



**Office of the City Auditor  
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Police and Fire Overtime  
Mid Year Cost Analysis

The Office of the City Auditor is responsible for reviewing the activities of all the departments of the City in accordance with generally accepted government auditing standards. Those standards require that we assess risk in determining the subject matter for audit.

We conducted our examination in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as promulgated by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under examination. An audit also includes assessments of applicable internal control and compliance with requirements of law and regulations when necessary to satisfy audit objectives. The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor and the Common Council of the City of Syracuse, New York. However, this report is a matter of public record and its distribution is not limited.

## Introduction

In January of 2010, The Office of the City Auditor issued a report on city wide overtime that highlighted various issues including how overtime for government employees has grown at the extremely high rate of 87% over the last nine years. The report stressed that financially difficult times require conscious decisions to more effectively manage overtime expenses and concluded that there is a lack of consistently enforced policies for overtime authorization.

As a result of the previous report on overtime, the City Auditor recommended the following:

1. The Administration should pay close attention to the authorization process of overtime.
2. Non-essential overtime should be kept to a minimum.
3. Priority tracking should be given to select overtime.

In keeping with the recommendation that overtime should be consistently monitored, the City Auditor will continue to monitor and report on citywide overtime as deemed appropriate.

In September, 2010, the City Auditor opened a midyear follow-up report focusing on the previous overtime recommendations and use of overtime by City *clerical* employees. Upon completion of that audit, the City Auditor opened the following report focusing specifically on the Syracuse Police and Fire Department(s) overtime statistics and compared it to those of Rochester, New York police and fire departments.

This review is authorized by Section 5-501(4) of the City of Syracuse Charter. The examination was administered in accordance with the *Government Auditing Standards*, issued by the Comptroller General of the United States and *Standards for the Professional Practice of Internal Auditing*, as circulated by the Institute of Internal Auditors.

These standards necessitate that the audit is planned and performed to attain a reasonable foundation for the judgments and conclusions regarding the function under examination.

The management of the City of Syracuse, New York, is responsible for establishing, maintaining and complying with the internal control structure and for compliance with applicable laws, regulations and contracts.

This report is intended solely for the information of the Mayor, the Common Council and the involved departments of the City of Syracuse, New York, yet it is understood to be a matter of public record and its distribution is not limited. Further information regarding this audit is available at the Office of the City Auditor upon request.

## **Audit Objective**

The objective of this report was to analyze and compare overtime statistics of uniformed officers in the Syracuse Police and Fire Departments, compared to the same for Rochester, New York. The time frame under audit was January 1st through June 30th, 2010.

## **Audit Scope:**

This audit review was performance in nature and was executed to provide an independent assessment of overtime figures and statistics incurred by the uniformed officers in the Syracuse Police and Fire Departments compared to that of Rochester, New York, an upstate city used for comparison purposes. All of the Rochester overtime figures were provide by the City of Rochester and verified for accuracy.

Subsequently the data was also included in an article titled, “Rochester Police and Firefighters Struggle with Overtime”, as issued on August 21, 2010, by Democrat and Chronicle, a Rochester newspaper.

The time frame covered by this review was January 1 through June 30, 2010.

Please note that uniformed police and fire personnel were excluded from our most recent follow up report, dated September, 28, 2010, in order to focus on overtime incurred in more typical clerical operating positions, verses public safety and emergency fire services.

## **Methodology:**

To reach an assessment on overtime authorization, the Office of the City Auditor previously received and reviewed general overtime policies supplied by the administration and corresponding department heads. This information included the approval process and philosophy of each department relative to overtime. In addition, the Office of the City Auditor followed up directly with the administration, on the creation and status of a new overtime committee that the Mayor’s staff indicated would be created.

Regarding the Syracuse’s Police and Fire overtime review, this office obtained job titles, salaries/wages and overtime information directly from the City’s accounting, payroll and personnel systems.

Overtime expenses, for the Syracuse Police and Fire Departments, incurred from January 1<sup>st</sup> through June 30, 2010, were compiled, reviewed and analyzed against the same period and expenses for Rochester, New York.

## **Overview**

During the recent recession period, unemployment in Central New York rose to an almost double-digit level and has remained high while other regions saw unemployment levels go over 10% and remain there.

According to the Pew Center; state and local governments employ more workers than the construction and manufacturing industries combined. The Pew Center estimates that pension assets nationally are one trillion dollars shy of meeting the pension demands of government employees.

While the economy is getting better – retail sales are up, travel is up and expected to see growth of over 5% in 2011 - New York State funding has been on the decline due to the previous recession. As a result, consolidation of services for cities, towns, and villages with county level operations will be a key to various cost saving measures.

It is imperative that municipalities analyze the cost of delivering services independently, as well as on a consolidated level. It is during difficult financial times like these that we need to be creative, open minded, and willing to consider new cost saving ideas being tossed on the table, provided that quality of service to the tax payers remain consistent.

In addition to consolidation, every government entity must seriously weigh cost cutting against demands for service and then balance the two. One area of cost savings is in overtime. This report reviews the Syracuse and Rochester uniform services.

Rochester's Police Department has 741 authorized uniformed positions with a current staffing level of 766. Syracuse's Police Department has 544 authorized uniformed positions and a current strength of 566. Rochester's Fire department has 488 authorized uniformed positions, compared to Syracuse's 414. The Rochester Fire Department has worked to reduce overtime by promoting early to avoid overtime in higher salaried ranks, with larger pay, according to the Rochester Fire Chief.

Given that Rochester's area is 40% larger and its population is 58% greater than Syracuse, the similarity in both Police and Fire Department staffing numbers raise several questions. As a result, the Office of the City Auditor suggests that the administration undertake a comparative analysis of both Police and Fire Department staffing levels to determine the need for the current level being sustained. This must be balanced against societal differences that may exist between the two cities – for example Syracuse faces increasing gang issues that require significant resources and this issue must be addressed. When faced with murders and the recent death of an infant, staffing becomes less important. However, assessing overtime versus holding vacancies open could lead to a balance between fighting a serious threat while managing costs.

Overtime creates two challenges for a municipality. On an immediate level, it impacts expenses and cash flow. On a long term basis, it places greater demand on pension obligations, since overtime qualifies a government employee for a larger pension, upon retirement. However, in both cases it places a burden on tax payers. And, at the end of the day, we the tax payers pay for the actions of the City in this regard.

In addition, the City of Syracuse continues to experience a population decline. However, the cost to deliver services to fewer citizens continues to rise. A reduction of overtime is a useful tool that when combined with consolidation of government entities and other cost saving measures, can help to reduce costs and bring expenditures back in line with revenues.

It must be noted, that the current administration has taken a strong first step in addressing overtime, by successfully reducing the budgeted overtime expense for fiscal year 2010/2011 by 1.4 million dollars; provided actual overtime is kept within the budgeted allocations for the full fiscal period. Non-essential overtime for administrative and clerical staff incurred from January 1<sup>st</sup> through June 30, 2010, was successfully reduced by 33%, compared to the same time period in 2009, suggesting that the administration is serious about containing overtime expenses.

### **Conclusions:**

Syracuse's total Police and Fire overtime far exceeds comparable expenditures in Rochester.

Between January 1 and June 30, 2010, Rochester's Police Department billed \$1.7 million in overtime, while its Fire Department billed \$529,000. Syracuse on the other hand, incurred \$4.8 million in police overtime and \$2.3 million in fire overtime within the first six months of 2010.

Put in other terms, the City of Syracuse overtime for police was 3.1 million dollars more than the City of Rochester. Given that Syracuse has a lower population and smaller geography, the difference is stark.

Concurrently, the Syracuse Fire Department billed the City \$1.8 million more than the City of Rochester for overtime; despite the fact that Syracuse has a lower population base and a smaller geographic area to serve.

Rochester attributes a reduction in fire department overtime, as a result of the mandate of Mayor Duffy stepping in and halting the extra pay going to salaried deputy chiefs, while making them work overtime instead of hourly staff.

The Office of the City Auditor reviewed the highest year of overtime pay out for each city. The City of Rochester's overtime costs peaked in 2008 when the City paid \$8 million to its Police and Fire Departments. In comparison, Syracuse's overtime peaked in fiscal year 2008-2009 when it paid out a combined \$13.5 million to its' Police and Fire Departments. Again, the City of Syracuse exceeded the City of Rochester's highest year by \$5.5 million in overtime expenses.

In addition, the Office of the City Auditor reviewed hours of overtime worked compared to wages paid. To segregate hours worked, the City Auditor reviewed uniformed employee overtime hours that exceeded 200 hours or more.

Through the first half of 2010, Rochester had 25 uniformed police officers who worked more than 200 hours in overtime. In comparison, the City of Syracuse had 217 police officers who worked 200 plus hours of overtime, during the same time period.

Additionally, the Office of the City Auditor reviewed those individuals who booked more than 400 hours of overtime and found that Syracuse had an additional 73 uniformed police officers working 400 plus hours in overtime, during the first six months of 2010. Of great concern was

that one Syracuse uniformed officer who worked over 720 hours of overtime during this same period, of January to June 2010, and earned \$36,945.00 in overtime pay in addition to his base salary.

Concurrently, in reviewing the respective fire departments for each city, it was determined that through the first half of 2010 Rochester had 11 Fire Fighters who worked more than 200 hours in overtime. In comparison, the City of Syracuse had 41 Fire Fighters working 200 hours of overtime.

The Syracuse Fire Department had another 12 individuals who worked over 400 hours in overtime; with one fire fighter logging 701 hours of overtime earning an additional \$33,855.07 to his base earnings through June 30, 2010.

Through June 30, 2010, Rochester had 28 police and 4 fire fighters on pace to earn over \$100,000.00; however, Syracuse had 87 police officers and 22 fire fighters on pace to earn \$100,000 or more this year.

The overtime incurred by uniformed services in Syracuse, when compared to Rochester, appears excessive. Both the Syracuse Police and Fire Departments have more individuals booking actual overtime hours and earnings compared to their counter parts in Rochester; despite Syracuse having a lower population and a smaller geographic area. Meanwhile the economy continues to have a slow recovery, numerous taxpayers remain unemployed and many “think tanks” throughout the nation have pointed out that municipal pensions are grossly under funded, including New York State. Overtime adds a burden to the tax base by increasing immediate operating costs as well as long term pension obligations.

The Office of the City Auditor reviewed the revenue side of police uniform services; as they provide additional security and traffic details for third parties that are reimbursed back to the City of Syracuse. This includes consortiums such as Syracuse University events, Syracuse City School District security officers, special events (i.e. Ironman Race, Inner Harbor and Hanover Square concerts, etc), along with private building security (i.e. Parkside Commons, Rolling Greens, Elmcrest, and the Syracuse Housing Authority). The City of Rochester also has similar agreements with third parties as well.

Special detail reimbursements lack consistency: Under a new agreement regarding extra Police security patrols and traffic details, to third parties, Rochester is now charging a higher rate of \$65.12 per hour to third party organizations, such as the Rochester School District. This new standard rate includes an average overtime rate, combined with FICA/Medicare, and additional pension costs. However, there are a few individual contracts, such as those for services provided to the War Memorial/Blue Cross Arena that stipulate only a certain negotiated rate can be charged.

The Syracuse’s Police Department uses an assortment of rates to bill organizations back for special detail services. Some organizations pay the City of Syracuse for actual salaries and overtime incurred. Other rates can either include or exclude a portion of fringe benefits, FICA/Medicare and pension. Other agreements, such as Syracuse University, reimburse the City of Syracuse after the City has paid the first \$189,000.00 in salary expense. The City of Syracuse’s agreement with Syracuse University will be expiring in June of 2011 and will need to be re-negotiated for Carrier Dome events.

## **Findings and Recommendations:**

**Finding #1:** Total Syracuse Police and Fire overtime is excessive when compared to Rochester.

For the first six months of 2010, Syracuse incurred \$4.7 million, compared to Rochester's \$1.7 million, in Police overtime expenses. The Syracuse Police Department exceeded Rochester's Police Department overtime by \$3.1 million.

For the same period, the Syracuse Fire Department incurred \$2.3 million, compared to Rochester's \$529,000.00 in overtime expense. Syracuse's Fire Department exceeded Rochester's Fire Department overtime expenses by \$1.8 million.

Rochester's overtime costs peaked in 2008 when the City paid out a combined \$8 million to its Police and Fire Departments. Syracuse's overtime peaked in fiscal year 2008-2009 when it paid out a combined \$13.5 million to its' Police and Fire Departments, exceeding Rochester's totals by \$5.5 million.

Given Rochester's area is 40% larger and its' population is 58% greater than Syracuse, the similarity in both Police and Fire Department staffing numbers raise several questions. As a result, the Office of the City Auditor strongly suggests that the administration undertake a comparative analysis of both Police and Fire Department staffing levels to determine the need for the current level of uniformed officers and overtime being sustained.

**Finding #2:** Excessive overtime is much more common in Syracuse compared to Rochester.

Through the first half of 2010 Syracuse had 217 uniformed police officers, compared to Rochester's 25 police officers, who worked more than 200 hours in overtime. Syracuse also had an additional 73 uniformed police officers who worked 400 plus hours of overtime, during the first six months of 2010. This resulted in Syracuse having 84% more officers working 200 plus hours of overtime, compared to Rochester.

Concurrently, in reviewing the respective Fire Departments for each city; it was determined that the City of Syracuse had 41 fire fighters, while Rochester had 11 fire fighters who worked 200 plus hours of overtime through the first half of 2010. In addition, Syracuse had another 12 fire fighters who worked over 400 hours of overtime. This resulted in Syracuse having 63% more fire fighters working 200 plus hours of overtime, compared to Rochester.

**Finding #3:** Special detail reimbursements are not consistent and don't fully cover expenses.

Syracuse uses an assortment of rates to bill various organizations back for extra police security patrol and traffic details. Some organizations reimburse the City for actual salary's and overtime expenses incurred, while others either include or exclude, a portion of fringe benefits, FICA/Medicare and pension costs. Other reimbursement rates are negotiated based on the City picking up the first few hundred thousand dollars of expenses, the type of event taking place, estimated attendance of an event, and the estimated length of the event. Some organizations reimburse the City at a flat dollar amount regardless of actual expenses incurred; with the City picking up the difference. In addition, it was discovered that, at least, one organization was reimbursing the City at two different rates, depending on the location that services are being provided. Lastly, there are select special events and circumstances that the city provides extra police security and traffic detail, entirely at the City's expense.

**Finding #4:** Police special detail reimbursements are not billed at a standard flat hourly rate.

As stated above, Syracuse uses an assortment of rates to bill various organizations back for special police patrol and traffic details. Some organizations reimburse the City for actual salaries and overtime expenses incurred which can include or exclude a portion of fringe benefits, FICA/Medicare and pension costs. Other organizations might only reimburse the City after exceeding a predetermined amount of up front salary expenses, or possibly be based on a fixed dollar amount that hasn't been updated in as many as 15 years.

*As a result of using various reimbursement rate calculations, as discussed above, special police detail reimbursement amounts do not always fully cover the actual expenses incurred by the City; effectively subsidizing the cost of special police services being provided to third parties.*

Rochester on the other hand, is now charging a flat rate of \$65.12 per hour to third party organizations in an effort to fully recover service costs. The flat rate being used was determined by taking an average overtime rate per hour, combined with a fraction of FICA/Medicare, and pension costs in order to fully recover out of pocket expenses.

In an effort to establish consistency and more accurately recapture actual expenditures, the City of Syracuse administration should identify all of the actual expenditures associated with providing police services; including average salary and overtime rates, as well as a fraction of fringe benefits, FICA/Medicare and pension costs. Once these expenses are identified and documented, they should be broken down into a flat average hourly reimbursement rate that can be updated annually and applied equally to all third parties requesting special police services.

Regardless of the rate or method used to calculate these reimbursements, the City of Syracuse can no longer afford to subsidize the cost of supplying police services to third parties.

## **Recommendations:**

### **Recommendation #1: An analysis of Police and Fire overtime and staffing should be performed**

As stated in findings 1 and 2 above, total Syracuse Police and Fire Department overtime, in gross dollars, appears excessive and is used more commonly in Syracuse as compared to Rochester.

Using another comparative tool, the Office of City Auditor reviewed uniformed personnel who earned over a certain threshold; in this case \$100,000.00 was used as a baseline.

In calendar year 2009, Syracuse's had 116 police and 24 firefighters who received \$100,000 or more in total compensation, which includes both salary and overtime compensation; while Rochester had only 73 police and 19 firefighters who met or exceeded those figures.

For the first six months of 2010, Syracuse had 87 police officers and 22 firefighters of its' uniformed staff on pace to earn \$100,000 or more. Comparatively, Rochester had 28 police and 4 firefighters on pace to hit the \$100,000 mark this year.

Given Rochester's area is 40% larger and its population is 58% greater than Syracuse it is interesting to note that the Syracuse Police Department has 200 less police officers. However, Syracuse had 43 more uniformed officers earn over \$100,000.00 than Rochester did in the same time frame.

The similarity in both the Police and Fire Department's overtime and staffing levels raise several questions. As a result, the Office of the City Auditor strongly suggests that the administration undertake a comparative analysis of both the Police and Fire Department staffing levels to determine the need for the current level of officers and overtime being sustained.

### **Recommendation 2: Review all police special detail contracts and agreements with third parties**

The Office of the City Auditor recommends that the administration review, document and update all police special detail reimbursement agreements and contracts. The administration should then conduct an analysis of all out of pocket costs including average base salary and overtime rates, as well as a portion of employee fringe benefits, FICA/Medicare and pension costs; in order to calculate a fixed hourly reimbursement rate that more accurately offsets revenue against expense and can unilaterally be applied to all third parties who request special police details.

Once a standard hourly reimbursement rate has been established, the formula used to calculate that rate should be documented; so that the same formula is consistently applied going forward.

**Recommendation 3: Syracuse University Dome Contract**

The City of Syracuse will see the Syracuse University Dome contract expiring in June 2011. The City should begin to renegotiate this contract to insure that all costs incurred by the City for events that benefit the University are fully reimbursed. If a special negotiated rate is agreed upon, then that too should be documented.

**Recommendation 4: Syracuse City School District**

Agreements to provide police and fire services to the Syracuse City School District, some dating back to 1993; are out of date and need to be closely monitored and brought back up to date. As previously mentioned, the Syracuse City School District pays the City different reimbursement amounts for the same services being supplied to different locations.

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