

Audit Report

Austin Fire Department Overtime Audit

April 2023



The Austin Fire Department (AFD) manages and tracks overtime decisions to ensure cost effectiveness. AFD assigns overtime based on rules established in the Collective Bargaining Agreement and in AFD policy. Those rules ensure that overtime is generally assigned to individuals with the lowest hourly pay rate. AFD's overtime decisions reflect practices to reduce overtime costs identified in other audits of firefighter overtime. AFD leaders also met regularly to track and monitor overtime expenditures throughout the year.

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Cover Photo: Cadet Class 118, Chris Wilkinson, Austin Fire Department

Objective

Determine if overtime decisions at the Austin Fire Department (AFD) are managed and tracked to ensure cost effectiveness. Specifically:

- How AFD tracks their overtime usage
- How AFD assigns overtime to their employees
- Whether AFD’s overtime decisions are cost-effective for the City of Austin

Background

AFD’s mission is to create safe and resilient communities through prevention, preparedness, and emergency response. Most of AFD’s annual budget goes towards fire/emergency services, which involves responding to fires, medical events, and other safety-related incidents. In FY23, AFD’s fire/emergency response program accounted for about 64% of AFD’s \$229.5 million budget.

AFD’s Operations Division is responsible for fire/emergency response 24-hours a day, 365 days per year. To accomplish this, AFD operates three firefighter shifts on a 19-day work period.¹ Each shift is on duty for 24 hours and then off duty for 48 hours. The Operations Division currently has 64 firefighting units, organized into eight battalions. Four firefighters are required for each firefighting unit and a Battalion Chief supervises each battalion. This means the Operations Division has 264 positions that must be staffed every shift.

Firefighters are sometimes unable to work their assigned shift though. This could be because they are on leave (e.g., vacation, sick, military) or because they are assigned to another duty within AFD (e.g., Academy instructor). In these situations, AFD must find a replacement to work that shift. In many cases, this requires paying overtime.

The Federal Fair Labor Standards Act (FLSA) requires employers pay overtime if employees work more than a certain number of hours. Under the FLSA, this is based on the work period for firefighters. For AFD, this means firefighters earn the overtime rate anytime they work more than 144 hours during their 19-day shift, as shown in Exhibit 1. AFD’s overtime rate is established in the Collective Bargaining Agreement (CBA) between the Austin Firefighter’s Association and the City of Austin. In the current

¹ Firefighter is a specific rank within AFD. This report will use the term to collectively refer to sworn staff of all ranks unless specifically noted (e.g., Battalion Chief).

CBA, the overtime rate is 1.5 times the firefighter's regular rate.² As an example, consider a firefighter with an hourly pay rate of \$30/hour who works 150 hours during their 19-day shift cycle. This firefighter would be paid \$30/hour for the first 144 hours and \$45/hour for the other 6 hours.

Exhibit 1: AFD Firefighters Earn an Overtime Rate When They Work More Than 144 Hours



Source: Analysis conducted by external contractor, 2022

As shown in Exhibit 2, AFD has spent at least \$10 million on overtime every year since FY15. AFD's overtime expenses peaked at about \$21 million in FY17, before dropping to a low of approximately \$11 million in 2019. Since then, overtime expenses have risen steadily each year and AFD estimates overtime will exceed \$20 million in FY22. In June 2017, Austin City Council directed the Office of the City Auditor to conduct an audit of AFD's overtime. Many of the conditions noted in that report appear to still exist.

Exhibit 2: AFD's Overtime Expenses Were Lowest in FY19 but Have Steadily Risen Since



Source: Analysis conducted by external contractor, 2022

² The City and the Firefighter's Association are currently negotiating a new CBA which may result in changes to the overtime rules. This audit was conducted under the terms of CBA effective as of October 1, 2017.

What We Found

Summary

AFD manages and tracks overtime decisions to ensure cost effectiveness. AFD assigns overtime based on rules established in the CBA and in AFD policy. Those rules ensure that overtime is generally assigned to individuals with the lowest hourly pay rate. AFD's overtime decisions reflect practices to reduce overtime costs identified in other audits of firefighter overtime. AFD leaders also met regularly to track and monitor overtime expenditures throughout the year.

Finding 1

AFD Manages and Tracks Overtime Decisions to Ensure Cost Effectiveness

AFD's method for assigning overtime follows rules established in the CBA and AFD's overtime policy. These rules generally ensure overtime decisions are cost effective, while also considering issues such as safety. For example, the primary factor in overtime assignments is hourly pay rate, but the number of overtime hours worked is also considered to ensure firefighters have adequate time off to rest between shifts. AFD leaders met regularly to track and monitor overtime expenditures throughout the year.

How does AFD track overtime usage?

AFD's financial staff use a program called Qlik Sense to track and monitor AFD's financial information, including overtime expenses. Among other features, this program shows expenditures as a percentage of the budget. This makes it easy for staff to determine financial status throughout the year. Starting in FY21, AFD leaders met regularly to review this data and discuss expenditures. These meetings generally happened every quarter.

How does AFD assign overtime?

AFD uses an online system to assign overtime. AFD designed the system to follow overtime rules in the CBA and AFD policy. Each day, firefighters who want to work an overtime shift on the following day sign up using the system. The system automatically creates a list, called the AT Sign Up List, that ranks all the volunteers based on the criteria in the CBA and AFD policy. For example, the CBA requires that AFD give priority to firefighters who volunteer for overtime on their Kelly Day.³ As a result, the AT Sign Up system puts firefighters who volunteer for overtime on their Kelly Day at the top of the volunteer list. The system generally ranks all other volunteers based on their estimated hourly pay rate. However, the system also considers how many overtime hours each firefighter has worked when ranking volunteers. The AT Sign Up list is updated each time a firefighter signs up, so an individual's rank on the list may change as other firefighters volunteer for overtime.

³ Kelly Days are paid days off that are included as part of AFD's 19-day work cycle. Each firefighter is assigned to one of three shifts (A, B, or C) and a specific Kelly Day group (1-19) within that shift, such as A9 or B15. Each shift covers a 24-hour period starting at noon and ending at noon the next day. So, for example, if shift A starts on Monday, then shift B starts on Tuesday, shift C starts on Wednesday, and then shift A starts again on Thursday. On each shift, a different group has their Kelly Day. If, for example, shift A starts on Monday and is a group 9 Kelly Day, then shift A is on duty, but the members of shift A who are in group 9 have the shift off, but still get paid.

Each morning, the Shift Commander determines how many required positions are unfilled for the upcoming shift and communicates that information to the Battalion Chiefs. The Battalion Chiefs then assign the appropriate number of volunteers from the AT Sign Up list to a specific position. For example, if the Division Chief determines there are 35 unfilled positions that day, the Battalion Chiefs will assign the firefighters ranked 1-35 on the AT Sign Up list to one of the unfilled positions. The remaining firefighters on the AT Sign Up list will generally not be selected for overtime that day.

The AT Sign Up system also creates a list of firefighters who are available for mandatory overtime each day. AFD policy states that all firefighters must be available for a certain number of mandatory overtime shifts throughout the year. Just like with the volunteer list, the AT Sign Up system automatically ranks firefighters on the mandatory overtime list based on criteria in AFD's policy. On days when there are not enough volunteers to fill all the open positions, Battalion Chiefs will use the mandatory overtime list to fill the remaining positions.

Are AFD's overtime decisions cost effective?

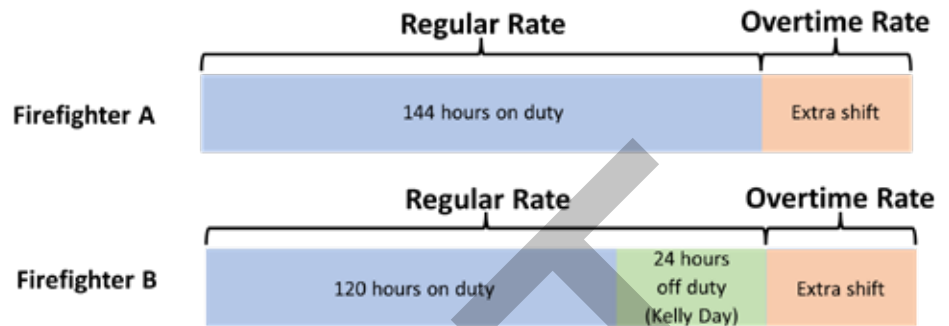
AFD's overtime decisions flow from CBA rules and AFD's overtime policy and appear to be cost effective. Both the CBA and AFD's overtime policy generally do not include elements that lead to increased overtime costs as identified in a 2017 Office of the City Auditor (OCA) audit and audits of fire department overtime conducted in other jurisdictions. For example, a [2021 audit of overtime at Fresno Fire Department](#) noted that the department used a volunteer list when assigning overtime, but firefighters primarily found their own replacement when they are unable to work. It does not appear that a firefighter's hourly pay rate was considered in either option. Comparatively, AFD's overtime policy generally requires that firefighters with the lowest hourly pay rate be selected first for overtime shifts.

However, there is one instance where AFD's overtime rules could lead to higher overtime costs. The FLSA requires employers pay an overtime rate when employees work over a certain number of hours worked. Based on AFD's shift schedule, this means AFD must pay the overtime rate when a firefighter works more than 144 hours during their 19-day work period. The FLSA generally defines hours worked as when someone is on duty. However, the CBA requires that "all approved paid leave time, except sick leave and regular vacation leave, shall be calculated as hours worked." This means that AFD could pay overtime beyond what is required under federal overtime rules.

Consider the following example of two firefighters, shown in Exhibit 3. During a 19-day work period, Firefighter A is on duty for 144 hours. Firefighter B is on duty for 120 hours and off duty for 24 hours because of their Kelly Day. If both firefighters worked an extra 24-hour shift during this period, AFD would pay them both at the overtime rate for that shift. However, the FLSA would not require AFD pay Firefighter B the overtime

rate, because they were not on duty for more than 144 hours. Due to the limited number of Kelly Days per firefighter per year, we do not believe this is a significant driver of overtime costs.

Exhibit 3: Firefighters are Paid the Overtime Rate Even if They Take Leave



Source: Analysis conducted by external contractor, 2022

As noted above, AFD's general practice is to prioritize firefighters with the lowest hourly pay rate for overtime shifts. While there are some exceptions to this rule that could increase overtime costs, the exceptions are meant to reduce safety risks and to ensure a sufficient number of staff on duty with needed certifications (e.g., Hazardous Materials Technician).

For example, AFD's process is designed to ensure firefighters have adequate time to rest between shifts. A 2007 report by the International Association of Fire Chiefs described how fatigue can create health and safety risks for firefighters. AFD's process for assigning overtime factors in how many continuous hours and recent overtime hours firefighters have worked. The AT Sign Up system automatically moves firefighters who have worked more than 54 non-Kelly Day overtime hours in the previous 30 days to the bottom of the list. This means these firefighters are less likely to be selected for an overtime shift, even if their hourly pay rate is lower than other volunteers. While overtime costs would be lower if AFD's overtime decisions were based solely on the hourly pay rate, AFD's decision to prioritize safety seems reasonable.

Another exception is the CBA rule noted above that requires AFD to prioritize firefighters who volunteer for overtime on their Kelly Day. This means firefighters who volunteer for an overtime shift on their Kelly Day are ranked first in the AT Sign Up list, regardless of their hourly pay rate. However, this does not appear to be a significant contributor to overtime costs. According to AFD leaders, there are usually more positions that need to be filled each day than there are volunteers on their Kelly Day. This means the Kelly Day volunteers might have been assigned to a position even if they weren't given priority. For example, on one day in November 2022, AFD needed to fill more than 40 positions, but only seven of the firefighters on the AT Sign Up list had priority because it was their Kelly Day. Based on their hourly pay rate, all seven of these firefighters would have been selected for overtime even if they were not given priority. Additionally, AFD leaders noted a potential safety benefit to prioritizing firefighters on their Kelly Day. Specifically, since Kelly Days are part of a firefighter's regular schedule, it gives firefighters who work overtime on their Kelly day adequate time to rest before and after their shift.

Additional Observation

To Reduce Overtime Costs, AFD and the City Should Address the Factors that Contribute to the Need for Overtime, but These Factors are Complicated and Require Additional Analysis

A detailed analysis of the factors that lead to overtime at AFD is beyond the scope of this audit. As a result, this additional observation is included for information purposes only. None of the information below represents audit conclusions or recommendations.

AFD generally pays overtime when a firefighter is not available to work their assigned position. This indicates there are two factors that cause AFD's overtime costs. The first is the number of positions AFD must staff each day. The second is the number of firefighters who are available to work their assigned shift. Over the past several years, AFD's overtime expenses could be attributed to both factors about equally. As a result, AFD and the City could reduce overtime costs by addressing either of these factors. In other words, by reducing the number of positions that must be staffed each day and/or by increasing the number of firefighters who are available to work.

Reducing the number of positions that AFD must staff each day

The number of positions AFD must fill each day is based on two factors. The first is mandatory staffing levels set by the City, and the second is the number of firefighting units in operation. Addressing either factor could reduce the number of positions AFD needs to fill each and day and would reduce overtime costs.

Mandatory staffing levels

In 2018, [City Council passed an ordinance](#) which mandated four-person staffing for all firefighting units. The ordinance referenced various criteria, such as a [National Institute of Standards and Technology \(NIST\) report](#) which concluded that four-person crews completed common firefighting tasks more efficiently than two- or three-person crews. Other criteria listed in the ordinance include National Fire Protection Association's (NFPA) standards and a [Texas Commission on Fire Protection \(TCFP\) rule](#).

However, these criteria relate to staffing levels for structure fires. The conclusions in the NIST report are based on tasks that firefighters complete when responding to structure fires. And the TCFP rule requires four firefighters "before an interior fire attack can be made...". There are no TCFP rules that establish a specific staffing requirement for other emergency responses. This is important because responding to structure fires represents a very small part of AFD's operations. Between FY19 and FY21, only about 1% of AFD's calls were for structure fires.⁴ The vast majority of AFD's calls (69%) in that period were for medical service. Additionally, AFD often sends multiple units to structure fires. Of the nearly 1,000 structure fires AFD responded to in 2021, over 99% involved multiple units.

As a result, AFD may not need to staff every unit with four people every day. And if multiple units respond to the same structure fire, the four-person requirement could still be met even if each unit only had two or three firefighters. However, reducing staffing levels based on historical incidents creates various risks. Most critically, AFD cannot predict when a unit will need to respond to a structure fire. Any decision to reduce staffing on certain units would have to consider the potential impact if that unit had to respond to a structure fire in the future. Additionally, attempting

⁴ This is based on the number of times an AFD unit was dispatched to a structure fire. AFD reported that the number of structure fires confirmed by responding units was slightly lower.

to meet the four-person response requirement in the TCFP by responding with multiple units would need to consider the amount of time it would take both units to arrive on scene, as well as how it would affect task assignments for individual firefighters.

Firefighting units in operation

Reducing the number of firefighting units would mean fewer positions that AFD would need to staff each day. This could include everything from reducing the availability of units that see limited service to consolidating and relocating fire stations to serve the same areas with fewer units. These actions would present the same risks related to reducing staffing levels, and there would likely be significant costs associated with consolidating and relocating fire stations.

Increasing the number of available firefighters

There are two issues that affect the number of firefighters available to work. The first is AFD's baseline staffing level. The second is the number of firefighters that are available for their assigned shift. Both issues were noted in OCA's 2017 AFD overtime report.

Baseline staffing level

OCA's 2017 report noted that AFD had not been fully staffed over the past few years, and this appears to have continued to be an issue for AFD. In a [May 2022 memo to City Council](#), the Assistant City Manager for Safety reported that AFD had over 100 vacant positions. This is important because AFD's overtime expense appears to be closely correlated to vacancies. Put simply, AFD's overtime expenses are higher when there are a lot of vacancies. This makes reducing vacancies a key area of focus to reduce AFD's overtime expenses.

The May 2022 memo included AFD's plan to fill vacancies. This plan, along with other projections from AFD, indicate AFD's vacancies will be nearly eliminated by the end of FY24.⁵ However, the memo notes that this projection is based on AFD's historical retirement rate, plans for new fire stations/units, and future Academy classes. The memo acknowledges potential issues with all three of those elements that could impact the staffing plan. For instance, the Austin Fire Chief acknowledges in the memo that AFD's current retirement rate may exceed the historical retirement rate. This means AFD may be underestimating the number of future vacancies.

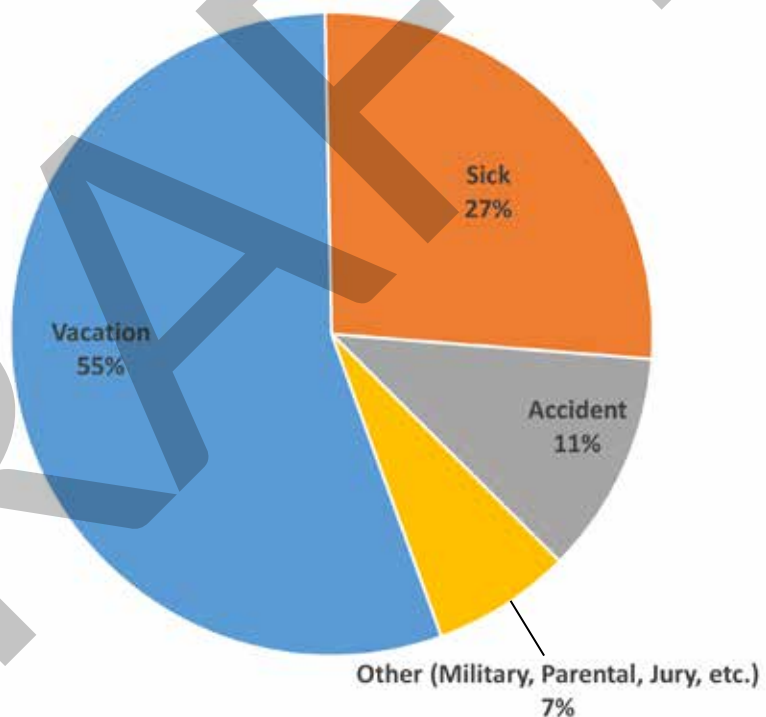
In order to reduce vacancies, AFD is hiring new firefighters and training them through their Academies. The average graduation rate for recent Academies is about 80%, and increasing the graduation rate is one way for AFD to ensure the staffing plan is met. Other options include holding additional Academies or increasing the Academy class sizes. However, there are additional costs that must be weighed when considering these options.

⁵ Staffing levels fluctuate during the year because individual firefighters can leave at different times throughout the year and groups of new firefighters are added as they graduate from the Academy. As a result, AFD will likely have some number of vacancies throughout the year.

Firefighters available for their shift

Even if AFD reduced the number of vacancies or the number of positions they need to staff, a certain number of firefighters will not be available to work each day because they are on leave. By reducing the number of firefighters that are on leave each day, AFD could reduce overtime costs. However, AFD has limited ability to reduce the number of firefighters out on leave. As shown in Exhibit 4 below, most leave hours between FY17 and FY22 were for vacation. While AFD does limit the number of firefighters that can take vacation leave on a particular day, firefighters earn vacation time as an employment benefit, and AFD has little influence on the total amount of vacation firefighters will take each year. AFD also has no ability to change several other types of leave, such as military, parental, and jury duty. As a result, the only types of leave AFD can reasonably influence is sick leave and accident leave.

Exhibit 4: Most Leave Hours Between FY2017 and FY2021 Were for Vacation



Source: Analysis conducted by external contractor, 2022

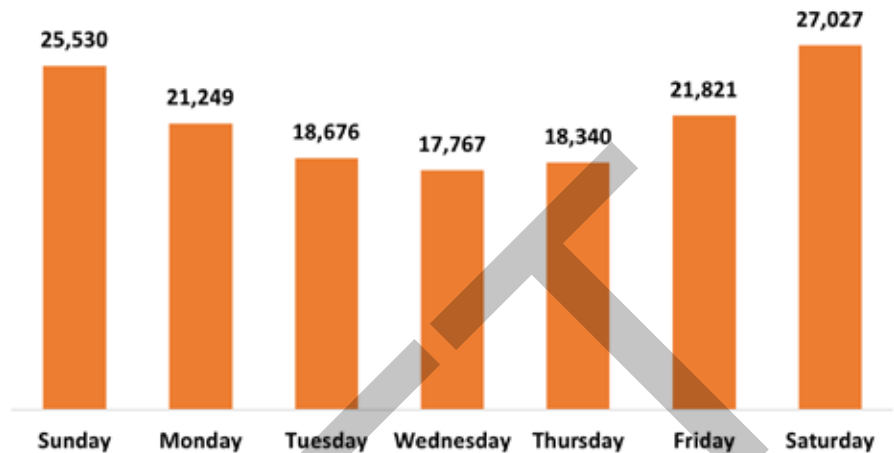
Sick leave

OCA's 2017 report analyzed sick leave hours from October 2015 to June 2017 and noted that firefighters took sick leave at a higher rate on weekends than on other days of the week. As shown in Exhibit 5, that pattern still holds true with more current data.

Between September 2021 and August 2022, firefighters also used the most sick leave hours on Saturdays and Sundays, and firefighters used significantly fewer sick leave hours in the middle of the week. Overall, firefighters used about 9,000 more sick leave hours (roughly 375 shifts) on Saturdays than they did on Wednesdays during this period. While not

conclusive, this data implies that firefighters may be using sick leave instead of using vacation leave.

Exhibit 5: Firefighters Use More Sick Leave on Weekends than on Other Days of the Week



Source: Analysis conducted by external contractor, 2022

That implication is further supported when looking at sick leave usage on specific days. For example, on an average Saturday in this time period firefighters used 541 hours of sick leave. However, Christmas Day was a Saturday and AFD only recorded 69 sick leave hours that day. The next Saturday was New Year's Day, and AFD recorded less than 300 sick leave hours. Firefighters who did not want to work those holidays likely had already requested to take vacation and did not need to call in sick. Comparatively, on some Saturdays in October and November, firefighters used over 700 hours of sick leave, which was nearly 200 hours more than the average Saturday. Numerous popular events occurred on these Saturdays including concerts, football games, festivals, and other outdoor activities.

AFD's leave policy states that firefighters are only allowed to use sick leave for reasons authorized by City policy. Strictly enforcing this policy could result in lower overtime costs for AFD. However, stricter enforcement could have unintended consequences, such as an increased retirement rate.

Injury/accident leave


Although accident leave represents the third most used leave type for firefighters, AFD used this leave category to account for firefighters who could not work due to COVID restrictions (e.g., close contacts of positive cases). As a result, this leave type was higher than normal in recent years. Regardless, while firefighting is a physically demanding profession, any actions by AFD to reduce injuries and accidents, and improve recovery times when they do happen, would increase the number of firefighters available to work their shift and reduce overtime costs.

Management Response



MEMORANDUM

TO: Rey Arellano, Assistant City Manager

FROM: Joel G. Baker, Fire Chief 

DATE: January 27, 2023

SUBJECT: Management Response to AFD Overtime Audit

On behalf of the Austin Fire Department (AFD), I would like to extend my appreciation to the auditors who authored this report about how we administer overtime to over 1,200 firefighters. They thoroughly researched and summarized the complexities of our overtime policies, procedures, and practices. AFD management will further explore the observations regarding potential ways to reduce overtime expenditures.

We support the way the report separates the factors impacting overtime into 1) the number of positions AFD must staff each day, compared to 2) the number of firefighters who are available to work their assigned shift. We concur that it will take adjustments to both factors to positively reduce the volatility of overtime expenditures.

With regard to the number of positions AFD must staff each day, we want to reduce injury/accident leave by expanding prevention efforts through wellness and fitness training and process improvement measures in the administration of workers' compensation for injury rehabilitation. I also want to revisit the Mandatory Four-Person Staffing Ordinance to develop options for staffing smaller vehicles with two persons to tackle very specific call types like stuck elevators, lower-priority medical calls, or persons experiencing homelessness with cooking fires. As the City grows, these lower-priority calls are increasing. For example, brush, grass, wildland and "other" fires increased from 2,231 in 2021, to 3,280 in 2022 - a 47% increase.

As we look at adapting our service delivery model, please understand that we will continue to require four-person staffing on Engines, Ladders, Quints and Rescues. Complex problems like structure fires, extracting patients from wrecked vehicles, heart attacks, or hazardous material spills, to name a few, need a four-person crew with pre-assigned responsibilities. The heart and soul of our success depends on our ability to rapidly provide a four person team who arrive on scene at the same time. The desire to add smaller vehicles with two persons is intended to supplement the workload of large apparatus in areas where the standard of coverage is not being met and response times are getting longer because of growth and development.

Management Response - Continued

With regard to the number of firefighters who are available to work their assigned shift, we will be requesting additional firefighter positions to work in Operations to address increased leave usage by our workforce and the increased vacancies seen during the gap months between cadet hiring cycles. Our current practice of assigning 16 positions to each apparatus, and only adding positions in Operations when a new station opens, does not provide the appropriate number of positions in the firefighter rank of our authorized strength. We need a larger pool of Operations firefighters to handle staffing challenges including downtown task force units for weekends and special events, staffing additional brush trucks on days when the wildfire risk is high, and the other routine demands that we currently staff with overtime.

Finally, AFD does so much more than put out structure fires. Traditionally, fire departments provide the community with a skilled workforce that is available to respond to a variety of emergencies at a moment's notice. Let me list some of the roles Austin firefighters frequently fill:

- Establishing and operating hurricane shelters.
- Coordination and distribution of bottled water when the water system is compromised.
- Search and rescue after natural or man-made disasters.
- Aiding businesses and residences with broken pipes during winter storms.
- Responding to increased numbers of vehicle crashes during ice storms and flooding.
- Administering vaccinations throughout the community during flu and COVID surges.
- Evacuating neighborhoods and fighting wildfires.
- Getting injured workers out of trenches, caves, or off scaffolding on the outside of high rise buildings.
- Rapid medical care and moving injured persons to safety during active attack incidents.

Overtime expenditures go up when AFD tackles these low frequency, high risk situations throughout the community and the region. We believe we can stabilize overtime expenditures so that spikes truly reflect unanticipated events as we move forward with adding firefighter positions in Operations, addressing injury leave, and creating two-person response teams.

Scope

This audit considered current AFD practices related to tracking and assigning overtime. AFD data (e.g., overtime, call types) from FY18 – FY22 was reviewed for background and informational purposes.

Methodology

The methodology used to conduct this audit included:

- Reviewing the Fair Labor Standards Act, the CBA, and AFD policies to establish the rules AFD had to follow when assigning overtime.
- Interviewing AFD employee to identify how AFD monitored and assigned overtime.
- Comparing AFD's practices for assigning overtime with the rules in the CBA and AFD policy.
- Reviewing audit reports related to fire department overtime from other jurisdictions to identify cost effective practices.
- Analyzed AFD records related to overtime expenditures, staffing levels, and sick leave usage to identify trends and reasons for overtime costs.
- Reviewed reports and rules related to four-person staffing to determine their application to AFD practices.
- Reviewed AFD records related to call types to identify trends.
- Evaluated internal controls related to AFD's overtime decisions.
- Evaluating the risk of fraud, waste, and abuse related to AFD overtime decisions.

Audit Standards

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 Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve City services. We conduct performance audits to review aspects of a City service or program and provide recommendations for improvement.

Audit Team

Keith Salas, Audit Manager
Andrew Keegan, External Contractor

City Auditor

Corrie Stokes

Deputy City Auditor

Jason Hadavi

Office of the City Auditor

phone: (512) 974-2805

email: AustinAuditor@austintexas.gov

website: <http://www.austintexas.gov/auditor>



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