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## THE CITY OF CHICAGO BUDGET AND FIRE DEPARTMENT STAFFING

By Richard Schulte

In October 2010, the City of Chicago Inspector General's Office issued a report titled "*Budget Options for the City of Chicago*". The report discusses the City of Chicago budget short-fall and proposes a number of ways to decrease budget expenditures, including a change in the number of firefighters assigned to each piece of fire apparatus.

The following are excerpts from the Inspector General's report:

*"Enclosed for your review is an Office of Inspector General's (IGO) report of Budget Options for the City of Chicago. This report contains 24 options to decrease City spending or increase City revenue."*

*"The impetus for creating this report is the City's daunting fiscal challenges. Its recurring use of one-time revenues to address budget deficits and its underfunding of its pension system demonstrate that the City has a significant structural deficit in which its annual revenues are not sufficient to pay for its annual expenditures."*

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*"Some of the options in this report cannot be immediately implemented due to the need for planning to restructure the delivery of services or because of provisions in collective bargaining agreements. To the extent that certain options are not available for immediate implementation, we hope that they may inform future discussions about steps the City can take to address its structural budget deficit."*

*"The IGO is charged by ordinance with promoting economy, efficiency, effectiveness and integrity in the operations of the City government. This report is our first attempt in doing so through the analysis of budget options and is modeled after reports done by both the Congressional Budget Office at the federal level and the Independent Budget Office in New York City."*

*“The City’s annually appropriated budget is largely composed of spending on personnel and debt service, meaning principal and interest payments on the City’s outstanding bonds.<sup>1</sup> Together, these two categories represent nearly 80% of the \$6.1 billion 2010 City budget.”*

*“By far the City’s largest category of expenditure is personnel, which made up 60 percent of the City’s budget in 2010. Yet, even during the current economic downturn, salaries for City workers are increasing.”*

*“As the City’s personnel costs continue to rise and the second largest expenditure in the City’s budget, debt service, will be increasingly difficult to reduce, the City is facing a deteriorating financial situation.”*

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*“For 2011, according to the Preliminary Budget, the City faces a \$654.7 million deficit.<sup>6</sup> Further, it is clear that unless there is a dramatic, unexpected turnaround in the nation’s economy the City will continue to face substantial deficits for the next few years. These figure do not include the annual budget deficits of the City’s sister agencies (the Chicago Public Schools, the Chicago Transit Authority, the Chicago Park District, etc.).”*

*“The City’s reported deficits do not take into account the City’s under-funded pension system that is the product of years of contributions inadequate to meet future obligations and benefit increases.<sup>7</sup> A recent report on local government pensions found that Chicago has the worst funded pensions of any large municipality in the country, with unfunded obligations of over \$40,000 per City household.<sup>8</sup>”*

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*“. . .the City would still need to contribute \$363 million more annually for the next 50 years in order to adequately fund its pensions.<sup>9</sup>”*

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*“The preceding section illustrates that in the current economic climate, the City’s current level of spending, when matched to the City’s current revenue structure, is unsustainable.”*

*“The 2010 Annual Appropriation Ordinance appropriated \$1.84 billion in local funds for Public Safety which is primarily composed of three City departments: the Chicago Police Department, the Chicago Fire Department, and the Office of Emergency Management and Communications.”*

*“The Chicago Fire Department (CFD), the country’s second largest fire department, is responsible for fire prevention, fire investigations, fire code enforcement, and fire extinguishment. It also provides extensive emergency medical services. Its approximately 100 firehouses provide service to the City’s 228 square miles.”*

*“Currently, per the City’s collective bargaining agreement with the firefighters’ union, the City has a minimum staffing requirement of five personnel on most fire suppression apparatuses. This includes the City’s fire engines, fire trucks, squad companies, and hazmat units.<sup>13</sup>”*

*“Currently, per the City’s collective bargaining agreement with the firefighters’ union, the City has a minimum staffing requirement of five personnel on most fire suppression apparatuses.”*

*“Under this option, the City would reduce the minimum number of fire personnel on fire suppression apparatuses to four. This would mean a large reduction in the number of personnel required to staff fire apparatuses.”*

*“Thus, reducing the minimum staffing to 4 on these 162 apparatuses would reduce the number of annual man-hours necessary to staff these vehicles by approximately 1.156 million hours. Assuming that the average firefighter, working in fire suppression and rescue, works 2,048 hours a year,<sup>15</sup> reducing the number of man-hours by approximately 1.156 million would reduce the number of firefighters by 564.<sup>16</sup>”*

*“Thus, the elimination of 564 firefighter positions would save approximately \$63.1 million in 2011 and \$63.8 million in 2012.”*

*<sup>17</sup> According to the 2010 Annual Appropriation Ordinance, there were 2,528 firefighter positions in fire suppression with combined budgeted salaries of \$181,060,704. This equals an average salary of \$71,622. In addition to salary, firefighters receive pension and health insurance benefits. The Mayor’s Office of Budget and Management has estimated the cost of these benefits for police officers to be 43% of salary. If we assume that the benefits of firefighters cost approximately the same given the similarities in their pensions, then the average benefit cost for each firefighter is \$30,798. Thus, the average total compensation for one firefighter in fire suppression is \$102,420.”*

**Source:** <http://s3.documentcloud.org/documents/90018/budget-options-for-the-city-of-chicago-october.pdf>

## DISCUSSION

The Inspector General's report paints quite a depressing picture of the finances of the City of Chicago. With the share of the unfunded pension liability being \$40,000 for each household in the City, the future of the City appears to be bleak.

The City of Chicago has been losing population for years. The latest census of the City indicates that the population of Chicago in 2010 is the same as the population in 1920. Assessing each household in the City an additional \$40,000 in taxes to make up for the shortfall in the pension funds will only serve to further reduce the population of the City, thus increasing the tax burden on those who stay.

Given the dire circumstances and the consequences of raising taxes in the City, the City of Chicago has only two logical options-either cut the budget or declare bankruptcy.

With respect to Fire Department operations, can the Chicago Fire Department continue to operate effectively with companies of four firefighters, rather than five firefighters? Actually, staffing each piece of fire apparatus with five fire fighters is a rarity these days. It is not unusual for fire departments in the United States to provide only two or three fire fighters on each piece of apparatus. In the event of a large fire, the additional fire fighters required are provided by bringing additional pieces of apparatus to the fire ground. Since most fire calls are false alarms, operating in this fashion makes sense.

Will reducing the staffing of the Chicago Fire Department have a negative affect on the level of fire safety provided for the citizens of Chicago and the safety of fire fighters? There is no doubt as the answer to that question. Yes, both the level of fire safety provided for the citizens of Chicago and the level of safety provided for Chicago fire fighters will decrease assuming all other things remain constant. However, there are strategies utilized in the fire protection field which can compensate for the anticipated reduction in the level of safety. The use of these strategies can not only compensate for the reduction in the level of safety, but, in fact, increase the level of safety provided for both residents of the City and fire fighters.

In many cities in the United States, changes in building codes to mandate the increased use of sprinkler protection as a substitute for increased staffing of fire department have been in place for more than 30 years. Municipalities where this strategy has been deployed include Fresno, San Jose, San Diego, Los Angeles and many other cities in California, Scottsdale, Arizona and Prince George's County, Maryland to name just a few. The use of sprinkler protection as a substitute for fire department staffing has been shown to be successful. The record shows that sprinkler protection in buildings reduces the number of fire fatalities, both civilian and fire fighter fatalities, to near zero.

In the case of Chicago, a serious fire has never occurred in the Willis Tower (Sears Tower), nor in any other high rise building protected by a sprinkler system. (With the exception of September 11<sup>th</sup>, a serious fire has never occurred in a high rise building in the United States protected by a sprinkler system.) In fact, the City of Chicago has adopted ordinances to require that all existing unsprinklered high rise hotel and office buildings in the City be retrofitted with sprinkler protection.

After the fire at the Cook County Administration Building in downtown Chicago in 2003, the building was retrofitted with sprinkler protection. If the Cook County Building had been protected with sprinklers when it was constructed, in all likelihood the fire in the building in 2003 would have been controlled by the operation of one or two sprinklers and no one would have even been aware of the fire in the building, except for the Fire Department and the occupants of the building.

Of course, other alternatives to reducing the size of the Chicago Fire Department budget exist. Rather than reducing the number of fire fighters assigned to each piece of fire apparatus, fire fighters could voluntarily reduce their salaries and pension benefits in order to maintain the existing size of the fire department.

Another idea to reduce the cost of the CFD would be to reduce the cost of the apparatus and equipment used by the Fire Department. It is well known that the equipment used by the CFD is the best in Illinois and many fire departments in Illinois purchase used equipment from the CFD. If used equipment from the CFD is still considered serviceable by other Illinois fire departments, why is this equipment being replaced by the CFD? Simply changing the replacement schedule of fire department equipment will result in significant savings in the cost of fire protection provided by the CFD, although not enough to address the need for a reduction in the Fire Department budget.

There is no question that the Chicago Fire Department is an antiquated department. It's time for the Chicago Fire Department to catch up with the fire service practices used in the rest of the country. The goal of the fire service in any community is to serve the public by not only providing good fire protection for the community, but also to provide efficient fire protection. Can the Chicago Fire Department operate more efficiently? There seems to be little doubt that the CFD can operate more efficiently.

Perhaps what the CFD needs most is a change in management-some new blood from outside the Department.

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