



# Memorandum

To: Mayor and City Council

From: April L. McGrath, Director of Administrative Services

Date: May 30, 2008

Subject: Fire Chief Personnel Costs Inquiry

The City Manager has asked that I look into the question that was posed at the last budget meeting regarding the personnel costs for the Fire Chief. The main question that was posed was why are Chief Ichesco's Fringe benefits so high? The short answer is OPEB (Other Post Employment Benefits), however all police and fire members have a very high fringe benefit costs due to their pension and OPEB costs. The City was required by GASB (Governmental Accounting Standards Board) Standards to fund OPEB starting in fiscal year 2007/08.

I would like to explain further the costs and the increases associated over the years with Fire Administration Budget:

	2006/2007	2007/08	2007/08	2008/09	2009/10
		Original	Amended	Original	Original
Wages (Total)	\$114,442	\$156,583	\$82,573	\$84,431	\$86,964
Fringes	\$ 60,213	\$113,946	\$63,033	\$68,960	\$71,545
<b>Total</b>	<b>\$174,655</b>	<b>\$270,529</b>	<b>\$145,607</b>	<b>\$153,391</b>	<b>\$158,509</b>

**06/07:** This is the year that Chief Jim Roberts retired in January 2007. There is only half the cost of a Fire Marshall in this line item which is why wages were \$40,000 lower than in 07/08.

**07/08:** Two notable issues in this fiscal year. First, and the main issue, is this is the initial in which the City was required to fund the whole amount of OPEB costs, in previous years we "paid as you go" for retiree health care. You will note not only in the line items for of fire administration, in fire suppression and in police administration and police services a larger increase in fringes across the board due to the changes in OPEB. Secondly, the original budget shows wages and fringes was for a Fire Chief and a Fire Marshal and is reduced by almost 50% in the amended budget after it was decided to not fill the position.

**08/09 & 09/10:** The only position budgeted is for the Fire Chief, please note that the numbers in this document are less than the cost in the budget book, during my research we realized that we had calculated FICA costs for Chief Ichesco, however, we do not pay FICA for him. If we kept both positions, the budget for 07/08 would have remained at approximately \$270,529, 08/09 would have been \$278,644 and in 09/10 \$287,000 per fiscal year. Therefore by eliminating the position of Fire Marshal we saved \$124,922 in 07/08, \$125,253 in 08/09 and \$128,491 in 09/10.

I hope this helps clarify any questions regarding the position of the Fire Chief. Thank you.