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October 6, 2020

Honorable Paul Krekorian
Chair, Budget and Finance Committee
c/o Mandy Morales, Legislative Assistant
200 N. Spring Street, Room 360
Los Angeles, CA 90012

Dear Councilmember Krekorian:

The Los Angeles Fire Department (LAFD) has committed sworn resources to numerous mutual aid fire incidents outside the City of Los Angeles since July 1, 2020. A recent surge in wildfires across the State continues to draw upon LAFD resources. This will result in depletion of the Department's Sworn Overtime account prior to consideration of the First Financial Status Report (FSR). In fact, at the average expenditure rate of \$1.5 million over the last three pay periods, the Department will experience a payroll shortfall by mid-October.

Council approval is urgently needed to expedite the necessary transfer of funds to balance salary accounts. LAFD will transfer a total of \$6.0 million, including \$3.0 million from budgeted Unappropriated Balance funds and \$3.0 million from Sworn Salaries, to mitigate any payroll issues, and revisit the matter in a subsequent FSR. A significant portion of these costs are recovered through reimbursements from the receiving agencies or through State or Federal emergency response funds.

BACKGROUND

The Sworn Overtime account has a base budget of \$6.5 million, which was increased by \$1.0 million from \$5.5 million in FY 16-17 to begin addressing increased incidents in wildfire deployments outside the City. Additional funding of \$3.0 million was provided in the Unappropriated Balance (UB) beginning in FY 2018-19 to continue addressing an escalating pattern of expenditures in response to mutual aid deployments, for total annual funding of \$9.5 million.

The UB allocation is typically transferred to the Department's overtime account in the First Financial Status Report (FSR) since peak wildfire activity tends to begin in October when arid and windy conditions prevail. However, responses over the last few months including multiple Northern California fires, and more local incidents including the Apple Fire in Riverside County and Bobcat Fire in the San Gabriel Valley, have burdened Department's financial resources very early in the fiscal year.

Following are incidents to which strike teams have been deployed since July 2020:

- 7-20-20 Gold Fire, Lassen County
- 8-2-20 Apple Fire, Riverside County
- 8-12-20 Lake Fire, Los Angeles County
- 8-19-20 SCU Lightning Complex, Santa Clara County
- 8-25-20 LNU Lightning Complex, Sonoma County
- 8-28-20 North Complex, Plumas County
- 9-8-20 Dolan Fire, Monterey County
- 9-18-20 Bobcat Fire, Angeles National Forest
- 9-28-20 Glass Fire, Napa County

To put resource trends in context, listed below are actual expenditures in the Sworn Overtime account in the last several fiscal years. The steady increases are a clear indicator of longer fire seasons as a result of climate change impacts throughout the western US region, with the current year setting records for the most destructive fires in State history at over four million acres of wildland burned.

11-12 - \$5.3M	16-17 - \$9.3M
12-13 - \$5.7M	17-18 - \$17.1M
13-14 - \$7.2M	18-19 - \$11.6M
14-15 - \$7.2M	19-20 - \$12.9M
15-16 - \$9.7M	

A significant portion of these costs are recovered through reimbursements from the receiving agencies or through State or Federal emergency response funds. However, the timing of recovery is contingent on State and Federal reimbursement timelines, which often results in reimbursements being spread over multiple fiscal years.

RECOMMENDATIONS

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

1. Authorize the Controller to transfer a total of \$6.0 million to and within Fund 100, as follows:

	<u>Fund</u>	<u>Account</u>	<u>Amount</u>
From:	100/58	580274, Mutual Aid Overtime	\$ 3,000,000
	100/38	001012, Sworn Salaries	\$ 3,000,000
To:	100/38	001092, Sworn Overtime	\$ 6,000,000

2. Authorize the Fire Department to prepare Controller instructions for any technical adjustments, subject to approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

FISCAL IMPACT STATEMENT

Of the requested transfer of \$6.0 million, \$3.0 million is already budgeted in the Unappropriated Balance Mutual Aid Overtime line item. The remaining \$3.0 million will be transferred from the Sworn Salaries Account. This will further impact the General Fund since the Department anticipates a year-end operating deficit. A significant portion of mutual aid expenditures are recovered as General Fund revenue through reimbursements from the receiving agencies or through State or Federal emergency response funds. Reimbursements for mutual aid resources will be deposited into Revenue Source Code 3811 Reimbursements from Other Agencies. This transaction is not expected to have a significant impact on current year mutual aid revenue projections as budgeted receipts for FY 2020-21 total \$6.0 million.

Sincerely,



RALPH M. TERRAZAS
Fire Chief

cc: Delilah Puche, City Administrative Officer