paramedics overall worked more overtime on average than non-paramedic employees in FY2024. As shown in **Exhibit 22**, sworn Fire Suppression employees who received paramedic pay in FY2024 worked an average of 609 overtime hours. As of November 2024, Fire-Rescue had 50 vacancies in its firefighter/paramedic rank. Continuing to fill those vacancies would reduce the overtime required of paramedic employees overall.

### Exhibit 22

#### Some Specialized Employees Worked More Overtime than the Average Employee in FY2024



Note: Job classifications included in the firefighter/paramedics and non-paramedic firefighters columns are limited to firefighter II and firefighter III. While we verified the employees in this TeleStaff dataset that Fire-Rescue provided were present in SAP payroll data, Fire-Rescue also provided several other TeleStaff datasets that it claimed were more accurate. However, after we made several attempts to confirm the accuracy of this dataset relative to the others, Fire-Rescue ultimately did not provide an explanation outlining their differences.

Source: OCA generated based on TeleStaff overtime data provided by Fire-Rescue and personnel data from SAP.



## Recommendations

To increase the accuracy of Fire-Rescue's staffing projections, we recommend:

### **Recommendation 2.1**

(Priority 2)

The Fire-Rescue Department should create a written internal policy that revises its staffing projection methodology to include the vacancies and attrition of all sworn job classifications that are filled using academy graduates.

**Management Response:** Agree [See full response beginning on page 60.]

**Target Implementation Date:** November 2025

### **Recommendation 2.2**

(Priority 2)

To improve the transparency of the Fire-Rescue Department's (Fire-Rescue) progress towards achieving full staffing, the policy in Recommendation 2.1 should also require that Fire-Rescue revise its monthly staffing reports to include all sworn job classifications and to provide them to the Independent Budget Analyst and City Council.

**Management Response:** Agree [See full response beginning on page 60]

**Target Implementation Date:** August 2025

### **Recommendation 2.3**

(Priority 2)

The Fire-Rescue Department (Fire-Rescue) should adopt an internal policy stating that when making its annual budget request for fire academies, Fire-Rescue will conduct a cost-benefit analysis which includes the overtime budgeting and staffing impacts for all sworn positions based on the number of annual fire academies it requests to hold.

**Management Response:** Agree [See full response beginning on page 60.]

**Target Implementation Date:** November 2025

## Finding 3

***The Fire-Rescue Department should update its relief factor calculation to further reduce overtime after it reaches full staffing.***

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### Finding Summary

The Fire-Rescue Department (Fire-Rescue) has previously been granted funding to start a relief pool, which is a group of employees hired above its required staffing level who fill regular employees' absences that would otherwise be filled using overtime. As part of this audit, Fire-Rescue requested that the audit team analyze its relief factor, which is the calculation that determines the size of the relief pool, to find the most effective number of relief employees. While Fire-Rescue has been unable to hire for its relief pool because of its vacancies, we found that it could update its relief factor to ensure it accurately projects its needed number of relief employees to better support operations when it reaches full staffing. Specifically, Fire-Rescue could incorporate all types of employee absences and at least two previous years of absence data into its calculations. Fire-Rescue could also create a relief factor for each individual job classification and focus its calculations on times of year when employees use the least amount of time off to avoid over-hiring for the relief pool.

A relief pool could reduce overtime costs, as backfill overtime represents a majority of Fire-Rescue's overtime budget and could provide increased support during large-scale emergencies. Additionally, a relief pool would also benefit the firefighters who have previously reported that they desired less overtime.

### Fire agencies use relief pools to reduce backfill overtime for employee time off.

A relief pool would reduce backfill overtime created by firefighter absences due to time off, as shown in **Exhibit 23**. Using a relief pool could reduce overtime, as backfill overtime represents a majority of Fire-Rescue's overtime budget. Specifically, in fiscal year (FY) 2023 the City of San Diego's (City) Independent Budget Analyst found that backfill overtime for vacancies and leave accounted for 81 percent, or \$15 million, of Fire-Rescue's \$18.6 million overtime budget overage. Fire-Rescue requested and was granted funding to hire for its relief pool in FY2020 and FY2021.<sup>39</sup> However, because Fire-Rescue has not

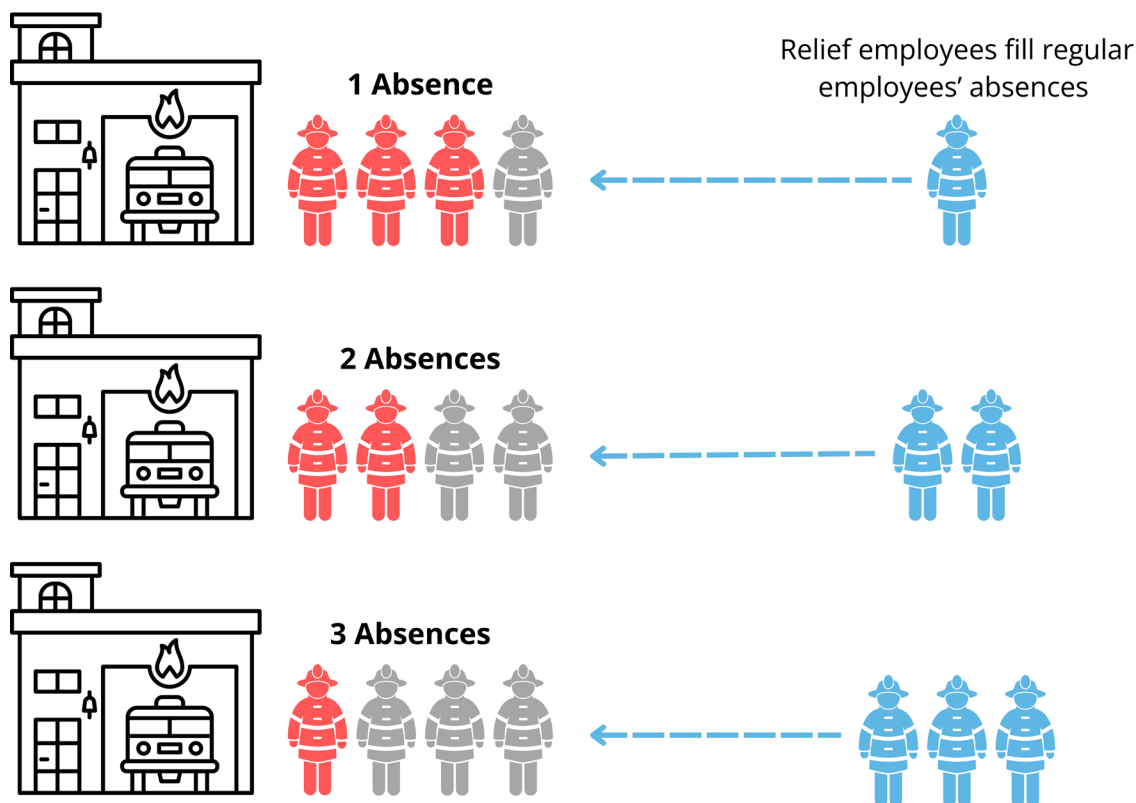
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<sup>39</sup> Fire-Rescue's current budgeted relief pool is comprised of 74 positions which it received funding for in FY2020 and FY2021

reached full staffing, as discussed in **Finding 2**, it has not hired any relief employees.

### Exhibit 23

## Fire Agencies Use Relief Pools to Fill Absences Instead of Using Overtime



Source: OCA generated based on interviews with Fire-Rescue and fire agencies in Fresno, Oakland, Sacramento, and San Jose, and a third-party study of Portland Fire and Rescue.

Hiring relief employees to reduce backfill overtime once Fire-Rescue reaches full staffing may also reduce the overtime burden for employees who are interested in working less overtime. As discussed in the **Background**, a 2022 third-party pay equity study found that despite 47 percent of surveyed firefighters wanting less overtime, they were 14 times more likely than employees in other City departments to feel financial pressure to work overtime because of Fire-Rescue's comparatively low salaries.<sup>40</sup> As the City continues to raise Fire Suppression salaries, employees may feel less pressure to work overtime. As Fire-Rescue approaches full staffing, updating its

to partially fulfill its request of 110 relief positions. This count was based on its original leave policy which allowed nine employees per job classification, and one fire battalion chief, to take leave per shift.

<sup>40</sup> The survey had a response rate of 31.3 percent, with 285 firefighters providing responses.

relief factor methodology to more effectively reduce overtime would benefit employees who have high overtime burdens. Additionally, relief employees could provide increased support during large-scale emergencies.

As discussed in the **Background**, the Department of Finance found that the cost of hiring sworn Fire Suppression employees is generally comparable to the cost of existing employees working overtime, depending on the benefits package an employee selects. In other words, if Fire-Rescue were to hire additional employees to cover overtime shifts, it would not incur significant expense, as the cost would be similar to the cost of an existing employee working overtime.

### Fire-Rescue's current relief factor does not account for all types of time off.

Fire-Rescue's current relief factor, which is the calculation used to find the needed size of the relief pool, planned for its relief pool to consist of 147 total positions, or 49 positions for each of its three shifts. The current relief factor, shown in **Exhibit 24**, captures the number of employees in each job classification who can take time off per shift per Fire-Rescue policy.<sup>41</sup> However, this relief factor does not include coverage for other types of time off like sick leave or parental leave. Updating the relief factor to account for all types of leave would ensure that Fire-Rescue has the most accurate number of relief employees to support operations.

#### Exhibit 24

### Fire-Rescue Calculates Its Relief Pool Based on the Number of Employees Who Can Take Time Off per Shift



Source: OCA generated using information from interviews with Fire-Rescue and Fire-Rescue's staffing policy manual.

<sup>41</sup> Fire-Rescue's policy on the maximum number of leaves permitted per job classification and per shift applies to the following leave types: annual leave, compensatory time off, discretionary leave, and floating holidays.

### To improve its accuracy, the relief factor should account for all types of leave.

When Fire-Rescue reaches full staffing, it should update its relief factor to account for variables commonly used amongst benchmark cities' relief factors, such as incorporating all leave, to create a more accurate calculation. Portland Fire and Rescue and the Miami-Dade County Fire and Rescue Department use relief factors that account for all time off to capture an employee's true number of productive working hours, providing the most accurate picture of how many relief employees the agencies need. Calculating a relief factor that accounts for the actual number of absences instead of only planned absences would allow Fire-Rescue to more accurately project the amount of overtime created by employee leave time and hire relief employees accordingly.

*If Fire-Rescue did create a relief factor that accounted for all time off, it would not necessarily need to hire all of the recommended relief employees.*

If Fire-Rescue did create a relief factor that accounted for all time off, it would not necessarily need to hire all of the recommended relief employees. This would avoid over-hiring for the relief pool in times when employees take less time off and preserve overtime shifts for other employees. Benchmark cities have adopted this practice as well. For example, an analysis of Portland Fire and Rescue recommended that it formulate its relief factor to cover about half of its backfill overtime hours, with the goal of reducing mandatory overtime, instead of hiring its full relief factor to cover all backfill overtime. As discussed in the **Background**, much of Fire-Rescue's overtime is worked voluntarily and some sworn Fire Suppression employees will likely continue to work voluntary overtime, even if they would prefer not to, until salaries become more competitive.

### To prevent over-hiring, Fire-Rescue should calculate a separate relief factor for each job classification based on the lowest relief coverage needed.

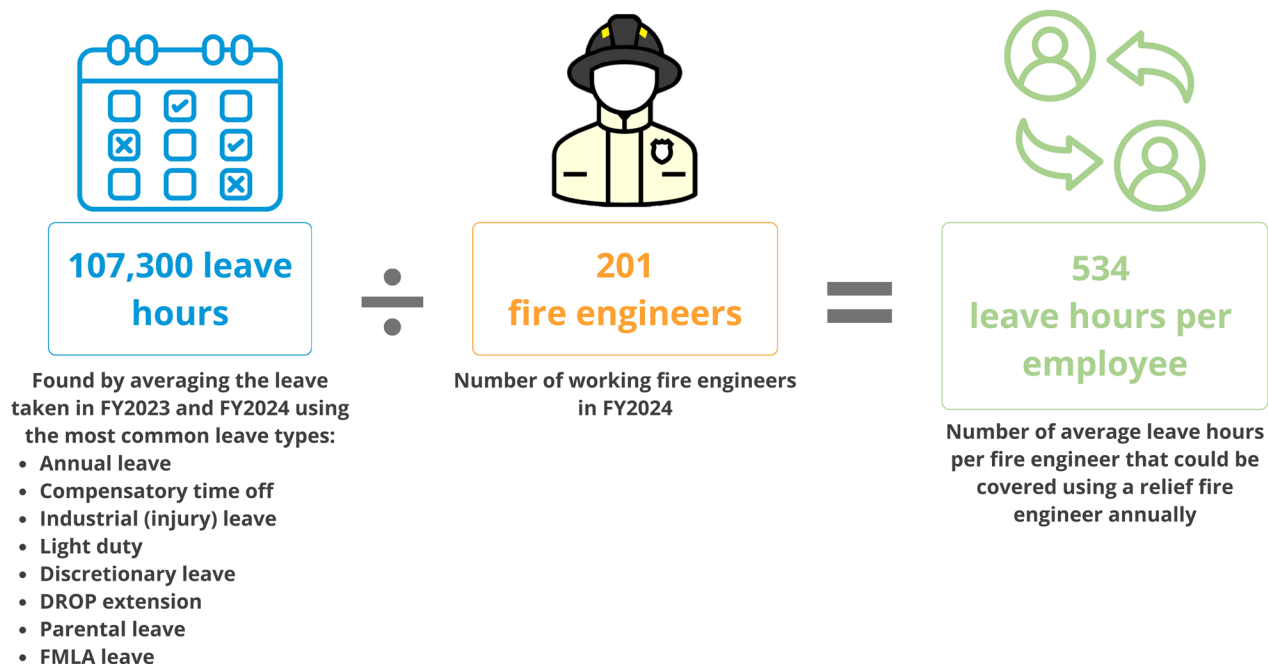
According to Fire-Rescue, if there were fewer absences than its number of relief employees, there would be no openings for them at fire stations. To prevent this, Fire-Rescue can isolate times in previous years when employees took less time off, such as using the month from each year with the lowest number of leave hours taken and calculate the number of relief employees needed to cover that reduced number of absences. This relief pool could cover open shifts during times when employees take less time off and preserve overtime shifts when employees take more time off.

Fire-Rescue should calculate a separate relief factor for each job classification individually using historical absence data, as leave trends and usage may vary by job classification. An analysis of the Montgomery County, Maryland Fire and Rescue Service found that creating a relief factor for each rank individually can reveal if a particular job classification requires more or fewer relief positions than others. Fire-Rescue's current relief factor does include a separate number of relief employees per job classification to match its policy on the number of employees who can take time off per day. Continuing with this practice when switching to a relief factor that is calculated using actual leave time taken will allow Fire-Rescue to more accurately calculate the number of relief employees it needs in each job classification.

Additionally, when updating its relief factor, Fire-Rescue should rely on at least two years of absence data, as recommended by the Miami-Dade County Fire and Rescue Department's relief factor methodology. Relying on multiple years of data ensures the relief factor is based on current trends and that it is not skewed by one year with unusually high or low leave time. Once it staffs its relief pool, Fire-Rescue should update its relief factor annually to ensure its number of relief positions keeps pace with operational needs, as a review of the Houston Fire Department's staffing analysis model recommended.

**For one job classification, Fire-Rescue could hire as few as 14 relief employees per shift to reduce backfill overtime.**

To demonstrate how Fire-Rescue might calculate an updated relief factor for each job classification using previous years' leave data, we created a sample relief factor for employees in the fire engineer job classification. First, we found the number of leave hours they took per year using the total leave taken in FY2023 and FY2024 using the most common leave types, as shown in **Exhibit 25**. We then used this total to calculate the number of leave hours the average fire engineer employee took each year by dividing the total leave hours by the number of working fire engineers.

*Exhibit 25***Fire-Rescue Should Update Its Relief Factor from Matching Its Absence Policy and Instead Base It on Historical Absences by Job Classification****Calculating the Average Leave that Could Be Covered by Relief Employees**

Source: OCA generated based on leave data and staffing information provided by Fire-Rescue.

As shown in **Exhibit 26**, we found that Fire-Rescue would need 17 relief fire engineer positions per shift, or 51 total, to cover most leave taken each year. To avoid over-hiring, we also found that Fire-Rescue could hire only 14 relief fire engineers per shift, or 42 total, to cover all leave in the months when employees take less time off, a slight increase from its current fire engineer relief factor of 12 per shift, or 36 total. Fire-Rescue could choose to hire fewer than 14 relief fire engineers per shift to ensure overtime is available and to further prevent over-hiring.

*Exhibit 26***Fire-Rescue Could Hire as Few as 14 Relief Fire Engineers per Shift to Reduce Backfill Overtime**

Relief Factor Type	Scheduled Hours	Absent Hours	Available Hours	Relief Factor*	Relief Positions**
Comprehensive Coverage	2,912	534	2,378	1.22	51 total (17 per shift)
Lowest Coverage Needed	2,912	444	2,468	1.18	42 total (14 per shift)

\* Relief factor calculated by dividing scheduled hours by available hours.

\*\* Relief positions calculated by multiplying total required fire engineer staffing by the relief factor.

Note: Included leave types are annual leave, compensatory time off, discretionary leave, industrial (injury) leave, light duty, parental leave, FMLA leave, and DROP extension. The low leave relief factor is based on the average leave taken in the month of each year with the lowest total.

Source: OCA generated using leave and staffing information provided by Fire-Rescue.

Additionally, Fire-Rescue could phase in its relief factor incrementally. For example, Fire-Rescue's relief factor could consider only annual leave at first, given that it is the largest leave type and employees typically request this type of time off in advance, making it easier to assign shifts to relief employees. Then Fire-Rescue could gradually update its relief factor to incorporate other absence types. This would allow Fire-Rescue more time to determine how to best assign relief employees to cover shifts depending on the absence type, as some types of employee absences, such as sick leave, are unpredictable and would be more difficult to plan relief coverage for.



## Recommendations

To ensure Fire-Rescue's updated relief factor accurately accounts for its overtime needs related to backfill for employee time off, we recommend:

### **Recommendation 3.1**

(Priority 3)

The Fire-Rescue Department (Fire-Rescue) should create an internal policy that updates its relief factor calculations, which determines the number of sworn Fire Suppression employees needed for its relief pool. The relief factor should be calculated for each job classification in the Operations Division using actual absences per day. Fire-Rescue may phase in its relief factor incrementally by accounting for certain types of leave and gradually including other leave types to achieve greater coverage in the future if desired. Additionally, Fire-Rescue should annually revise its relief factor after reaching full staffing to ensure it keeps pace with operational need. The relief factor should include the following variables:

- a. Historical absence data from at least the prior two fiscal years, which can include the following absence types: annual leave, Family and Medical Leave Act leave, discretionary leave, industrial leave, compensatory time off, light duty, parental leave, bereavement leave, floating holidays, DROP extension, and others.
- b. A seasonality measure, allowing Fire-Rescue to calculate the number of relief employees needed during times of the year when employees took the least time off to avoid over-hiring.

**Management Response:** Agree [See full response beginning on page 60.]

**Target Implementation Date:** January 2026

# Appendix A

## *Definition of Audit Recommendation Priorities*

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The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below.

While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation, taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

PRIORITY CLASS*	DESCRIPTION
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent nonfiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls exists.
3	Operation or administrative process will be improved.

\* The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation that clearly fits the description for more than one priority class shall be assigned the higher priority.

# Appendix B

## *Audit Objectives, Scope, and Methodology*

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### Objective

In accordance with the Office of the City Auditor's Fiscal Year (FY) 2024 Audit Work Plan, we conducted a performance audit of the Fire-Rescue Department's (Fire-Rescue) Overtime. Our audit included the following objectives:

1. Determine what factors contribute most to Fire-Rescue's overtime costs and if there are opportunities to reduce overtime costs;
2. Determine if Fire-Rescue's current staffing model is optimized to meet its service-level requirements; and
3. Determine if there are opportunities to improve the overtime budgeting process.

### Scope

Our analysis focused on overtime hours worked by sworn Fire Suppression employees eligible for overtime from FY2019 through FY2024. Sworn Fire Suppression employees eligible for premium rate overtime at Fire-Rescue include air operations chief, assistant fire marshal, fire battalion chief, fire captain, fire engineer, fire fighter I, fire fighter II, fire fighter III, fire helicopter pilot, fire prevention inspector I, fire prevention inspector II, fire prevention supervisor, and fire recruit. The fire chief and deputy fire chiefs are sworn employees but are ineligible for premium rate overtime. Our audit scope did not include an analysis of lifeguard services or ambulance contracts.

### Methodology

**To determine what factors contribute most to Fire-Rescue's overtime costs and if there are opportunities to reduce overtime costs, we:**

- Reviewed applicable overtime laws, policies, and agreements, such as:
  - The Fair Labor Standards Act of 1938
  - California Labor Code
  - California Department of Industrial Relations labor provisions on overtime
  - The City's overtime administrative policies in administrative regulations, the Personnel Manual, and Council Policies
  - Fire-Rescue overtime policies and procedures
  - Fire-Rescue agreements with the San Diego City Firefighters, I.A.F.F. Local 145
  - San Diego Municipal Code on Deferred Retirement Option Plan (DROP)

- Benchmarked Fire-Rescue's overtime and staffing with comparable jurisdictions in California and local fire agencies in San Diego County, including:
  - Fresno, CA
  - Long Beach, CA
  - Los Angeles, CA
  - Oakland, CA
  - Orange County Fire Authority
  - Sacramento, CA
  - San Jose, CA
  - Carlsbad, CA
  - Chula Vista, CA
  - San Diego County Fire
- Reviewed previous OCA performance audits on relevant topics, including Fire-Rescue Overtime Costs (2014), SDPD Overtime (2024), and Strategic Human Capital Management (2020).
- Reviewed studies of other fire agencies' use of overtime conducted in the following jurisdictions:
  - Arlington County, VA
  - Austin, TX
  - Berkeley, CA
  - Cincinnati, OH
  - County of Maui, HI
  - Dallas, TX
  - Fresno, CA
  - Los Angeles County, CA
  - Miami Beach, FL
  - Pittsburgh, PA
  - Portland, OR
  - Sacramento, CA
  - San Antonio, TX
- Interviewed key staff and stakeholders:
  - Current and former Fire Chief
  - Fire-Rescue Fiscal Services Director and Fiscal Services staff
  - Current and former Assistant Fire Chief of Emergency Operations
  - Assistant Fire Chief of Business Operations
  - Deputy Fire Chief of Employee Services
  - Staff of two City of San Diego Councilmember Offices on the Public Safety Committee
  - Local 145 representative
  - The Department of Finance (Finance) Director and Finance staff

- Fiscal and policy analyst with the Office of the Independent Budget Analyst
- Personnel Department Assistant Director and Personnel Department staff
- Analyzed Fire-Rescue's total filled positions, vacancies, and historical hiring from FY2008 through FY2025 to identify whether Fire-Rescue has hired sufficient employees to mitigate staffing shortfalls.
- Reviewed the number of fire academy applicants, the number of starting fire recruits and graduates per academy from FY2019 to FY2024, and reasons for dropping out of the academy.
- Analyzed Local 145 employee quits rates from FY2019 through FY2024.
- Analyzed Local 145 employee separations by type from FY2019 through FY2024.
- Analyzed DROP entry and exit data for Local 145 employees from FY2019 through FY2024.
- Identified the number of employees by job classification who were eligible to enter DROP.
- Analyzed leave hours taken by type each fiscal year from FY2019 to FY2024, as leave is a main driver of backfill overtime.
- Reviewed a previous analysis conducted by Fire-Rescue of workers compensation claims.
- Reviewed FMLA leave taken by Fire-Engineers in FY2023 and FY2024.
- Reviewed the personnel and non-personnel costs associated with fire academies.
- Analyzed Fire-Rescue's projected attrition and hiring rates compared to actual attrition and hiring from FY2019 through FY2024.
- Reviewed special salary adjustments requested by Fire-Rescue since FY2021 for Fire Suppression job classifications.
- Analyzed the relationship between vacancies and overtime hours worked by sworn Fire Suppression employees.
- Reviewed Finance's analysis on the cost of overtime compared to regular time for new employees.
- Reviewed the City's compensation strategy and a third-party compensation study of Fire-Rescue employees.
- Reviewed salaries of Fire Suppression employees from FY2019 to FY2025.
- Calculated the cost of living in San Diego County using MIT's Living Wage calculator and compared it to Fire Suppression employee salaries.
- Reviewed the City's pay equity studies from 2020 and 2022 and employee sentiment workforce reports from 2021 and 2022.

**To determine if Fire-Rescue's current staffing model is optimized to meet its service-level requirements, we:**

- Reviewed national standards on staffing best practices, such as:
  - National Fire Protection Association (NFPA)
  - Occupational Safety and Health Administration (OSHA) Respiratory Protection Standards
- Reviewed research on the increasing intensity and frequency of wildfires from the United States Environmental Protection Agency, the California Department of Fish and Wildlife, the

United States Global Change Research Program, and other sources.

- Tested Fire-Rescue's November 2024 staffing projection to determine the length of time it would take to reach full staffing given existing vacancies, projected attrition, and assuming two or three annual fire academies.
- Reviewed previous SDPD weekly staffing reports provided to the IBA and Councilmember offices.
- Reviewed Fire-Rescue's November 2024 monthly staffing report.
- Determined the equity of access to overtime and overtime hours worked by:
  - Analyzing the distribution of overtime across the sworn Fire Suppression workforce by job classification, paramedic status, and gender.
  - Researched the overtime sign-up process and assignment using Fire-Rescue's policies and procedures.
- Tested for sworn overtime outliers by type of overtime shift and job classification from FY2019 through FY2024.
- Analyzed SAP data to identify employees who received paramedic pay from FY2019 through FY2024.
- Reviewed general wage and other MOU adjustments received by Local 145 employees from FY2019 through FY2026.
- Researched best practices on paramedic incentives and reviewed firefighter/paramedic compensation and incentives from the following fire agencies:
  - Carlsbad, CA
  - Chula Vista, CA
  - Long Beach, CA
  - Los Angeles, CA
  - Oakland, CA
  - Oceanside, CA
  - Orange County Fire Authority, CA
  - Pasadena, CA
  - Sacramento, CA
  - San Jose, CA
  - Ventura, CA
- Analyzed the distribution of total overtime hours worked by type, mandatory, voluntary, or unknown, based on internal work codes from FY2014 to FY2024.
- Researched relief factor best practices and reviewed studies conducted by:
  - Montgomery County, MD
  - Portland, OR
  - Miami-Dade County, FL
  - Houston, TX
- Reviewed Fire-Rescue's initial relief pool considerations and budget requests.

- Reviewed Fire-Rescue's policies and procedures related to its relief factor.
- Created a sample relief factor for the fire engineer job classification in Operations by taking the employees' average leave hours from FY2023 and FY2024 for leave types including annual leave, compensatory time off, discretionary leave, industrial leave, light duty, parental leave, FMLA, and DROP extension. We considered seasonality by taking the two-year average of the lowest and highest total monthly leave hours to determine a relief factor assuming high and low leave usages. We used the same methodology to calculate a sample fire engineer relief factor considering only annual leave accounting for seasonality.
- Researched the impact of high amounts of overtime on firefighters' fatigue and morale.

**To determine if there are opportunities to improve the overtime budgeting process, we:**

- Reviewed Fire-Rescue's total budgets, overtime budgets, and actual spending from FY2019 through FY2024.
- Reviewed the Independent Budget Analyst's reports from FY2019 through FY2024 on the City's proposed budget and quarterly budget monitoring reports for the contributors to Fire-Rescue's overtime.
- Reviewed overtime budget adjustments requested from MOU adjustments for the overtime budget from FY2019 to FY2024.
- Reviewed Fire-Rescue's annual budget adjustments requests made during the budget process for FY2019 through FY2024.
- Reviewed budgeting best practices from the Government Finance Officers Association.
- Reviewed historical Appendix D analysis conducted by Finance on the estimated overtime costs associated with this MOU provision.
- Analyzed the share of Fire-Rescue's overtime spend in FY2024 that went to employees in Operations.
- Analyzed the portion of overtime overages that were offset by personnel savings and revenue overages from strike team deployments, and the share of the overages that resulted in General Fund impacts from FY2019 through FY2024.
- Reviewed the California Fire Assistance Agreement provisions regarding reimbursement for strike team deployments to local fire agencies.
- Reviewed budgeting datasets related to overtime budgeting.
- Reviewed Council policies on the City's budget formulation and, monitoring, and City reserves.

## **Data Reliability**

We primarily worked with budget and payroll data that auditors extracted directly from SAP, SAP leave data, TeleStaff scheduling data provided by Fire-Rescue, and SAP employee separation data from the Personnel Department. We assessed the reliability of these data sets by reviewing existing information about the data and systems that produced them and by interviewing Fire-Rescue and the Personnel Department staff knowledgeable about the data. We determined that the data were sufficiently reliable for the purposes of responding to our objectives.

## Internal Controls Statement

We limited our review of internal controls to specific controls relevant to our audit objectives, described above. We tested the following controls:

- Oversight and monitoring of Fire-Rescue overtime and budgeting;
- Timekeeping and payroll systems; and
- General controls related to the staffing model.

## Compliance Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.





THE CITY OF SAN DIEGO

## M E M O R A N D U M

DATE: May 1, 2025

TO: Andy Hanau, City Auditor, Office of the City Auditor

FROM: Robert Logan, Chief, Fire-Rescue Department  
Rolando Charvel, Director, Department of Finance

SUBJECT: Management Response to the Office of the City Auditor's Performance Audit of the Fire-Rescue Department's Overtime

This memorandum serves as the management response to the Performance Audit of the Fire-Rescue Department's Overtime. The report has three findings, with six recommendations. Management appreciates the Performance Audit report prepared by the Office of the City Auditor and thanks the staff involved in conducting the audit and for taking the time to meet with us to understand the complexities of our overtime operations. Please accept this memorandum as our formal response. Management agrees with all recommendations.

The Fire-Rescue Department is committed to protecting life, property, and the environment through its emergency/rescue services, which includes support to the mutual aid system across the State of California and other states in the form of deployed strike teams and incident management personnel. This ongoing commitment requires the use of overtime, which can fluctuate based on a combination of known factors, though the degree to which each factor impacts overtime cannot be predicted with certainty. With this acknowledgement that the magnitude of the factors influencing our overtime expenditures is fluid, Management agrees with the objectives of this audit.

**Recommendation 1.1:** To ensure the overtime budget aligns with expected overtime needs, the Fire-Rescue Department (Fire-Rescue) should collaborate with the Department of Finance to refine its overtime budgeting methodology and formalize that methodology in a policy, standard operating procedure, department instruction, or other appropriate document. This methodology should include that Fire-Rescue use a zero-based budgeting approach at least every five years to develop its overtime budget request.

(Priority 2)

**Management Response:** Agree. Fire-Rescue currently utilizes a comprehensive overtime budgeting methodology, which is outlined in Exhibit 12 of this report. This methodology is based on a projection of the following key factors affecting our overtime: Constant staffing, which includes built-in FLSA/overtime based on the Operations work schedule, overtime for staffing shortfalls, and backfill overtime for leave taken; Deployments, which include overtime for those deployed and for overtime backfill in Operations; Special Assignments, which include required trainings and education, special events, and other activities; Weather-related overtime, which is incurred if upstaffing is needed based on predicted fire weather; Divisional overtime, including overtime for Lifeguard services, Special Operations, and Community Risk Reduction; and Fire Academy overtime.

Although these factors are the known drivers of our overtime, the degree to which these factors influence our overtime expenditures is often unpredictable and fluid. However, we agree that refinement of our existing overtime budgeting methodology is necessary to improve our overtime projections and minimize the overall budget impacts

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Andy Hanau, City Auditor, Office of the City Auditor

May 1, 2025

to the General Fund to the degree possible. The associated recommendations are as follows: Recommendation 1.2 for the Department of Finance, in conjunction with Fire-Rescue, add negotiated salary adjustments as part of the annual budget development process to ensure salary increases are accounted for in Fire-Rescue's overtime budget; Recommendation 2.1 to include all sworn job classifications in Operations and non-Operations (Local 145-represented) within our staffing projections; and Recommendation 2.3 to conduct a cost-benefit analysis when requesting fire academies through the annual budget process, which will include the overtime budget and staffing impacts based on the number of academies the Department will request to hold.

It should be noted that although Fire-Rescue recognizes that overtime expenditures are offset by personnel expenditure savings and deployment reimbursements, Fire-Rescue aims to project the overtime budget as accurately as possible based on the assumptions made at the time of development. This includes the projection of budgeted personnel expenditure savings in collaboration with the Department of Finance.

**Target Implementation Date:** December 31, 2025

**Recommendation 1.2:** The Department of Finance, in collaboration with the Fire-Rescue Department (Fire-Rescue), should formally document an internal policy that requires it to annually add negotiated salary adjustments to the overtime budget, as it does to the salaries and wages budget, in years when salary negotiations are ongoing and propose for consideration for inclusion in the Mayor's Proposed Budget. This would ensure salary increases are accurately accounted for in Fire-Rescue's overtime budget, reducing the potential for future budget overages. (Priority 2)

**Management Response:** Agree. A process narrative will be amended to document that during years when salary negotiations are ongoing, the Department of Finance will work with the Fire-Rescue Department to estimate the potential impacts that negotiations could have on the department's overtime budget.

**Target Implementation Date:** November 30, 2025

**Recommendation 2.1:** The Fire-Rescue Department should create a written internal policy that revises its staffing projection methodology to include the vacancies and attrition of all sworn job classifications that are filled using academy graduates. (Priority 2)

**Management Response:** Agree. Given the provision in the Local 145 MOU Article 10, Sections F and H, which require that sworn vacancies in the Fire Prevention Inspector series within the Community Risk Reduction (CRR) Division be filled with existing Operations personnel, we agree that an internal policy is necessary to revise the staffing projection methodology to include the attrition of all sworn job classifications, which would include the Fire Prevention Inspector series.

**Target Implementation Date:** November 30, 2025

**Recommendation 2.2:** To improve the transparency of the Fire-Rescue Department's (Fire-Rescue) progress towards achieving full staffing, the policy in Recommendation 2.1 should also require that Fire-Rescue revise its monthly staffing reports to include all sworn job classifications and to provide them to the Independent Budget Analyst and City Council. (Priority 2)

**Management Response:** Agree. As stated in the management response for Recommendation 2.1, given that sworn vacancies in the Fire Prevention Inspector series are required to be filled with existing Operations personnel per the Local 145 MOU, we agree that an internal policy is necessary to revise our monthly staffing reports to include all sworn job classifications, which would include the Fire Prevention Inspector series.

**Target Implementation Date:** August 31, 2025

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Andy Hanau, City Auditor, Office of the City Auditor

May 1, 2025

**Recommendation 2.3:** The Fire-Rescue Department (Fire-Rescue) should adopt an internal policy stating that when making its annual budget request for fire academies, Fire-Rescue will conduct a cost-benefit analysis which includes the overtime budgeting and staffing impacts for all sworn positions based on the number of annual fire academies it requests to hold. (Priority 2)

**Management Response:** Agree. A standardized cost-benefit analysis that includes the staffing impacts on overtime based on the number of fire academies we plan to conduct would be beneficial in justifying the number of academies to be held each year.

**Target Implementation Date:** November 30, 2025

**Recommendation 3.1:** The Fire-Rescue Department (Fire-Rescue) should create an internal policy that updates its relief factor calculations, which determines the number of sworn Fire Suppression employees needed for its relief pool. The relief factor should be calculated for each job classification in the Operations Division using actual absences per day. Fire-Rescue may phase in its relief factor incrementally by accounting for certain types of leave and gradually including other leave types to achieve greater coverage in the future if desired. Additionally, Fire-Rescue should annually revise its relief factor after reaching full staffing to ensure it keeps pace with operational need. The relief factor should include the following variables:


- a. Historical absence data from at least the prior two fiscal years, which can include the following absence types: annual leave, Family and Medical Leave Act leave, discretionary leave, industrial leave, compensatory time off, light duty, parental leave, bereavement leave, floating holidays, DROP extension, and others.
  - b. A seasonality measure, allowing Fire-Rescue to calculate the number of relief employees needed during times of the year when employees took the least time off to avoid over-hiring.
- (Priority 3)

**Management Response:** Agree. We agree that an internal policy is necessary to reflect updates to our relief factor calculations based on historical leave data and seasonality.

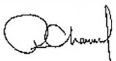
**Target Implementation Date:** January 31, 2026

Thank you for the opportunity to provide responses to these recommendations. Management appreciates your team's professionalism throughout this review.

Thank you,



Robert Logan  
Chief  
Fire-Rescue Department



Rolando Charvel  
Director  
Department of Finance

RL/my

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Andy Hanau, City Auditor, Office of the City Auditor

May 1, 2025

cc: Paola Avila, Chief of Staff, Office of the Mayor  
Charles Modica, Independent Budget Analyst  
Alia Khouri, Deputy Chief Operating Officer  
Kris McFadden, Deputy Chief Operating Officer  
Kristina Peralta, Deputy Chief Operating Officer  
Casey Smith, Deputy Chief Operating Officer  
Matthew Vespi, Chief Financial Officer  
Scott Wahl, Chief, Police Department  
Christiana Gauger, Chief Compliance Officer, Compliance Department  
Matt Yagyagan, Director of Policy, Office of the Mayor  
Emily Piatanesi, Policy Advisor, Office of the Mayor  
Trisha Tacke, Program Manager, Compliance Department



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